



TWF TURKEY
WEALTH FUND

Annual Report 2018



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MESSAGE FROM THE PRESIDENT

Turkey, situated at the transit point between Asia and Europe, is a strategic base addressing to a very large geography that hosts billions of populations, in various fields from trade to industry, finance to science and technology, and tourism to agriculture.

Recep Tayyip ERDOĞAN
President

Dear Stakeholders,

Turkey, situated at the transit point between Asia and Europe, is a strategic base addressing to a very large geography that hosts billions of populations, in various fields from trade to industry, finance to science and technology, and tourism to agriculture. Our aim is to make our country one of the top 10 economies in the world by making use of the opportunities that our location offers. We strive at reaching a sustainable development level not only at economical scale but also at social and environmental scale by making the necessary investments and creating more value.

Today, areas of focus for economy and trade are changing in addition to the political conditions throughout the world. The

regional value of Turkey is on the rise while the trend towards acting with the regional and local approaches develop with a growing clarification. On the other hand, the fast-developing, transforming finance sector and the rise in service and industry sectors based on cutting-edge high technology are reshaping the world of economy.

Turkey needs to accommodate itself to this transformation in order to not only clinch its regional role but also to provide sustainable development as well. This is possible solely through conducting large-scale infrastructure projects and accelerating sectoral transformation investments. It is essential that the public institutions shall lead this transformation. Under these circumstances, establishing a wealth fund with the existing essential public assets of

At TWF, our main goal is to contribute to the economic stabilization and sustainable development of our country.

Turkey had become a necessity; and Turkey Wealth Fund (TWF) was founded in August 2016 with a mission to leave more powerful Turkey to the next generations in order to steer our country to investments that serve to strategic development goals and sustainable development vision, notably our 2023 goals.

At TWF, our main goal is to contribute to the economic stabilization and sustainable development of our country. We aim to ensure this by contributing strategic projects complying with the development visions and goals of our country, by supporting more efficient and productive management of the most powerful public institutions of Turkey available in our portfolio, and by bringing national assets to the forefront.

Although quite short time has passed since its foundation, TWF has implemented its structuring through globally recognized fund management principles and modern corporate governance approach and is maintaining these activities. Moreover, TWF accelerated activities that will increase the value of assets available in its portfolio, as well as foundation and structuring activities of its sub-funds.

At TWF, we aim to have our country reach the sustainable development level by practicing strategies that will increase Turkey's competition edge both in the region and in the world in the long run. In this regard, on behalf of our Board of Directors, I would like to extend my thanks to all our colleagues who do not refrain from any endeavor and support.



BOARD OF DIRECTORS



RECEP TAYYİP ERDOĞAN
President of the Turkish Republic



Dr. BERAT ALBAYRAK
Deputy President of the Board

Dr. Berat Albayrak received his Master's degree from Lubin School of Business at New York Pace University following his Bachelor's degree from English Business Management of Istanbul University, and completed his Doctorate in Banking and Finance with a thesis on "Financing Renewable Energy Resources."

Dr. Albayrak worked as a columnist following a professional work life in different branches, primarily energy and finance between 1996-2013, gave lectures on banking and finance in Marmara University and took active positions in various non-governmental organizations.

After becoming Istanbul Deputy for the 25th, 26th and 27th Terms, Mr. Albayrak performed as the Minister of Energy and Natural Resources in the 64th, 65th and 66th Governments of the Republic of Turkey. Mr. Albayrak was assigned as the Minister of Treasury and Finance in the first Council of Ministers of Presidential Government System. Dr. Berat Albayrak has been the Deputy Chairman of the Board of Directors of Turkey Wealth Found Management Co. since September 2018.

Starting her academic career in Economics & Finance Department of Marmara University (MU) Faculty of Law, in 1988, Prof. Dr. Erişah Arıcan received her Doctorate in 1991, Associate Professorship in 1999 and Professorship in 2005.

Working as the Deputy Manager, Manager and Board Member in MU's Banking and Insurance Institute (BSE) and MU's Banking and Insurance Graduate School (BSY) between 1998-2015, Prof. Dr. Erişah Arıcan has been acting as the Director of BSE in MU since 2015. Prof. Dr. Arıcan has been working as the Board Member and the Chief of MU BSY Banking Department since 2002 and as the Board Member and Head of the M.U BSE Banking Department since 2015. Prof. Dr. Arıcan has a large number of published academic studies and books.

Appointed as the Board Member of Borsa Istanbul in April 2016, Prof. Dr. Erişah Arıcan has been acting as the Chairperson of Borsa Istanbul Board of Directors since September 2018. Prof. Dr. Erişah Arıcan was assigned as the Board Member of TWF on September 2018.



Prof. Dr. ERİŞAH ARICAN
Member



HÜSEYİN AYDIN
Member

Graduating from Faculty of Economy of Ankara Academy of Economics and Administrative Sciences in 1981, Mr. Hüseyin Aydın directed various departments in Ziraat Bank till 2003 where he first started his professional life as the Deputy Inspector.

Following his assignments as the Executive Director in Halkbank Board of Directors, Board Member of Pamukbank and Vice-Chair of Ziraat Bank's Board of Directors, he performed as the General Manager of Halkbank between 2005 - 2011. Mr. Hüseyin Aydın is the Chairman of the Banks Association of Turkey in addition to his assignment as the General Manager of Ziraat Bank which he has been carrying since July 2011. Mr. Hüseyin Aydın was assigned as the Board Member of TWF on September 2018.

Board of Directors

Mr. Arda Ermut has been graduated from the Department of Political Science and International Relations at Boğaziçi University in 2004.

Between 2005 and 2007, he worked as the Press and Public Relations Counselor to the Prime Minister. Starting his career as the Assistant Specialist in the Prime Ministry Investment Promotion Agency in 2007, he was first appointed as the Head of Department following various other assignments within the Agency and then to the Head of the Agency in 2015. After the repositioning of the Agency under the Presidency, he was assigned as the Head of the Presidency of the Republic of Turkey, Investment Office which he has been carrying on since 2018. Mr. Arda Ermut is also a Board Member of the Vienna Economic Forum and the Turkish Basketball Federation.

Having been the Head of the World Association of Investment Promotion Agencies (WAIPA) as well since 2015, Mr. Arda Ermut was assigned to TWF Board Membership on September 2018.



SALİM ARDA ERMUT
Member



M. RİFAT HİSARCIKLIOĞLU
Member

Starting his professional life after graduating from the Department of Economics and Business Management at Ankara Gazi University, Mr. M. Rifat Hisarciklioğlu is the Chairman of the Board of Directors of Eskişehir Group which currently operates in various sectors.

Elected as a Council Member to Ankara Chamber of Commerce (ATO) in 1992, Mr. Hisarciklioğlu worked as the Deputy Chairman of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) for one year and became the Chairman in 2001, which is still ongoing.

Mr. Hisarciklioğlu was awarded with Order of Merits, Medals of Honor and Outstanding Service Awards by various states and international organizations and received honorary doctorate degrees from various universities due to his efforts and contributions to international economic development.

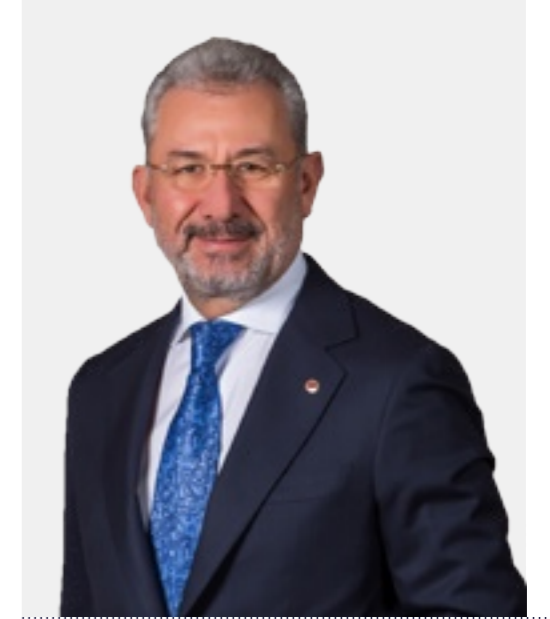
Currently carrying out his assignments including Board Membership, Chairmanship, Co-chairmanship, Term Presidency, Honorary Presidency, Deputy Chairmanship, General Council Membership and Advisory Committee Membership in a vast number of international institutions and chamber organizations, primarily EUROCHAMBRES, ICC, WCF, ICCIA and CACCI, Rifat Hisarciklioğlu was appointed to TWF Board Membership in September 2018.

Board of Directors

Mr. Fuat Tosyalı started his business life in a family company at an early age and founded Turkey's leader iron and steel company, Tosyalı Holding which operates in three continents with over 10,000 employees. Mr. Fuat Tosyalı is still proceeding his business life as the Chairman of Tosyalı Holding's Board of Directors.

Mr. Fuat Tosyalı is also the Chairman of the Board of Directors of Turkey Steel Manufacturers' Association, Executive Committee Member of Foreign Relations Board (DEİK) and Chairman of Turkey-Algeria Business Council.

Mr. Fuat Tosyalı was assigned as the Member of Board of Director of TWF in September 2018.



FUAT TOSYALI
Member



ZAFER SÖNMEZ
Member and Chief Executive Officer

Graduated from Business Administration Faculty of Istanbul University, Mr. Zafer Sönmez started his career at Interbank in 1997, worked at Dışbank, MNG Bank, ABN AMRO Bank, Royal Bank of Scotland, respectively, between 2000-2011, and then started to work as the Senior Manager responsible for investments in Turkey, Middle East and Central Asia at Khazanah Nasional Berhad to which he joined in 2012.

Working in the establishment of Khazanah Turkey Office in September 2013, Mr. Sönmez assumed Khazanah Africa Team Leadership and the Responsibility of Investments in Middle East, Central Asia, Eastern Europe and Northern Europe as the manager of Khazanah Turkey Office between 2017-2018. During this period, Mr. Sönmez worked as the Board Member of Acıbadem Insurance, Acıbadem Health Group and Sabiha Gökçen International Airport.

Appointed as Board Member and CEO of Turkey Wealth Fund in September 2018, Mr. Zafer Sönmez is a Deputy Chairperson at Borsa İstanbul.

MESSAGE FROM THE CEO

We attach utmost importance to a Mandate and Roadmap study we conducted during the reporting period and the preparations for a Strategic Plan. The duties, responsibilities and authorities of TWF clarified with the Mandate and Roadmap.

Zafer Sönmez
CEO

Dear Stakeholders,

National wealth funds established to enable public assets to be managed according to corporate governance principles are special-purpose investment institutions which aim to acquire sustainable development by providing long-term resources for private sector investments, strategic areas, sectoral transformation and large-scale infrastructure project investments which are the main locomotives of economic growth. In accordance with these objectives, national wealth funds have recently been established in various countries. The number of national wealth funds which operate in more than 40 countries today exceeded the number of 80 and the volume of assets under their management reaches USD 8 trillion.

Turkey has a crucial public asset portfolio that operates in various sectors. The objective is to help these essential institutions produce greater added value and to make this created value add up to the sustainable development in Turkey, growth in strategic sectors and large-scale infrastructure and transformation projects necessary. Public-owned income and fund surplus were steered into different investment tools based on their scale. Turkey Wealth Fund, which was established with an objective to steer investments that will serve to strategic development goals and sustainable development vision of our country, will not only support financing of large-scale investments which are at planning stage, but contribute to capital markets via the multiplier effect it will create as well. This will enable capital market products that have the quality to expand the

At Turkey Wealth Fund, we aim to add value to the largest public assets of our country and contribute to national strategic projects as an equity investment platform.

saving base to stand out. During financial stress periods, a strong national wealth fund in which public funds are managed in consolidation will contribute to maintain market trust atmosphere and the increase in international credibility of national economy.

Founded in 2016 in line with all these objectives, Turkey Wealth Fund (TWF) is world's largest 28th national fund in regard to its total assets under management. In order to manage such magnitude, primarily, a reliable corporate governance structure ruled by modern fund management principles and a strategic roadmap in line with national goals are required. Turkey Wealth Fund focused primarily on developing its own structure and evaluated the potentials of assets in its portfolio. In this regard, we attach utmost importance to the Mandate and Roadmap study we conducted during the reporting period and the preparations for a Strategic Plan. The duties, responsibilities and authorities of TWF are clarified with the Mandate and Roadmap. The Strategic Plan will shape the steps TWF will take in the upcoming decade. On the other hand, we embrace the Santiago Principles that aim to management of national wealth funds through a sustainable fund management approach and continue our studies to comply with these principles. We aim to fully comply with these principles in the short run through the practices we put into force.

At Turkey Wealth Fund, we aim to add value to the largest public assets of our country and contribute to national strategic projects as an equity investment platform. We carry on our operations with a responsible manner for the future of Turkey.



ABOUT TWF AND TWF CO.

TWF contributes to economic growth by increasing the value of public assets and supports development of sectors that have strategic importance.

About TWF

Legal Basis

Turkey Wealth Fund Management Co. (TWF Co.) is established in accordance with "Act on the Foundation of Turkey Wealth Fund Management Company and Making Amendments on Certain Laws" no. 6741 published in the Official Gazette no. 29813 dated 26 August 2016. According to the act of Law no. 6741, the main subject of activity of TWF Co. is defined as "the foundation and management of Turkey Wealth Fund and its affiliating sub-funds in order to contribute to diversity and depth in capital markets, gain local public assets into economy, receive foreign resources, and provide equity to strategic, large-scale investments in Turkey.

The articles of association of TWF Co. was registered to trade registry on 22nd December 2016. By law, TWF Co. is subject to private law provisions and is responsible for the management of assets in TWF.

According to clause no. 3 of article no. 20 of the Decree of the Council of Ministers no. 2016/9429 dated 17 October 2016, "The assets and rights transferred to the TWF and any kind of values obtained as a result from the activities carried out, which can be subject to the registration shall be registered to the related registry or land registry. The TWF is deemed to have a legal personality limited to the registration transactions within the scope of this article." By force of clause 2 of the same article, the assets of the TWF and assets and rights transferred to be managed by TWF Co. are separate from assets of TWF Co.

Referring to article no. 1 of Law and within the frame of rules of operation available in article no. 4 of the Decree of the Council of Ministers, TWF Market Stability and Equilibrium Sub-Fund, TWF SME Financing Sub-Fund, TWF License and Royalty Sub-Fund, TWF Mining Sub-Fund were established in 2017 by TWF Co. as affiliated to TWF in addition to TWF BIST Venture Capital Investment Fund established in 2018 and were declared in Turkish Trade Registry Gazette no. 9547 dated 29 March 2018. The establishment,

structure, functioning, management and operations of sub-funds are clarified in the provisions of TWF by law and TWF Co. articles of association.

Under the Prime Ministry consent no. 69471265-330/595 dated 7 September 2017, board member Himmet Karadağ is approved to perform the Chairman and the CEO roles of TWF Co. as alternate till the next assignment. Board Members Himmet Karadağ, Kerem Alkin, Oral Erdoğan and Yiğit Bulut were assigned to their duty on January 2017 and performed their duties between 1st of January 2018 and 11th of September 2018.

As for the article no. 37 of no. 1 Presidential Decree dated 1 July 2018, TWF has become one of the institutions that are affiliated to the Presidency.

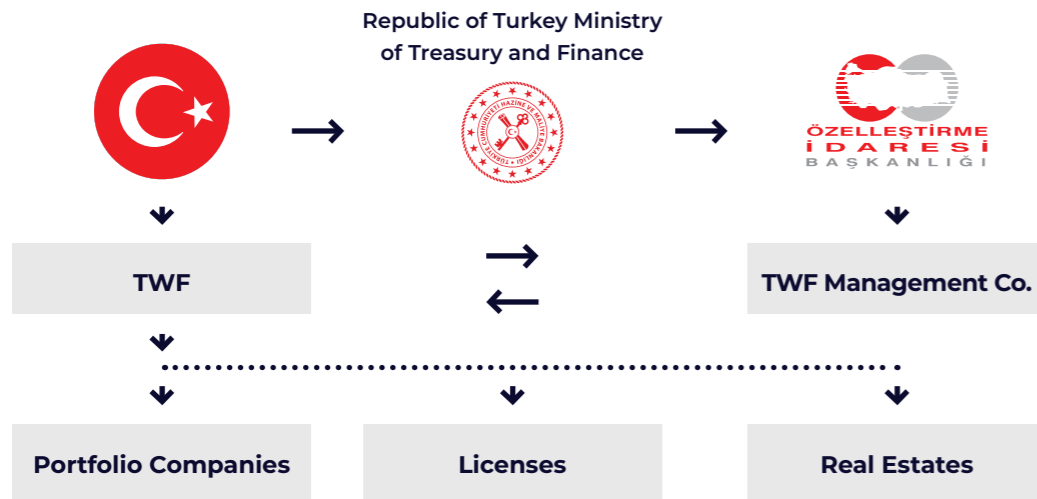
By the Presidency Decree no. 2018/162 dated 11 September 2018, sub-article no. 2 of article no. 13 of the Act on the Rules and Procedures related to the Structure and Functioning of Turkey Wealth Fund Management Company no. 2016/9429 dated 17 October 2016 is amended as "The Chairman of the Board of Directors of the Company is the President of the Republic. One of the Board Members can be assigned as the Deputy Chairman by the President of the Republic. Board Members and the CEO hold the specifications required in the Presidency Decree."

Deputy Chairman and Board Members have been reassigned by the Presidency Decree no. 2018/163 of the same date. In the light of the stated Decrees, the Board of Directors is reshaped under the Presidency of Mr. Recep Tayyip Erdoğan, the President of the Republic of Turkey. President Mr. Recep Tayyip Erdoğan, Deputy President of the Board Dr. Berat Albayrak and the Members Prof. Dr. Erişah Arican, Mr. Hüseyin Aydın, Mr. Salim Arda Ermut, Mr. M. Rifat Hisarcıkloğlu, Mr. Fuat Tosyalı and Mr. Zafer Sönmez took up their assignments on 11 September 2018 and continue to perform their duties at present.

Capital and Shareholder Structure

The capital of TWF Co. is 50,000,000 TL; it is fully paid. All shares belong to the Directorate of Privatization Administration.

No amendment on the capital structure of TWF Co. was made during the accounting period. TWF has no privileged share. TWF has no acquired share.



Mandate and Roadmap

TWF carries out its operations based on long-term business plans and strategies in order to enhance the value of assets within the Fund, provide equity to strategic investments in Turkey, make equity investments to support Turkey's international economic objectives, and reinforce the improvement and deepening of financial markets.

Mandate and Roadmap were identified as a first step in TWF Co. whose Board Members were amended under the Presidency Decree no 2018/162 and 163 dated 11 September 2018 and offered to approval of the Board Meeting on 24 October 2018. Mandate and Roadmap deemed

suitable by the Board of Directors constitute the fundamental ground for future operations.

In addition to said Mandate and Roadmap, TWF initiated to prepare a long-term strategic plan within the frame of the relevant legislation. This plan will be completed in the first quarter of 2019 and afterwards submitted to the discretion of the Board of Directors.

TWF positions itself as a financial power center and main equity platform of the Republic of Turkey. The company gathered its strategic goals and duties under 8 main topics according to the Board Decree no. 38 dated 24 October 2018.



Mandate and Roadmap



Strategic goals and duties of Turkey Wealth Fund are to:



In order to take these steps, the goals are to:

- 5 Create a balanced financing resource,
- 6 Act in accordance with corporate governance principles,
- 7 Attach utmost importance to codes of ethics and values,
- 8 Become the skill pool of Turkey.

2018 Operations

TWF embraces its operations according to the goals and duties defined in the Mandate and shares its performance with the public

Goal 1: Enhance the Value of Assets

TWF examines the potentials of assets to enhance the values of these assets available in its portfolio, monitors their performance, establishes additional value creating programs and carries out these programs. In 2018, such studies for different portfolio assets were carried out.

Games of Chance

According to the initial review, TWF anticipates that the ratio of revenue obtained from the license of games of chance to gross national product is higher in other countries that have similar economic structure and population, and public benefit may be raised by taking the right steps. In this regard, in order to maximize the public benefit obtained through licenses for similar games of chance that can be permitted within the frame of the legislation relevant to games such as Milli Piyango, Hemen Kazan (Scratch Cards), Sayisal Loto, Şans Topu, On Numara and Süper Loto that are played in return of cash, TWF examined examples from the world and successful practices and initiated studies to apply the most suitable model.

Horse Races

TWF anticipates that the potential on public benefit acquired by the license for the right and authority to accept local and international mutual betting and for organizing local horse races is much higher. Based on this anticipation, TWF initiated its effort to maximize benefit

obtained from license by examining the best examples in the world in this sector that encompasses horse breeding, racing and betting.

Borsa Istanbul

TWF attributes great importance to increasing the saving amount in Turkey and transforming these savings into investment and employment. As seen in the cases around the globe, improvement in these areas is possible solely through a transparent, reliable and effective operation of the capital mechanism. In this regard, Borsa Istanbul (BIST) has a crucial position in TWF's portfolio.

In 2018, TWF spent efforts to improve relationship with EBRD and BIST that has been ongoing since 2015 and to enhance public benefit. During this period, as a result of the meetings with EBRD, it is agreed that the shares EBRD holds at BIST shall continue for a certain period of time.

As the main shareholder of BIST, TWF believes in its potential of growth and contribution to local economy and thus added shares at the ratio of 7% belonging to NASDAQ to TWF following the transfer of shares between NASDAQ and Borsa.

Kayseri Şeker

Kayseri Sugar Factory is supporting the local manufacturing of sugar which is a strategic product by conducting contractual beet planting in villages of Kayseri, Sivas, Yozgat, Kırşehir, Nevşehir and Tokat, and contributes substantially to the local farmers and local economy. With an aim to support local agriculture, TWF initiates contact with the relevant institutions and organizations to increase its shares in Kayseri Sugar in 2018.

Goal 2: Provide Equity to Strategic Investments within the Country

TWF aims to take steps in providing equity to 2023 and other long-term goals of the Republic of Turkey by minimizing current account deficit, large infrastructure projects that will support economic development and domestic strategic investments that may create benefit for finance sector.

As for the Mandate and Roadmap, TWF aims to contribute as an equity investor to projects that the Republic of Turkey attach importance to.

Logistic Master Plan

TWF has initiated the necessary studies for the Logistic Master Plan which aims to accelerate economic and social development and make Turkey a logistics hub in the international trade by increasing Turkey's geographic advantage and competitive power arising from its strategic location.

Goal 3: Make Equity Investments that Support the Foreign Strategy and Competitive Companies of Turkey

TWF aims to contribute to the areas of business development, negotiation and investment in foreign projects to which the State attributes strategic importance. In this regard, TWF aims to contribute to the anticipated results for our country through national economic strategy and by working in coordination with other institutions and organizations that take role.

In addition to supporting strategic governmental projects, TWF encourages companies and institutions that possess the potential to be a local and/or global leader that are established through local and national means, establishing partnerships and making investments in accordance with this objective into the center of its Mandate. In 2018, the investigations for both areas and necessary studies to put the potential projects into practice were initiated.

Goal 4: Support Improvement and Deepening in Capital Markets

Stability, equilibrium and trust in financial markets play a critical role in obtaining a sustainable investment and development environment. Based on this fact, TWF aims to perform equity-based investments that will help develop financial markets and to take steps that will increase the depth and diversity of financial markets.

In this context, the plan is to use Stability and Equilibrium Sub-Fund established based on the Board Decree no 24 dated 10 April 2017 more effectively.

Goal 5: Sources of Financing

In order to take investment-oriented steps as pointed out in the first four pillars of its Mandate, TWF aims to establish relations with international financial institutions based on mutual trust and reduce its weighted average cost of capital.

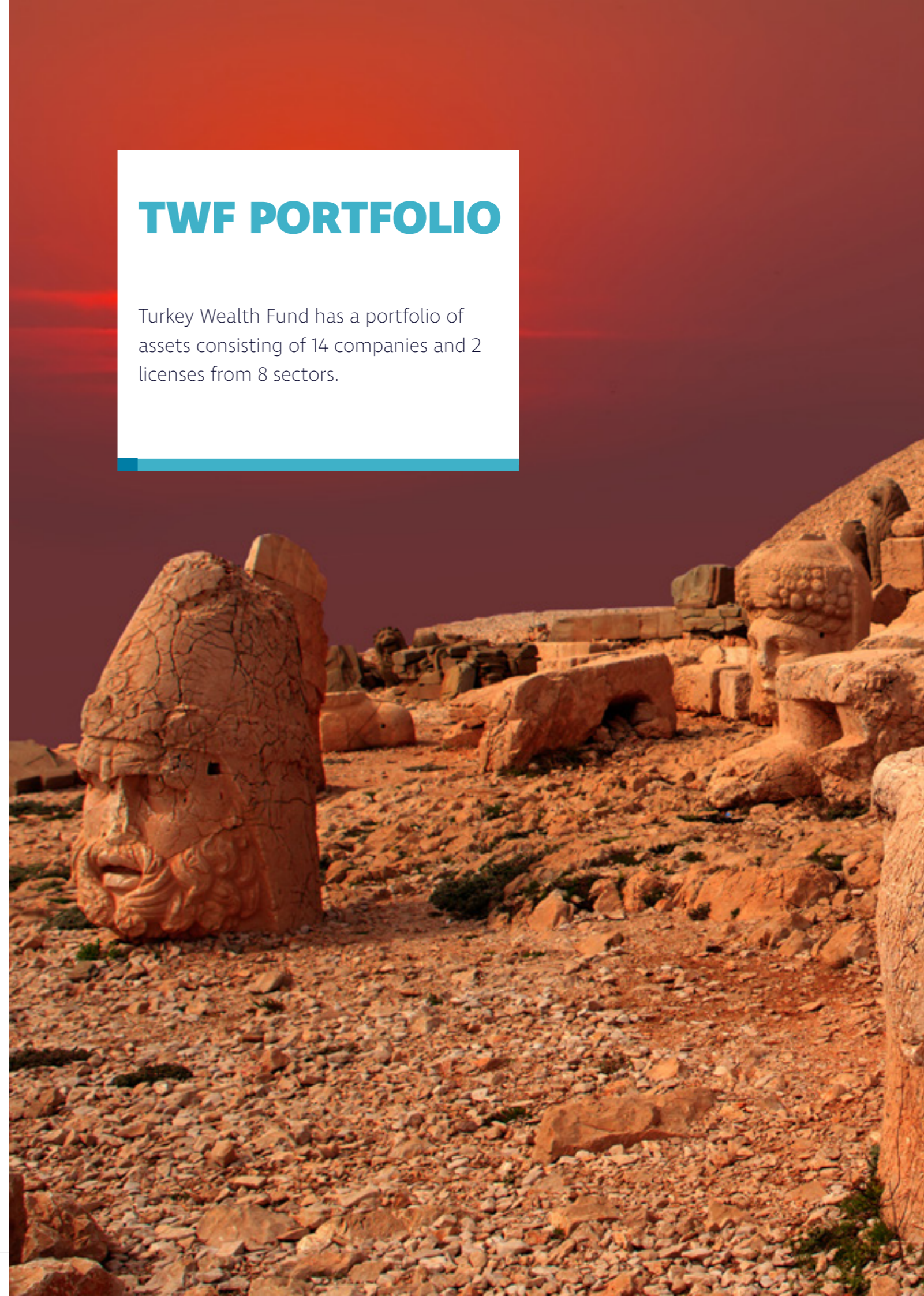
It is observed that sovereign wealth funds in the same nature as TWF also use borrowing and equity-based financing methods to resource their investments.










For this cause, TWF's general financing principles are defined as follows; cost will be low and in line with market expectations, planning will be done in a way to ensure credibility in the market at first stage, no burden will be created on TWF's investments, repayment schedule will be consistent with the cash flows from assets and currency risk will be managed effectively.

Within this context, TWF started collaborating with international financial institutions on both financing and credit rating fronts in 2018.

TWF PORTFOLIO

Turkey Wealth Fund has a portfolio of assets consisting of 14 companies and 2 licenses from 8 sectors.



	Banking and Finance:	Ziraat Bank, Halkbank, Borsa Istanbul
	Telecoms and Technology:	Türk Telekom, Türksat
	Transportation and Logistics:	Turkish Airlines, PTT, Turkish Maritime Organization, TCDD Port of Izmir
	Agriculture and Food:	Çaykur, Kayseri Şeker
	Mining:	Eti Maden
	Energy:	Botaş, TPAO
	Games of Chance:	National Lottery Games, Horse Racing
	Real Estate	46 real estates in Antalya, Aydın, Isparta, Istanbul, Izmir, Kayseri and Muğla
	Companies publicly traded in Borsa Istanbul	Halkbank, Turkish Airlines, Turk Telekom

Some assets were transferred to TWF portfolio in 2017 according to article 4 of "Act on the Foundation of Turkey Wealth Fund Management Company and Making Amendments on Certain Laws" no. 6741. This transfer was due to the Decree of the Council of Ministers, High Council of Privatization Decree and Decree Laws.

All public assets that were transferred are managed in compliance with the investment plans of TWF Co. and its affiliated companies or subsidiaries. Current managements and business policies of companies in the portfolio

are evaluated according to business plans, investment and growth strategies.

TWF contributes to economic growth by increasing the value of public assets and supports sectors that have strategic importance. In accordance with the sustainability principle and cooperation with the relevant stakeholders including national and international finance companies, TWF will perform operations that will enable continuity of portfolio companies and that will increase its contribution to economy in the long run.

BANKING AND FINANCE



State Funds established in 1863 form the foundation of Turkish Republic Ziraat Bank Inc. In 1883 State Funds were replaced with Interest Funds, and in 1888 these Interest Funds were reorganized and then Ziraat Bank was officially founded to give credit to farmers and perform money changing and intermediation on agriculture following the approval of deposits in return for interests.

As of 31 December 2018, Ziraat Bank operates with a total of 1,750 local branches including 20 corporate branches, 87 enterprise branches, 1,638 branches and 5 mobile vehicles; a total of 23 branches abroad including London in England, Baghdad and Erbil in Iraq, Athens, Komotini and Xanthi in Greece, Sofia, Plovdiv, Kardzhali and Varna in Bulgaria, Jeddah in Saudi Arabia, Pristhine, Prizren and Peja

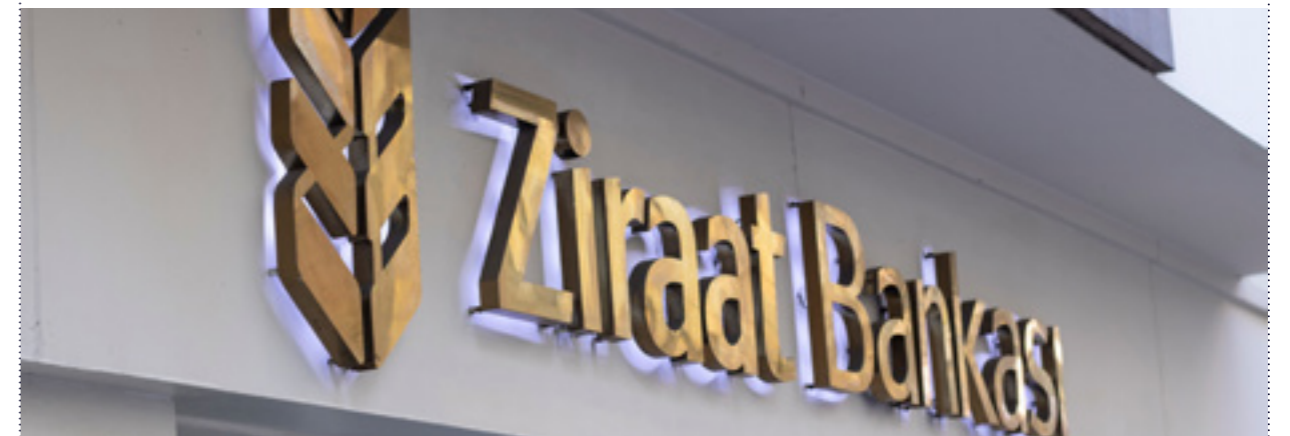
in Kosovo, Bahrain in Bahrain, Nykosia, Kyrenia, Guzelyurt (Morphou), Gazi Magusa (Famagusta), Gönyeli (Kioneli), Taşkinköy, Karaoğlanoğlu (Agios Georgios) and Iskele (Trykomo) in the Turkish Republic of Northern Cyprus; and in general a total of 1,773 branches in addition to Tehran Representative in Iran. The total number of employees in Ziraat Bank is 27,276.

Ziraat Bank received various awards in 2018. According to Brand Finance's "World's Most Valuable 500 Banking Brands 2018" Ziraat Bank has become the one which increased its brand value the most among banks in Turkey in 2018. Ziraat Bank was elected as the most active brand in social media in 2018 in banking category of Data Analytics Awards by Social Media Awards Turkey 2018. Ziraat Bank was selected as Turkey's Most Beloved Bank in 2018 third time in a row according to Turkey's Love marks research.

All shares of Ziraat Bank which possess the right to perform all kinds of banking operations belong to the Republic of Turkey, Prime Ministry Undersecretariat of Treasury and transferred to TWF under Decree of the Council of Ministers no.2017/9756 dated 24 January 2017 bylaw appendix.

ZİRAAT BANK

Shareholder	Nominal Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	6.100.000	100





Established in 1933, initiated its operations officially in 1938, Turkey Halk Bank Inc. (Halkbank) continues its operations today as a commercial bank with corporate capital. Halkbank is operating with its 988 domestic branches and 6 branches abroad including 5 in Cyprus and 1 in Bahrain, adding up to a total of 994 branches as of 31 December 2018. There are 47 satellite branches of Halkbank available in Turkey and the total number of branches includes these branches as

well. This Bank has a total of 3 representatives in England, Iran and Singapore.

Halkbank received grand prize in "Banking and Other Financial Services" sector in Turkey's 500 Big Service Exporters Awards organized for the third time by Turkish Exporters Assembly (TIM).

The shares of Halkbank that belong to Directorate of Privatization Administration transferred to TWF on 10 March 2017 under the High Council of Privatization Decree no 2017/1 dated 3 February 2017. 48.93% of Halkbank shares has been publicly traded in Borsa Istanbul as of 31 December 2018. TWF has a share of 550 TL among publicly traded shares. Along with these shares, the total amount of shares of TWF is 638,826 Thousand TL and the share ratio is 51.11%.

HALKBANK		
Shareholder	Nominal Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	638.276	51.06%
Public	611.641	48.93%
Other	83	0.01%
TOTAL	1,250,000	100



Established on December 30th 2012, Borsa Istanbul A.S. (BIST) received its authorization on April 3rd 2013 to bring all the exchanges operating in the Turkish capital markets under one single roof. Borsa Istanbul, in which 402 companies are traded, has 795 Billion TL market value and is the world's second most liquid transaction platform with 242% share transfer rate according to

2018 numbers. 2018 has been a year of rises in BIST. BIST 100 index reached 120,845 on January 29th, 2018 and the daily transaction volume reached its record with 16.5 Billion TL on August 10th 2018. Compared to 2017, the transaction volume in 2018 grew by 36% in Equity Market and by 48% in Derivatives Market.

73,6% of Borsa Istanbul's shares, previously owned by The Ministry of Treasury, were transferred to TWF on March 14th 2017 by decree of Cabinet dated January 24th 2017, number 2017/9756. 7% of its shares which had been assigned from Nasdaq on June 11th 2018, were transferred to TWF on August 29th 2018 by the decision of Capital Markets Board.

BORSA İSTANBUL		
Shareholder	Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	341,126	80.60
European Bank for Reconstruction and Development	42,324	10.00
Capital Markets Board of Turkey	5,502	1.30
Borsa Istanbul INC.	9,417	2.23
Other	24,865	5.87
TOTAL	423,234	100



TELECOM & TECHNOLOGY



The date of Turk Telekom International (Turk Telekom) roots back to Postane-i Amirane (Master Post Office) that was officially founded as a Ministry. General Directorate of Post, Telephone and Telegraph was assigned with the authority to establish and operate a phone network all around Turkey in 4 February 1924. The company was founded as a separate corporate body in 24 April 1995 as a result of the separation of telecommunication and post services run by PTT.

In 2018, Turk Telekom received "Turkey's most valuable telecommunication brand" award tenth in a row in the "Telecoms 500" list announced every year by Brand Finance, an international brand valuation institution. Turk Telekom received 12 awards in Stevie International Business Awards in 2018 which is ranked among the most prestigious organizations of global business world.

The shares of Turk Telekom that are 6.68% (5% for Group B, 1.68% for Group D) that belong to the Republic of Turkey, Prime Ministry Undersecretariat of Treasury were transferred to Turkey Wealth Fund on 2 May 2017 under Cabinet Decree no. 2017/9756 dated 24 January 2017 bylaw appendix.

TURK TELEKOM

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
The Republic of Turkey Prime Ministry Undersecretariat of Treasury	875,000	25
Levent Restructuring Management - LYY	1,925,000	55
Public	466,200	13.32
Turkey Wealth Fund	233,800	6.68
TOTAL	3,500,000	100



During the privatization of Turk Telekom and in accordance with the article no. 5 of "Act on Making Amendments on Certain Laws" no. 5189 dated 16 June 2004 and additional article no. 33 added to the Act on Telegraph and Telephone no. 406 published in the Official Gazette dated 2 July 2004, Türksat Company has been established in line with Turkish Trade Law and special legislative laws with an objective to possess the rights, management and operational competences for satellite orbit positions based on national sovereignty and to fulfill the requirements in this regard, to operationalize satellites recorded on its name and other operators, and to operate in these areas.

Türksat has become the leader exporter in Telecommunication category in "Turkey's 500 Big Exporters Award Ceremony" organized by Turkish Exporters Assembly in coordination with the Ministry of Commerce. According to the results of "Informatics 500" study which ranks Turkey's first biggest 500 information companies, Türksat ranked first in the category of "Information Company with the Best Performance in the Last 3 Years" and ranked 19th in the category of "Sales Revenues." This company rose up to rank 186th in Fortune500 which identifies Turkey's biggest 500 companies based on their sales revenues.

All shares of Türksat that belong to the Republic of Turkey, Prime Ministry Undersecretariat of Treasury were transferred to TWF on 18 April 2017 under Decree of the Council of Ministers no 2017/9756 dated 24 January 2017 bylaw appendix.

TURKSAT

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	2,130,741	100



TRANSPORTATION & LOGISTICS



Established in 1933, Turkish Airlines (THY) is the national airline company that operates in passenger and cargo transport both domestic and international. The value of investments of THY between 2006 and 2018 was over USD 15 billion and 12 new airplanes were added to the fleet with a total value of USD 15 billion in 2018.

THY has world's 4th biggest flight network with its wide flight range that connects Istanbul to 310 arrival locations in 124

countries by the end of 2018. This makes THY a flight company which organizes flights from a single center to the highest number of countries and highest number of international locations in the world. THY increased the number of passengers it carries with 332 airplanes available in its fleet to 75.2 million. As of 31 December 2018, the total number of employees working in THY and its affiliates is 35,205.

Shares of THY that belong to Directorate of Privatization Administration were transferred to TWF on 10 March 2017 under the High Council of Privatization Decree no 2017/1 dated 3 February 2017. Republic of Turkey Ministry of Treasury and Finance Directorate of Privatization Administration has one Group C share at an amount of 0.01 TL in THY, the privileges defined for Group C shareholder are defined in the master agreement of the company.

TURKISH AIRLINES

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	677,885	49.12
Public - A Group	702,115	50.88
TOTAL	1,380,000	100



The first post agency was established in 23 October 1840 as a surveillance with a target to meet the posting needs of all citizens of Ottoman Empire and foreigners as a result of the developments occurred following the Imperial Edict of Reorganization. General Directorate of PTT which is a Public Economic Enterprise (PEE) established in 1954 received the status of Public Economic Institution (PEI) through Decree Law no. 233 following the reorganization of Public Economic Enterprises in 1984.

It is anticipated that General Directorate of PTT should be restructured as the Republic

of Turkey General Directorate of PTT and Turkish Telecommunications under Law no. 4000 dated 18 June 1994 and Republic of Turkey General Directorate of PTT started to operate independently beginning from 24 April 1995. Under article no. 24 of law no. 4502 dated 29 January 2000, the name of the foundation that was "The Republic of Turkey, General Directorate of Post Company" was changed to "The Republic of Turkey, General Directorate of Post and Telegraph Organization" (PTT). Under "Post Services Act" no. 6475 dated 23 May 2013, the assignments of this institution were reorganized and its name was restructured as "Post and Telegraph Organization Inc."

Post and Telegraph Organization Inc. was transferred to Turkey Wealth Fund on 27 April 2017 according to Decree of the Council of Ministers no. 2017/9756 dated 24 January 2017 bylaw appendix. All shares of PTT belong to Turkey Wealth Fund as of 31 December 2018.

PTT

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	1,948,476	100





Turkish Maritime Organization

The name of Turkish Maritime Bank TAO was changed to General Directorate of Turkish Maritime Institution (TUDEK) in 1983 with a Decree Law no. 117; then following Decree Law no. 233 related to Reorganization of Public Economic Enterprises put into force in 1984, it was changed to General Directorate of Turkish Maritime Organization.

General Directorate of Turkish Maritime Organization subjected to privatization under

Decree of the Council of Ministers no. 93/4693 dated 10 August 1993 and joined to the Republic of Turkey Prime Ministry Directorate of State Partnership Administration due to Law no. 3291 dated 28 May 1986, and then to Directorate of Privatization Administration established due to Law no. 4046 approved on 24 November 1994. New prime contract of this institution which took the name of TDI Turkish Maritime Organization was approved on 6 February 1995 by the Republic of Turkey, Prime Ministry Directorate of Privatization Administration under clause (1) of article no. 20 of Law no. 4046.

Shares of the Republic of Turkey Directorate of Privatization Administration were transferred to TWF on 16 March 2017 under the High Council of Privatization Decree no 2017/1 dated 3 February 2017.

Turkish Maritime Organization

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
The Republic of Turkey Ministry of Treasury and Finance	112,683	51
Turkey Wealth Fund	108,265	49
TOTAL	220,948	100

TCDD Port of Izmir

TCDD Port of Izmir which was taken into the scope and program of privatization under decree no. 2004/128 of High Council of Privatization on 30 December 2004 was taken out of the scope and program of privatization according to clause (a) of Act on the Foundation of Turkey Wealth Fund Management Company and Making Amendments on Certain Laws no. 6471 dated 19 August 2016 and transferred to TWF.

It is decided that the Port of Izmir will remain under the management of TCDD



and TCDD will continue to operate the port until the transfer operations of this port to third parties by TWF are completed, and following the transfer, TCDD will fulfill all audits and controls related to maintenance & repair and other obligations of investors that will take over these ports.

AGRICULTURE & FOOD



On the grounds of Law no. 2929 put into force in 1983 a State-Owned Enterprise in the name of General Directorate of Tea Enterprises (Çay-Kur) that posed a legal entity, autonomous in its operations and limited to its capital had been established via Decree Law no. 112 dated 10 October 1983. This law was amended with Decree Law no. 233.

Law no. 2929 was abolished with Decree Law no. 233 published in 14 December 1984 and taken on 8 June 1984 for restructuring Public Economic Enterprises. Some articles

of Decree Law no. 233 were amended with Decree Law no. 399 published in 29 January 1990.

Çaykur was associated with Prime Ministry under Law no. 4046 dated 24 November 1994, was excluded of State-Owned Enterprise and taken into the scope of Public Economic Enterprises. The main status of Çaykur was put into force after published in the Official Gazette no. 22853 dated 20 December 1996. This institution maintains its operations under this status. Having maintained its operations as affiliated to Prime Ministry from 1996 to 1999, Çay-Kur was associated with the Ministry of Industry and Trade in 12 January 1999 and again with Prime Ministry in 28 May 1999.

Çay-Kur was transferred to Turkey Wealth Fund on 3 May 2017 according to Cabinet Decree no. 2017/9756 dated 24 January 2017 bylaw appendix.

ÇAYKUR

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	2,043,413	100





Established with a capital of 12 million TL in 1955, Kayseri Şeker sugar factory which processes beets produced by farmers in the region has reached historical endorsement amounts in the last 6 years thanks to the financial discipline that was embraced despite the fact it was about to shut down in 2011. Kayseri Şeker became

tax champion in Kayseri in the taxation periods of 2014 and 2015.

Kayseri Beet Planters Cooperative and thus Kayseri Şeker plant beets contractually in 295 villages of Kayseri, Sivas, Yozgat, Kırşehir and Nevşehir and assume a critical role for the economy in the region.

Shares of the Republic of Turkey Directorate of Privatization Administration were transferred to TWF on 3 February 2017 under the High Council of Privatization Decree no 2017/1 dated 3 February 2017. Kayseri Şeker keeps the accounting records according to special accounting period. Shareholders and share distribution of the company are offered as of 30 April 2019.

KAYSERİ ŞEKER

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
Kayseri Beet Planters Cooperative	351,623	58.60
Turkey Wealth Fund	66,438	11.07
Alpullu Beet Planters Cooperative	35,415	5.90
Pankobirlik	27,170	4.53
Balıkesir Bursa Beet Planters Cooperative	19,860	3.31
Kastamonu Beet Planters Cooperative	18,333	3.06
Eskişehir Beet Planters Cooperative	17,187	2.86
Afyon Beet Planters Cooperative	14,163	2.36
Elbistan Beet Planters Cooperative	14,024	2.34
Burdur Isparta Beet Planters Cooperative	9,166	1.53
Konya Beet Planters Cooperative	7,296	1.22
Share Rate 1% and under	19,325	3.22
TOTAL	600,000	100



Named by our Great Leader Mustafa Kemal Atatürk, Etibank (Eti Mining Company) has a crucial role in mining sector of our country. Etibank was established in 14 June 1935 under the Law no. 2805, restructured as Eti Holding at the beginning of 1998 and then restructured to General Directorate of Eti Maden on January 2004.

Eti Maden is the leader of boron sector, operating in mining, metallurgy and chemistry with its affiliated Management Departments and representations abroad.

Eti Maden became a boron leader in the world in 2005 and continued to be one with 59% share in 2018 as well. Although the growth in boron market was lesser compared to the last

two years, Eti Maden obtained a historic record by selling 2.45 million tons of boron products as a result of more effective marketing and quality operations. In 2018, the total amount for investment was 387 Million TL. The number of production facilities increased to 31 when Boron Cleaning Products Facility was completed and Eti Maden offered Eti-Kbor and BORON products to the market.

Eti Maden ranked 1st in Mining Products Sector according to "First 100 Exporter Companies 2018" study prepared by Turkish Exporters Assembly (TİM) and again ranked 1st in Anorganic Chemicals category in the Stars award ceremony organized by İKMİB. Eti Maden received "Performance and Success Awards of 2018" organized by the Ministry of Energy and Natural Resources. Moreover, Eti Maden received award in "Best of Exportation" category in "Bests of Ankara" award ceremony organized by Ankara Chamber of Commerce.

Eti Maden was transferred to TWF on 27 April 2017 according to Decree of the Council of Ministers no. 2017/9756 dated 24 January 2017 bylaw appendix.

ETİ MADEN

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	600,000	100



ENERGY



Petroleum Pipeline Company (BOTAŞ) was established based on the Decree Law No. 7/7871 on 15 August 1974 with the purpose of transporting Iraq's crude oil to Iskenderun Bay, in accordance with the Crude Oil Pipeline (COP) Agreement signed between the Governments of the Republic of Turkey and the Republic of Iraq on 27 August 1973.

Structured as Public Economic Enterprise (PEE) under Decree of the Council of Ministers no. 96/6526 dated 8 February 1995, BOTAŞ is a Public Economic Enterprise as a corporation liable to Decree Law on Public Economic Enterprises no. 233, established according to special legal laws.

All shares of the Republic of Turkey Ministry of Treasury and Finance were transferred to TWF on 31 April 2017 under Cabinet Decree no 2017/9756 dated 24 January 2017 bylaw appendix.

BOTAŞ

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	4,625,000	100



TÜRKİYE PETROLLERİ ANONİM ORTAKLIĞI

Turkish Petroleum Corporation (TPAO) was established in 1954 by Law No. 6327 to engage in hydrocarbon exploration, drilling, production, refinery and marketing.

The only national petroleum company of our country, TPAO performed many "firsts" of petroleum sector in the past. TPAO achieved to offer to our country 17 big institutions for the

first time including Petkim, Tüpraş and Petrol Ofisi which are present for over half century.

Having operated in many areas of petroleum sector such as exploration, production, refining, marketing and transportation till 1983, TPAO has become a petroleum company that performs exploration and production operations only both domestically and internationally in its sector today due to legal regulations in 1983.

All TPAO shares of the Republic of Turkey, Prime Ministry Undersecretariat of Treasury were transferred to Turkey Wealth Fund on 31 March 2017 under Decree of the Council of Ministers no. 2017/9756 dated 24 January 2017 bylaw appendix.

TURKISH PETROLEUM - TPAO

Shareholder	Amount (in '000 TL)	Capital Ratio (%)
Turkey Wealth Fund	3,717,807	100



LICENSES OF GAMES OF CHANCE



HORSE RACES

Licenses regarding the right and authority to organize domestic horse races and accept joint bets from abroad and in the country based on horse races organized domestically and internationally were transferred to Turkey Wealth Fund as of 1 January 2018 under Decree Law no. 680 dated 6 January 2017.



GAMES OF CHANCE



The license regarding similar games of chance that may be permitted within the frame of the relevant legislation on National Lottery (Milli Piyango), Hemen Kazan (Scratch and Win), Sayısal Loto (Numerical Lotto), Şans Topu (Chance Ball), On Numara (Number Ten) and Süper Loto (Super Lotto) that are played in return of cash was transferred to Turkey Wealth Fund for a period of 49 years under Decree Law no. 680 dated 6 January 2017.



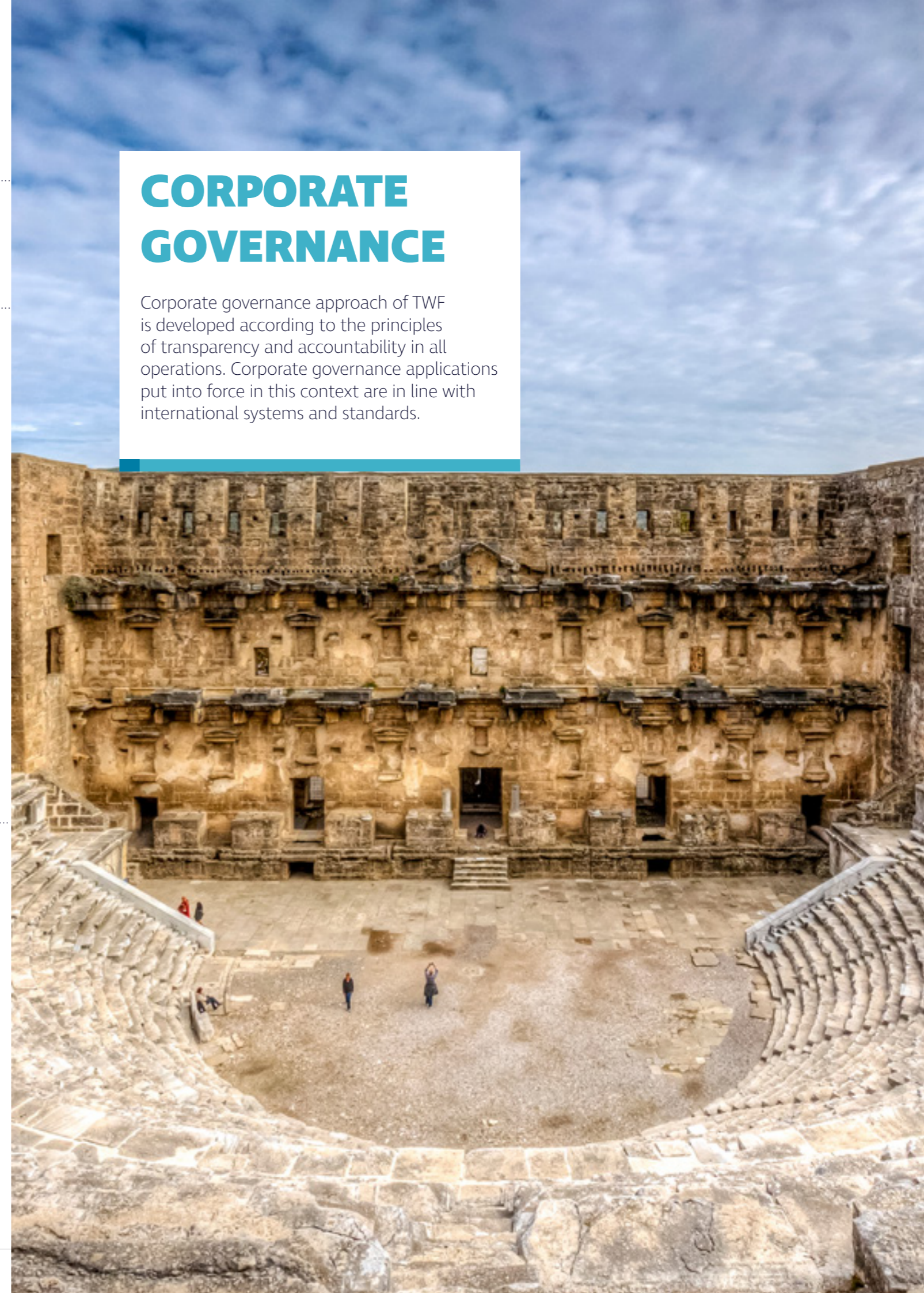
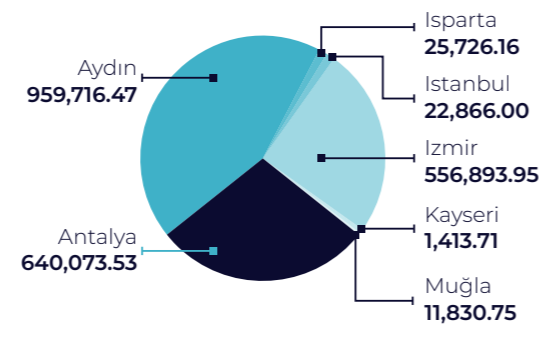
CORPORATE GOVERNANCE

Corporate governance approach of TWF is developed according to the principles of transparency and accountability in all operations. Corporate governance applications put into force in this context are in line with international systems and standards.

REAL ESTATE

Following the establishment of TWF according to Act on the Foundation of Turkey Wealth Fund Management Company and Making Amendments on Certain Laws” no. 6741 dated 19 August 2016, a total of 2,218,520.57 m² real estate that belong to public at different locations and sizes available in Antalya, Aydın, Isparta, Istanbul, Izmir, Kayseri and Muğla is transferred to TWF. The Appendix section of this Report includes information about the real estate more in detail.

Asset Distribution by Cities (m²)



Operating with a vision of becoming one of the most successful wealth funds of the globe with a high standard corporate governance approach based on transparency and accountability through investments it makes, value it adds to assets and a powerful financial performance it provides, Turkey Wealth Fund focuses on developing the strategic assets of Turkey, finding resources for investments that will carry our country forward, supporting to increase and develop the economic stability of our country, and thus leaving a powerful Turkey to future generations.

The Structure of the Board of Directors

Board of Directors of Turkey Wealth Fund gathers under the chair of the Presidency of the Republic of Turkey. The senior management committees of TWF's Board of Directors consist of ExCo and HR Committee, Audit Committee, Risks Committee and Corporate Governance Committee. TWF's plan is to establish International Advisory Board to improve corporate governance.



Committees Established within the Board of Directors

Committees operating in affiliation to TWF Co. Board of Directors were established in 2017. Board Members of the Board of Directors were reidentified under the Decree of the President of the Republic on 11 September 2018. In this context, the name of Human Resources Committee was changed to "Steering and Human Resources Committee" under decree no. 43 dated 24 October 2018; moreover, Members of the Board of Directors were reidentified.

ExCo and HR Committee	Dr. Berat ALBAYRAK, Prof. Dr. Erişah ARICAN, Mr. Zafer SÖNMEZ
Early Risk Mitigation Committee	Mr. Hüseyin AYDIN, Mr. Salim Arda ERMUT
Audit Committee	Mr. Hüseyin AYDIN, Prof. Dr. Erişah ARICAN
Corporate Governance Committee	Mr. M. Rifat HİSARCIKLIOĞLU, Mr.Fuat TOSYALI

As of 31 December 2018, the number of employees working in Turkey Wealth Fund is 21.

Financial Rights submitted to the Board of Directors

Board of Directors were reidentified under the Decree of the Presidency of the Republic on 11 September 2018. In line with the decree taken with unanimous vote by the Board, Members of the Board did not receive any payment under the name of fees or attendance fee, etc. throughout 2018.

Current Term Operations of the Board of Directors

2018 has become a year when the agenda was followed quite densely for TWF. Board of Directors took 61 decrees in 18 different sessions during 2018, fulfilling its supervision function actively.

Consolidated financial statements of TWF as of and for the year ended 31 December 2017 includes the consolidated financial statements of THY and BIST where the other companies in the portfolio were not consolidated and accounted as fair value through other comprehensive income financial investments. As of and for the year ended 31 December 2018, consolidated financial statements of TWF included the financial statements of Ziraat Bankası, Halk Bankası, Türksat, PTT, BOTAŞ, TPAO, Eti Maden and Çaykur in addition to THY and BIST.

Studies on occupational groups, academic world, finance world and public were conducted to increase transparency and accountability and to clearly introduce TWF's Mandate; and TWF participated in several domestic and international events under this purpose.

Moreover, upon the discretion and appreciation of the Board of Directors, we initiated studies to establish International Advisory Board to ensure the development of TWF in coordination with its goals and strategies.



Governance Principles

Fundamental Values

1. Nation serving and Value Creation

TWF is founded for the future of Turkey. In all its works and operations, TWF pursues public service and their additional value. TWF does not indulge in any works and operations that do not embrace these values.

2. Accountability and Transparency

TWF aims to be accountable and transparent in all its works and operations. TWF pursues these principles and international corporate governance standards all its works and decision processes.

3. Discipline, Professionalism and Teamwork

TWF Employees, both individually and as a team, act in a discipline and attitude in line with fund principles. All employees adhere to high-level professionalism and discipline. Employees and the institution support and pay respect to each other.

4. Delivery of Results

TWF focuses on success and result in works it undertakes with an approach to nation serving and value creation.

TWF manages its operations through a professional governance approach based on globally accepted governance practices. In this context, other fundamental characteristics of this governance approach include compliance

with the relevant legislations and regulations, an effective risk management, risk-benefit and long-term performance orientation in its operations.

Another subject that TWF pursues and attaches special importance to in its operations is the code of ethics. In addition to compliance with local standards, TWF aims to adopt the global standards accepted by the other wealth funds.

In line with the Santiago Principles which are an effective roadmap in code of ethics, TWF prioritizes the following principles:

- To use globally acknowledged professional governance principles in its operations and managing portfolio companies as a basis,
- To prioritize fulfilling the risk-benefit expectation in all investment activities and in managing companies in its portfolio,
- To manage its assets, new investments and related operations sustainably in the long run for future generations,
- To identify, evaluate and manage risks that may occur due to investments; to establish on-time reporting and information system for this purpose,
- To act in accordance with principles of professional management, performance orientation, sustainability, effective risk management and accountability that will enable practices and processes subject to public audits and independent audits.



Santiago Principles



In addition to corporate governance principles and legal requirements in the corporate structure and in every step taken, TWF acts in line with Santiago Principles as is in other wealth funds.

Santiago Principles established in 2008 by IWC - International Working Group of Sovereign Wealth Funds consist of 24 Generally Accepted Principles and Practices (GAPP) that put forward good governance standards for wealth fund management and audit.

These principles include regulations suitable for good governance, transparency and accountability and suitable procedures for healthy and long-term investments. Santiago Principles consists of three main fields including coordination with legal framework, goals and macroeconomic policies (GAPP 1-5), corporate framework and governance structure (GAPP

6-17) and investment and risk management framework (GAPP 18-24).

Steps taken to increase TWF's level of compliance to Santiago Principles which are a fundamental roadmap for international wealth funds have been tightened since September 2018; in this context, TWF conducted meetings with IFSWF representatives on 31 October 2018 and initiated studies of compliance with Santiago Principles.

The current status of studies of compliance with Santiago Principles was evaluated in a meeting organized in Istanbul on 23 November 2018 to which the representatives of International Forum of Sovereign Wealth Funds (IFSWF), Chief Executive Duncan Bonfield and Director of Strategy and Communication Victoria Barbary and TWF Managing Director Zafer Sönmez and TWF managers attended.

TWF initiated studies for Self-Evaluation Survey during compliance studies to Santiago Principles in 2018. The compliance status of TWF to these Principles will be announced on the website of IFSWF after completing this study in 2019. TWF is working decisively to share information regarding its governance structure, finance model, strategic plans and balance sheet with public transparently.

Legal soundness	Professional and ethical standards
Clearly defined policy purpose	Dealing with third parties based on economic and financial grounds
Close coordination with fiscal and monetary authorities	Operations and activities in compliance with all applicable regulatory and disclosure requirements
Policies in relation to funding, withdrawal, and spending operations	Operational independence from the owner
Timely reporting to the owner	Timely public disclosures
Effective division of roles and responsibilities	Aim to maximize risk-adjusted financial returns
Appointing the members of governing body(ies) in accordance with clearly defined procedures	Clear investment policy
Governing body(ies) acting in the best interests of the SWF	Not taking advantage of privileged information
Implementing SWF strategies in an independent manner	Shareholder ownership rights
Clear definition of the accountability framework	Framework that identifies, assesses, and manages the risks
Annual reporting of operations and performance	Reporting of assets and investment performance
Annual auditing in accordance with recognized international or national standards	Regular review of the implementation of these principles

Santiago Principles

Core Principle	TWF's Approach
Professional management	Takes globally accepted professional management principles as basis both in its own operations and in the management of portfolio companies.
Transparency	Carries out the reporting process of fund operations and interaction processes with companies in full transparency and in line with the specified governance principles
Performance oriented	Considers achieving risk-return expectation as the primary objective in all kinds of investment activities and in the management of portfolio companies
Sustainability	Manages assets and the related activities, and new investments in a sustainable way in the long term for the next generations
Efficient risk management	Identifies, assesses and manages the risks that may potentially arise due to investments and establishes the necessary timely reporting and information system.
Accountability	Practices and processes are subject to public audit and independent external audit

Making use of its corporate governance tools effectively while fulfilling its duties and responsibilities, TWF is carrying out risk management practices that will minimize the effects of operational risks and their potential occurrence and reviews the efficiency of these practices regularly.

Audit and Internal Control

In regard to constant development of performance in the field of management and identification of the issues that will enable this development, the governance tools TWF actively uses are audit and internal control system and its practices.

The framework of audit processes is defined in the Law. According to this, the following 3-step audit process is anticipated for TWF Co., other companies that will be established by TWF Co., and sub-funds that will be established within TWF:

1. TWF, TWF Co., sub-funds and companies that will be established subject to independent audit. In financial statements prepared annually, Turkish (TMS, TFRS) and international (IFRS) standards are taken into account.
2. As a second step of external audit, at least 3 experts assigned by the President audit annual financial statements and operations that passed independent audits.
3. Last but not least, Grand National Assembly of Turkey (GNAT) Planning and Budget Commission performs an audit. In this context, audit reports of the first two steps are submitted to GNAT, afterwards GNAT Planning and Budget Commission audits financial statements of the previous year using the related audit reports.

KPMG Independent Audit and Independent Accountant and Financial Advisor Corp. was selected for the independent audit of 2018 operations of TWF Co., TWF and its sub-funds, and the allottee of the company was approved by the Directorate of Privatization Administration. Independent Audit Agreement was signed.

TWF Co. conducts its internal audit through an Audit Committee in addition to this 3-step independent audit. TWF initiated preparation studies for internal control system and internal audit for the year 2018, and established committees for this purpose.

Audit activities are conducted in accordance with the requirements of TWF Co., TWF and its sub-funds based on internationally acknowledged audit standards and national legislation.

Risk Management

Making use of its corporate governance tools effectively while fulfilling its duties and responsibilities, TWF is carrying out risk management practices that will minimize the effects of operational risks and their potential occurrence and reviews the efficiency of these practices regularly.

TWF pays regard to risk, growth and benefit balance underlying risk management system. TWF takes into account criteria identified in risk management policies and make evaluations according to long-term benefits. TWF audits the functioning and performance of activities and organizations to fulfill these activities and the operations taking into consideration the strategic goals of TWF and its sub-funds. Their compliance to legislation, internal regulations and policies are taken into consideration.

Risk management studies in identifying TWF and its sub-funds play a crucial role. In order to define, measure, analyze and monitor possible risks that incurred or possibly incur, primary of which is the risk/benefit structure of cash flows, the necessary policies and practice methods are created and audited within the frame of rules

In the reporting period, there are no lawsuits filed against TWF and that may impact the financial conditions and operations of TWF.

approved by the Board of Directors; and risk management policies of assets available in the portfolio are monitored, examined and tracked in addition to stress tests and emergency action plans.

“Early Detection of Risks” set forth in article no. 378 of Turkish Commercial Code (TCC) no. 6102 and compulsory for public-held companies were held in Risk Management Committee established in 2017. The responsibilities of risk management department include the early detection of possible risks that may endanger the existence, development and continuity of TWF Co., taking the necessary precautions regarding these risks, and conducting studies to manage these risks. These studies are reviewed at least once a year.

Human Resources and Organization

TWF updated its organizational chart, personnel structure and human resources strategy in accordance with the path drawn by the Board of Directors in 2018 and in compliance with the duties and goals identified both in its Mandate, and also in Board Decree taken for this purpose.

The year 2018 has been a year when professionals of the sector that gained experience in wealth funds and international institutions joined TWF team and hiring criteria were clarified. In this context, the number of personnel which was 9 at the end of 2017 reached 21 at the end of 2018.

Dividend Distribution Policy

According to Article 27th of TWF Co.'s Article of Association (“AoA”), after deducting the previous years' losses, if any, 5% legal reserve shall be allocated from the current year profit shown in the balance sheet. Net profit is calculated by deducting the general expenses, depreciations and other compulsory expenses from the total

revenues of TWF Co. After the 5% legal reserve, primary dividend shall be allocated from the remainder balance.

The Assembly General of TWF Co. is authorized to make the decision to distribute the remaining portion of the net profit after the deduction of the amounts stated in the above paragraph, partially or completely as a secondary dividend or to keep it within the company.

Other Issues Regarding TWF

In the reporting period, there are no suits prosecuted against TWF and that may impact the financial conditions and operations of TWF. There are no administrative or legal sanctions for the company and members of the management.

There are no specifically important cases that occurred in the company before the end of the activity year. There are no reductions from the capital of the company in the relevant period. There is no status of in deep debt.

Ordinary or extraordinary general assembly meeting of TWF was not organized in the relevant activity year. No donation, assistance or social responsibility projects are organized in the period.

The Presidency Decree dated 11 September 2018 and the amendments it created were specified in this report in regard to amendments on legislation that will crucially impact Company operations in the relevant activity year.

This company has not received any service in regard to investment consultancy and rating during the relevant activity year; however, it received management and legal consultancy, auditing and financial advices in different subjects..

TURKEY WEALTH FUND MANAGEMENT COMPANY

AUDITED FINANCIAL STATEMENTS AS
OF 31 DECEMBER 2018

TURKEY WEALTH FUND MANAGEMENT COMPANY STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018 (Expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	31 December 2018	31 December 2017
Current Assets	75.391.206	60.426.859
Cash and Cash Equivalents	61.431.208	41.360.062
Trade Receivables	10.218.841	16.423.670
Receivables From Related Parties	10.218.841	16.423.670
Prepaid Expenses	231.839	192.369
Other Current Assets	3.509.318	2.450.758
Non-Current Assets	1.435.695	1.799.249
Tangible Assets	1.433.784	1.799.249
Intangible Assets	1.911	-
TOTAL ASSETS	76.826.901	62.226.108

LIABILITIES	31 December 2018	31 December 2017
Short-Term Liabilities	2.292.248	3.910.764
Trade Payables	2.056.880	3.674.370
Trade Payables - Related Parties	117.035	6.129
Trade Payables - 3 rd Parties	1.939.845	3.668.241
Other Payables	18.263	28.714
Other Payables - 3 rd Parties	18.263	28.714
Liabilities for Employee Benefits	217.105	207.680
EQUITY	74.534.653	58.315.344
Paid-In Capital	50.000.000	50.000.000
Retained Earnings	8.139.997	939.517
Current Year Profit	16.394.656	7.375.827
TOTAL LIABILITIES	76.826.901	62.226.108

TURKEY WEALTH FUND MANAGEMENT COMPANY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

(Expressed in Turkish Lira ("TL") unless otherwise indicated.)

	31 December 2018	31 December 2017
Revenue	10.401.528	16.423.671
Cost of Sales (-)	(9.706.245)	(14.730.622)
GROSS PROFIT	695.283	1.693.049
Revenues From Other Operations	1.252.008	303
Expenses From Other Operations (-)	(7.062)	(6.138)
OPERATING PROFIT/LOSS	1.940.229	1.687.214
Financial Revenues	14.454.427	5.688.613
NET PROFIT/LOSS	16.394.656	7.375.827
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	16.394.656	7.375.827

TURKEY WEALTH FUND MANAGEMENT COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

(Expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Paid-in Capital	Retained earnings	Profit for the year	Total
Balances as at 1 January 2017	50.000.000	-	939.517	50.939.517
Transfers	-	939.517	(939.517)	-
Total Comprehensive income	-	-	7.375.827	7.375.827
Balances as at 31 December 2017	50.000.000	939.517	7.375.827	58.315.344
Effect of changes in accounting policies (IFRS 9) (Note2.5)	-	(175.347)	-	(175.347)
Restated Balances as at 1 January 2018	50.000.000	764.170	7.375.827	58.139.997
Transfers	-	7.375.827	(7.375.827)	-
Total comprehensive income	-	-	16.394.656	16.394.656
Balances as at 31 December 2018	50.000.000	8.139.997	16.394.656	74.534.653

CAPITAL/SHAREHOLDER STRUCTURE	31 December 2018		31 December 2017	
	Share Amount	Share Ratio (%)	Share Amount	Share Ratio (%)
Privatization Administration	50.000.000	100	50.000.000	100
Total Paid-in Capital	50.000.000	100	50.000.000	100

TURKEY WEALTH FUND AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL
STATEMENTS AS OF 31 DECEMBER 2018

TÜRKİYE VARLIK FONU AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

(Expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	31 December 2018	31 December 2017
Current Assets	499,613	24,860
Cash and Cash Equivalents	50,004	17,954
Reserve Balances at Central Bank of the Republic of Turkey	42,578	-
Financial Assets	30,629	813
Trade Receivables	21,630	2,481
Due from Related Parties	2,047	-
Due from Third Parties	19,583	2,481
Receivables from Financial Sector Operations	305,760	-
Other Receivables	13,287	1,204
Due from Related Parties	228	-
Due from Third Parties	13,059	1,204
Derivative Financial Instruments	3,216	767
Inventories	7,582	728
Prepaid Expenses	4,850	461
Current Tax Asset	471	120
Other Current Assets	18,015	332
Non-current Assets Held for Sale	1,591	-
Non-Current Assets	676,048	189,553
Financial Assets	133,309	123,959
Trade Receivables	488	-
Due from Third Parties	488	-
Receivables from Financial Sector Operations	342,707	-
Other Receivables	14,359	2,336
Due from Related Parties	5,172	-
Due from Third Parties	9,187	2,336
Equity Accounted Investees	7,097	1,257
Investment Properties	4,315	1,979
Property, Plant and Equipment	143,950	49,239
Intangible Assets and Goodwill	16,451	8,888
Goodwill	65	47
Other Intangible Assets	16,386	8,841
Prepaid Expenses	5,729	1,888
Deferred Tax Assets	2,740	6
Other Non-Current Assets	4,903	1
Total Assets	1,175,661	214,413

TÜRKİYE VARLIK FONU AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

(Expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	31 December 2018	31 December 2017
Short-Term Liabilities	758.494	26.548
Short-term Borrowings	10.392	5.986
Short-term Portion of Long Term Borrowings	6.680	3.707
Trade Payables	16.426	3.581
-Due to Related Parties	1.634	651
-Due to Third Parties	14.792	2.930
Payables from Financial Sector Operations	652.312	-
Other Financial Liabilities	-	907
Due to Related Parties	-	846
Due to Third Parties	-	61
Payables Related to Employee Benefits	1.073	771
Other Payables	10.829	333
Due to Related Parties	274	88
Due to Third Parties	10.555	245
Derivative Financial Instruments	2.908	481
Deferred Income	6.058	3.832
Current Tax Liabilities	2.015	77
Current Provisions	6.050	330
Current Provisions for Employee Benefits	1.448	186
Other Current Provisions	4.602	144
Other Current Liabilities	43.749	6.543
Liabilities Related to Assets Held for Sale	2	-
Non-Current Liabilities	209.900	32.314
Borrowings	58.332	27.684
Trade Payables	262	-
Due to Third Parties	262	-
Payables from Financial Sector Operations	121.439	-

TÜRKİYE VARLIK FONU AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

(Expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	31 December 2018	31 December 2017
Other Payables	6.688	314
Due to Related Parties	2	-
Due to Third Parties	6.686	314
Deferred Income	1.255	160
Non-Current Provisions	9.306	512
Non-Current Provisions for Employee Benefits	4.305	512
Other Non-Current Provisions	5.001	-
Deferred Tax Liabilities	8.147	3.634
Other Non-Current Liabilities	4.471	10
EQUITY	207.267	155.551
Equity Attributable To Equity Holders of the Parent	177.282	144.524
Treasury Shares (-)	(21)	(21)
Common Control Transaction	650	-
Government Contribution	139.939	133.009
Will Not Be Reclassified to Profit or Loss		
Other Comprehensive Income That	(307)	9.967
Fair Value Reserve	(515)	9.984
Actuarial Gain Arising From Employee Benefits	208	(17)
Other Comprehensive Income That Will Be Reclassified to Profit or Loss	12.254	560
Currency Translation Reserve	15.678	239
Gain/Loss Hedging	208	321
Fair Value Reserve	(3.632)	-
Retained Earnings	10.915	(27)
Profit For The Year	13.852	1.036
Non-controlling Interests	29.985	11.027
Total Assets	1.175.661	214.413

TÜRKİYE VARLIK FONU AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in millions of Turkish Lira (“TL”) unless otherwise indicated.)

CONTINUING OPERATIONS	31 December 2018	31 December 2017
Revenue (net)	139,377	33,277
Cost of Sales (-)	(114,276)	(25,113)
Gross Profit from Non-Financial Operations	25,101	8,164
Interest, Premium, Commission and Other Income	107,990	-
Interest, Premium, Commission and Other Expense (-)	(83,243)	-
Gross Profit from Financial Operations	24,747	-
GROSS PROFIT	49,848	8,164
General and Administrative Expenses (-)	(14,379)	(1,186)
Sales, Marketing and Distribution Expenses (-)	(8,496)	(3,158)
Other Income from Operating Activities	63,259	795
Other Expense from Operating Activities (-)	(66,986)	(172)
Share of Profit of Equity Accounted Investees	617	377
OPERATING PROFIT	23,863	4,820
Income from Investing Activities	2,177	579
Expense from Investing Activities (-)	(386)	(5)
BEFORE FINANCE INCOME / (EXPENSES)	25,654	5,394
Finance Income	2,518	204
Finance Expenses (-)	(4,569)	(2,802)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	23,603	2,796
Tax Income / (Expense)	(6,487)	(561)
Current Tax Expense	(5,655)	(229)
Deferred Tax Income/ (Expense)	(832)	(332)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	17,116	2,235
DISCONTINUED OPERATIONS		
Profit for the Year From Discontinued Operations	10	-
PROFIT FOR THE YEAR	17,126	2,235
Attributable to:		
Non-controlling Interests	3,274	1,199
Equity Holders of the Parent	13,852	1,036

APPENDICES

APPENDIX-1: Details regarding the Real Estates Transferred to Turkey Wealth Fund

Item Number	City	County	District	Island	Parcel	Total Surface Area (m ²)
1	Antalya	Aksu	Kemerağzı	12689	5	10,517.00
2	Antalya	Kemer	Çamyuva	236	1	36,437.00
3	Antalya	Kemer	Kiriş	157	6	6,206.00
4	Antalya	Kemer	Kiriş	277	1	27,581.00
5	Antalya	Kemer	Çamyuva	69	4	11,736.00
6	Antalya	Kemer	Çamyuva	-	1975	55,103.00
7	Antalya	Kemer	Kiriş	364	3	8,301.00
8	Antalya	Kemer	Kiriş	150	5	54,667.00
9	Antalya	Kemer	Center	17	1	8,305.00
10	Antalya	Kemer	Beldibi	105	2	8,721.00
11	Antalya	Manavgat	Çolaklı	110	1	10,856.00
12	Antalya	Manavgat	İlica	648	7	28,686.31
13	Antalya	Manavgat	Çolaklı	711	1	22,503.00
14	Antalya	Manavgat	Çolaklı	871	1	33,336.00
15	Antalya	Manavgat	Sorgun	2533	1	15,287.98
16	Antalya	Manavgat	Sorgun	2532	1	16,086.24
17	Antalya	Manavgat	İlica	-	982	21,411.00
18	Antalya	Manavgat	İlica	-	1021	25,066.00
19	Antalya	Center	Bahçelievler	3698	1	46,459.00
20	Antalya	Center	Bahçelievler	3698	5	41,908.00
21	Antalya	Center	Bahçelievler	3702	1	47,275.00
22	Antalya	Center	Kemerağzı	12682	4	22,622.00
23	Antalya	Center	Kemerağzı	12682	5	22,622.00
24	Antalya	Center	Kemerağzı	12684	5	19,993.00
25	Antalya	Center	Kemerağzı	12687	4	18,395.00
26	Antalya	Center	Kemerağzı	12684	4	19,993.00
27	Aydın	Didim	Didim	-	15733	171,946.10
28	Aydın	Didim	Gevrek	665	8	32,443.12
29	Aydın	Kuşadası	Hacifeyzullah	806	190	36,364.47
30	Aydın	Kuşadası	Türkmen	134	12-26	6,120.85

APPENDICES

APPENDIX-1: Details regarding the Real Estates Transferred to Turkey Wealth Fund

Item Number	City	County	District	Island	Parcel	Total Surface Area (m ²)
31	Aydın	Kuşadası	Türkmen	706	10	419,453.56
32	Aydın	Kuşadası	Türkmen	706	18	250,213.47
33	Aydın	Kuşadası	Türkmen	2176	1	41,305.52
34	Aydın	Kuşadası	Türkmen	134	8 and 9	1,869.38
35	Isparta	Center	Büyükhacılar	105	3	25,726.16 (corresponding to share)
36	Istanbul	Bakırköy	Şenlikköy	292	33	22,866.00
37	Izmir	Menderes	Gümüldür	2154	1	23,717.00
38	Izmir	Menderes	Özdere	1110	1	93,141.06
39	Izmir	Selçuk	Selçuk	3101	1.3	41,593.89
40	Izmir	Selçuk	Selçuk	3103	2	52,275.00
41	Izmir	Selçuk	Selçuk	3107	7	95,993.23
42	Izmir	Selçuk	Selçuk	3107	8	90,018.78
43	Izmir	Selçuk	Selçuk	3107	10	51,383.77
44	Izmir	Selçuk	Selçuk	3102	10	108,771.22
45	Kayseri	Melikgazi	Erciyes	8259	1	1,413.71
46	Muğla	Bodrum	Gündoğan	557	1	11,830.75

CONTACT & COMPANY INFORMATION

Term of the Report: 1-year operating cycle on 01.01.2018 – 31.12.2018

Trade Name of the Company:
Turkey Wealth Fund Management Co.

Trade Register Number:
Istanbul - 55174-5 (Central Registration System
No: 0859 0640 2870 0010)

Registered Address:
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Kat:11 Beşiktaş, 34337 Istanbul

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