



Turkey Wealth Fun Management Co.

# ANNUAL REPORT 2019



PRESIDENCY OF  
THE REPUBLIC OF TURKEY  
**TURKEY  
WEALTH FUND**



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## MESSAGE FROM THE PRESIDENT



RECEP TAYYİP ERDOĞAN  
President

Turkey is well-positioned to become one of the most promising economies of the 21<sup>st</sup> century. The most significant enablers of this position, which reinforces its entire industrial strength, are ability to develop high-tech products with local and national resources; and the steps taken to reinforce its industrial strength such as exploring new energy and underground resources.

Dear Stakeholders,

With its ability to develop high-tech products with local and national resources and the steps that it has taken to reinforce its entire industrial strength through projects aimed at introducing new energy and underground resources into the economic cycle, Turkey is well-positioned to become one of the most promising economies of the 21<sup>st</sup> century.

Our objective is to become one of the top economies in the world by developing products with high added-value in strategic industries. Naturally, private sector investments will play a key role in achieving this objective. In its regulatory capacity, the Republic of Turkey continues to remove barriers to doing business for the private sector. However, in today's global competitive environment, the public sector must also pursue a bigger and more active role on the path to economic development. This role involves turning the economic strength derived from public assets into sound investments in strategic industries and large-scale infrastructure investments in an attempt to pave the way for the private sector.

Turkey Wealth Fund, established in 2016 with this principle in mind and considered to be one of the greatest economic moves that we have made during the history of

the Republic of Turkey, has put in place a robust corporate organization in a short period of time and begun to perform operations designed to enhance the value of public assets in its portfolio, seize investment opportunities in strategic industries and reinforce our financial infrastructure.

Until the reporting period, total assets of the Turkey Wealth Fund increased by 24% and TWF became the 13<sup>th</sup> largest wealth fund worldwide. I believe that TWF -Turkey's path to strategic investments- will achieve even more success in line with its mandate through investments to be made in strategic fields such as energy, finance and underground resources. Istanbul Finance Center, which we view as a visionary project that will make Turkey a key financial hub in the region, is already a good example of such investments.

I believe that the activities of Turkey Wealth Fund, built as a world-class organization worthy of the Republic of Turkey with its robust corporate structure, employees and operations, will make a great contribution to the momentum of Turkey's sustainable development. With this kind of vision and responsibility in mind, I would like to thank all of the team members who play a key role in the success of Turkey Wealth Fund, for their hard work and contribution.



RECEP TAYYİP ERDOĞAN  
President of the Republic of Turkey



Dr. BERAT ALBAYRAK  
Deputy Chairperson 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 İstanbul 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 life in different branches, primarily energy and finance between 1996-2013, lectured on banking and finance in Marmara University, and held active positions in various non-governmental organizations.

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



**Prof. Dr. ERİŐAH ARICAN**  
**Member**

Starting her academic career in 1988 at the Economics & Finance Department of Marmara University (MU) Faculty of Law, Prof. Dr. Eriřah Arican 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 and 2015, Prof. Dr. Eriřah Arican has been the acting Director of BSE in MU since 2015. Prof. Dr. Arican has been working as a Board Member and the Chief of MU BSY Banking Department since 2002 and as a Board Member and Head of the MU BSE Banking Department since 2015. Prof. Dr. Arican has a large number of published academic studies and books.

Appointed as Board Member of Borsa İstanbul in April 2016, Prof. Dr. Eriřah Arican has been the acting Chairperson of Borsa İstanbul Board of Directors since September 2018. Prof. Dr. Eriřah Arican was appointed as a Board Member of TWF in September 2018.



**HÜSEYİN AYDIN**  
**Member**

Having graduated from the Faculty of Economy of Ankara Academy of Economics and Administrative Sciences in 1981, Mr. Hüseyin Aydın started his professional career as the Deputy Inspector at Ziraat Bank and directed various departments there until 2003.

Following his assignments as the Executive Director of Halkbank Board of Directors, Board Member of Pamukbank and Deputy Chair of Ziraat Bank's Board of Directors, he held the position of General Manager of Halkbank between 2005-2011. Mr. Hüseyin Aydın is the Chairperson of the Banks Association of Turkey in addition to his position as General Manager of Ziraat Bank, which he has held since July 2011. Mr. Hüseyin Aydın was appointed as a Board Member of TWF in September 2018.



**SALİM ARDA ERMUT**  
Member

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

He worked as the Press and Public Relations Counselor to the Prime Minister between 2005-2007. 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 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 between 2018-2019. Mr. Arda Ermut served as a Board Member of the Vienna Economic Forum and the World Association of Investment Promotion Agencies (WAIPA) between 2015-2019. In addition to being a Board Member of Turkish Airlines and the Turkish Basketball Federation, Arda Ermut was elected as a Board Member of TWF in September 2018.



**M. RİFAT HİSARCIKLIOĞLU**  
Member

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

Elected as a Council Member to Ankara Chamber of Commerce (ATO) in 1992, Hisarcıklioğlu worked as the Deputy Chairperson of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) for one year and became Chairperson in 2001, a role he continues to fill to this day.

Mr. Hisarcıklioğlu was awarded with Orders of Merit, Medals of Honor and Outstanding Service Awards by multiple states and international organizations and received honorary doctorate degrees from several universities for his efforts and contributions to international economic development.

Currently carrying out his assignments including Board Membership, Chairperson, Co-Chairperson, Term Presidency, Honorary Presidency, Deputy Chairperson, General Council Membership and Advisory Committee Membership in many international institutions and chamber organizations, including primarily EUROCHAMBRES, ICC, WCF, ICCIA and CACCI, Rifat Hisarcıklioğlu was appointed to TWF Board Membership in September 2018.



**FUAT TOSYALI**  
Member

Mr. Fuat Tosyalı started his business life at an early age in a family company and founded Turkey's leading iron and steel company Tosyalı Holding, which operates on three continents with over 10,000 employees. Fuat Tosyalı currently continues his business life as the Chairperson of Tosyalı Holding's Board of Directors.

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

Fuat Tosyalı was assigned as a Board Member of TWF in September 2018.



**ZAFER SÖNMEZ**  
Member and CEO

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

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

Appointed as a Board Member and CEO of Turkey Wealth Fund in September 2018, Zafer Sönmez is Deputy Chairperson of the Board of Directors of Borsa İstanbul and PTT and a Board Member of Tüpraş.

### ZAFER SÖNMEZ | Member and CEO

### A. ONAN KELEŞ | Managing Director / Finance and Operations

A. Onan Keleş holds a Bachelor of Science degree in Economics from the Middle East Technical University (METU) and began his career in the banking industry. He held managerial positions in Corporate Finance and Treasury departments



of private banks. After that, Keleş managed the Treasury, Financial Institutions and Investor Relations departments at Is Leasing. Since June 2019, he has been serving as the Managing Director Responsible for Finance and Operations at Turkey Wealth Fund.

### ÇAĞATAY ABRAŞ | Managing Director / Investments

Çağatay Abraş is a graduate of İstanbul Technical University and holds a Management Engineering degree. He attended the High Potentials Leadership Program at Harvard Business School and the Corporate Finance Program of the University of California Berkeley. Abraş began his career in Vestel Group and held



various senior executive roles at Andersen, Ernst & Young, Unit International and Garanti Securities in the fields of strategic consulting, corporate finance and business development over the course of his career. Prior to joining Turkey Wealth Fund, Abraş was the Vice President of Strategy and Business Development at Kibar Holding and is also a member of TÜSİAD Energy Work Group.

### ÖMER DEMİRHAN | Managing Director / Investments

Having graduated with a Bachelor of Management degree from Boğaziçi University, Demirhan then earned a Master's degree from Bilgi University in Economics and Finance. Following various senior management positions in project finance,



project development and corporate finance at private sector companies such as İş Investment, Çalık Group, KPMG and EWE, Demirhan worked at the Ministry of Energy and Natural Resources and the Ministry of Treasury and Finance, respectively, for five years.

### MİTHAT CANSIZ | Chief Advisor

After graduating from Boğaziçi University "Political Science and International Relations" and "Business Administration" Departments (Double Major Program), Mithat Cansız completed his MBA at Munich University - International Business Department. Before joining TWF, he served as Deputy Minister at the Ministry of Energy and Natural Resources (MENR).

Prior to his role, at MENR, he assumed positions such as General Manager of Turkish Petroleum International Company,



General Director of Mining Affairs and as Deputy Under Secretary respectively. In addition to his role as Founding Chairperson of the National Mineral Resources and Reserves Reporting Committee (UMREK), Mithat Cansız also performed Chairperson and Board Membership roles in various companies in energy, mining and petroleum sectors. Besides,

Mithat Cansız undertook Chairperson and Board Member positions at the Joint Business Councils of Turkey with Brazil, Colombia and Iraq under Foreign Economic Relations Board (DEİK).



ZAFER SÖNMEZ  
Message From the CEO

As Turkey Wealth Fund, we focus on strategic investment areas which could potentially support Turkey's sustainable development, encourage the private sector to make investments, and deepen the financial markets.

Dear Stakeholders,

Today, the entrepreneurial state approach which is increasingly recognized suggests that the government should embrace a more proactive attitude and assume the role of a main contractor of key investments in innovative and strategic areas as well as in large-scale infrastructure requirements. Priority is given to ensure that such investments are made in collaboration with the private sector and in a manner which eliminates barriers to doing business for the private sector.

Wealth funds are strategic investment tools of an entrepreneurial state. In this regard, as Turkey Wealth Fund, we focus on strategic investment areas which could potentially support Turkey's sustainable development, encourage the private sector to make investments, and deepen financial markets. We are committed to maintaining our efforts in this direction as per our strategic mandate.

During the reporting period, we took important steps to realize our strategic mandate. We changed the revenue models for games of chance licenses based on

international best practices to enhance the value of the current portfolio of TWF and thus achieved a significant increase in public revenue. We have also started a project to unite insurance companies of state-owned banks within a single organization under the umbrella of TWF. This project is designed to allow the Turkish insurance industry to achieve healthy growth and put its potential to use in a more effective way. We also conducted a variety of business development and efficiency analyses on other assets within the current portfolio in order to increase the value of the portfolio. We will continue to create strategic projects based on the findings of these processes.

During this reporting period, we focused on 3 key strategic investment areas as per our mandate. The first one of these strategic investment areas is İstanbul Finance Center (IFC), which we view as a visionary and strategic project that will make Turkey a key financial hub in the region. TWF took over the project of about 1.3 million m<sup>2</sup> during the year and thus became the main investor of the IFC project. Besides, TWF projected its focus on investment projects that could help permanently reduce Turkey's foreign trade deficit in the fields of petrochemicals, energy and mining. In this regard, we have started working on a refining and petrochemical complex which will be built in İskenderun Bay with an investment of about USD 10 billion. We believe that this project will ensure clustering of petrochemical companies, encourage the necessary infrastructure investments and raw material production, increase employment and contribute to other economic activities. In addition, we started analyses to determine the potential in the mining and logistics industries, created the Turkey Logistics Master Plan and established the respective teams to carry out the required activities.

Completing our first-ever Treasury guaranteed syndicated loan of EUR 1 billion was another project that we successfully undertook. The annual cost of the transaction under mutual coordination of by ICBC and Citi was Euribor + 2.5%. The fact that we were able to secure such a high loan amount with a fairly low interest rate from leading global banks, despite the fact that it was our first syndicated loan, is a sign of the trust put in the Turkish economy and Turkey Wealth Fund.

While we continued our activities as per our strategic mandate at a rapid pace, we also wanted to ensure that Turkey Wealth Fund, a fairly young organization, has a sound corporate governance and human resources structure that is worthy of the Republic of Turkey. For this purpose, we set out to strengthen our human resources in senior management positions as well as other positions at all levels of operation with professionals that have a proven track record in their specific fields. We continue our efforts to improve our corporate governance principles in line with transparency and accountability as main principles. In view of this, we support compliance with the Santiago Principles - internationally recognized principles applicable to wealth funds - and continue our efforts for achieving compliance.

Our goal is to transform Turkey Wealth Fund into a financial powerhouse for our country. To this end, we will focus on maximizing the value of the assets within our portfolio and providing capital support for the strategic investments of our country at full pace.

We are aware of our role and responsibility towards the future of Turkey. We are taking decisive steps on our journey that we courageously initiated. We will continue contributing to the development and international reputation of Turkey with our success in the future as well.



# ABOUT TWF AND TWF CO.

As an asset-based development fund, Turkey Wealth Fund (TWF) contributes to the economic growth of the Republic of Turkey by enhancing the value of public assets and providing equity support to strategically important industries as well as visionary projects of Turkey.

The ultimate purpose of TWF is to help turn Turkish companies into leading regional and global conglomerates, contribute to the improvement of financial markets, and bring a country with a strong economy to the future generations.

## LEGAL BASIS

Turkey Wealth Fund Management Co. (TWF Co.) was established in accordance with "Law no. 6741 on Establishment of Turkey Wealth Fund Management Company and Amendments on Certain Laws" published in the Official Gazette dated 26 August 2016 with number 29813. According to the provisions of Law no. 6741, the main fields of activity of TWF Co. are as follows: to establish and manage Turkey Wealth Fund and its sub-funds for the purpose of making contributions to capital markets in terms of depth and diversity of instruments, bringing domestic public assets into the economy, procuring external sources, and taking part in strategic, large-scale investments.

The articles of association of TWF Co. were recorded in the trade registry on 22 December 2016. As per Law no. 6741, TWF Co. is subject to private law provisions and is responsible for the management of assets within TWF's portfolio.

Paragraph 3 of Article 20 of the Decree of the Council of Ministers dated 17 October 2016 with number 2016/9429 states that "the assets and rights assigned to TWF and any other assets that may be subject to registration obtained as a result of the activities carried out by the Company shall be recorded in the name of TWF in the relevant registry or ledger. TWF shall be deemed to have legal personality, limited to the registration procedures within the scope of this article." According to paragraph 2 of the same article, the assets of TWF and assets and rights assigned to be managed by TWF Co. are separate from the assets of TWF Co.

Pursuant to Article 1 of the Law and the operational principles set forth in Article 4 of the said Decree of the Council of Ministers, the TWF Market Stability and Equilibrium Sub-Fund, TWF SME Financing Sub-Fund, TWF License and Royalty Sub-Fund and TWF Mining Sub-Fund were established under TWF in 2017,

and the TWF Management Co. BIST Venture Capital Investment Fund was established in 2018 by TWF Co., and they were declared in the Turkish Trade Registry Gazette dated 29 March 2018 with number 9547. The establishment, structure, operation, management, and activities of the sub-funds are set forth in the provisions of the by-law of TWF and the articles of association of TWF Co.

The legal name " TWF SME Finance Sub-Fund" was changed to "TWF İstanbul Finance Centre Real-Estate Investment Sub-Fund" and the respective alteration was published in the Turkish Trade Registry Gazette no.9919 on 30<sup>th</sup> September 2019.

Together with this change, TWF's sub-funds are as listed below.

### Sub-Funds

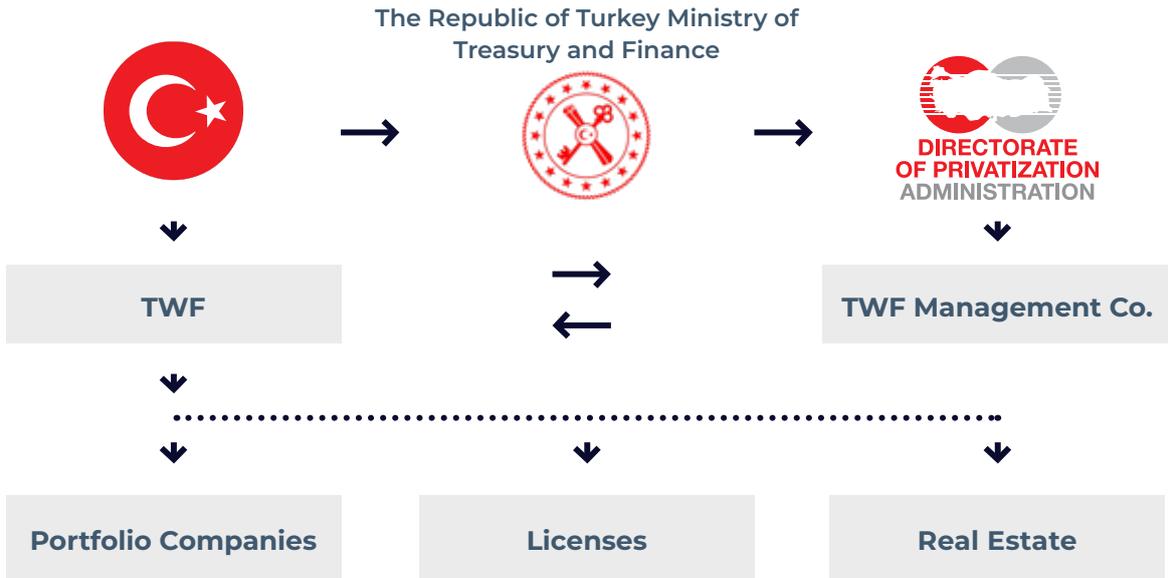
1. TWF Market Stability and Equilibrium Sub-Fund
2. TWF İstanbul Finance Center Real-Estate Investment Sub-Fund
3. TWF License and Loyalty Sub-Funds
4. TWF Mining Sub-Funds
5. TWF Management Co. BIST Venture Capital Sub-Fund

Pursuant to article 37 of the Presidential Decree dated 1 July 2018 with number 1, TWF has become one of the institutions that are affiliated with the Presidency. With the Presidential Decree dated 11 September 2018 with number 2018/162, the second paragraph of article 13 of the Decree Regarding the Process and Principles of the Structure and Operation of Turkey Wealth Fund Management Company dated 17 October 2016 with number 2016/9429 has been amended as "The Chairperson of the Board of Directors of the Company is the President of the Republic of Turkey. Any of the members of the Board of Directors may be assigned as the Deputy Chairperson by the President of the Republic of Turkey. The Board Members and the CEO shall be required to meet the qualifications stated in the Presidential Decree."

The Deputy Chairperson and Board Members have been reassigned by the Presidential Decree no. 2018/163 of the same date. In the light of the said decrees, the Board of Directors has been reshaped under the Chairperson of Recep Tayyip Erdoğan, the President of the Republic of Turkey. Recep Tayyip Erdoğan (President), Dr. Berat Albayrak (Deputy Chairperson) and the board members Prof. Erişah Arıcan, Hüseyin Aydın, Salim Arda Ermut, M. Rifat Hisarcıklıoğlu, Fuat Tosyalı and 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 TRY 50,000,000 and it is fully paid. All shares belong to the Directorate of Privatization Administration. No changes have occurred in the capital structure of TWF Co. during the reporting period. TWF has no privileged share. TWF has no acquired share.





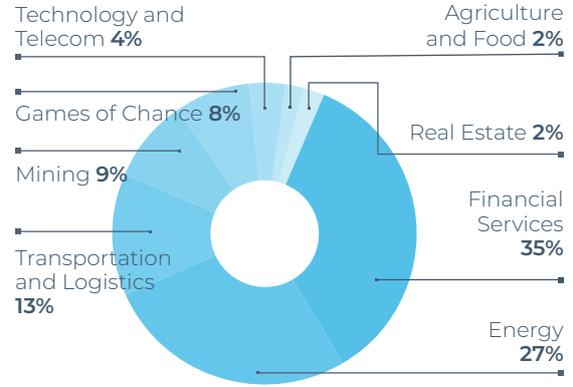
# PORTFOLIO

As of 2019, Turkey Wealth Fund has a portfolio of assets consisting of 14 companies from 8 sectors, 2 licenses and real estate properties.

Various assets were assigned to TWF's portfolio in 2017 as per article 4 of "Law no. 6741 on Establishment of Turkey Wealth Fund Management Company and Amendments on Certain Laws." This transfer was due to the Decrees of the Council of Ministers, High Council of Privatization Decree and Decree Laws.

TWF contributes to economic growth by increasing the value of public assets and supports the development of 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 to ensure business continuity of the companies within the portfolio and increase their contribution to the economy in the long run.

### TVF PORTFOLIO



#### Financial Services

Ziraat Bank, Halkbank, Borsa İstanbul



#### Telecoms and Technology:

Türk Telekom, Türksat



#### Transportation and Logistics

Turkish Airlines, PTT, Turkish Maritime Organization, TCDD Port of İzmir



#### Agriculture and Food

Çaykur, Kayseri Şeker



#### Mining

Eti Maden



#### Energy

Botaş, TPAO



#### Games of Chance

License of Games of Chance Played for Cash, License for Horse Race Organizations and Receiving Pari-Mutuel Betting



#### Real Estate

46 real estates in Antalya, Aydın, Isparta, İstanbul, İzmir, Kayseri and Muğla



#### Companies Publicly Traded in Borsa İstanbul

Halkbank, Turkish Airlines, Türk Telekom

In the financial services industry, TWF's portfolio includes Borsa İstanbul and two public banks, which are included among the leading banks in Turkey in terms of the size of their assets.



## Ziraat Bankası

Percentage of Shares Owned by the Fund:

100%

**Company Title:** T.C. Ziraat Bankası AŞ

**Established in:** 1863

**Number of Branches:** 1,758

**Number of Employees:** 24,563

Since its establishment in 1863, Ziraat Bank has played a key role by being one of the biggest supporters of all players operating within Turkey's economic cycle. Always standing beside farmers, merchants, businesspeople, entrepreneurs, retired and active employees, the bank strives to create value and acts as the driving force behind economic development.

Ziraat Bank has a large portfolio of domestic and foreign subsidiaries in the fields of banking, insurance, private pension, investment services, portfolio management, venture capital, real estate investment trusts and financial technologies. This robust structure of the bank further enhances its capability to offer integrated financial services.





**Company Title:** Türkiye Halk Bankası AŞ

**Established in:** 1938

**Number of Branches:** 1,006

**Number of Employees:** 18,967

**Percentage of Shares Owned by the Fund:**

51.11 %

Representing a key milestone in the Turkish banking industry, Halkbank focuses on enhancing the prosperity of Turkey by supporting the real sector and the public through loans.

Halkbank offers both traditional banking services and tailored products and services, and acts in line with its strategies embracing a customer-oriented, high-quality banking approach. It maintains its position as one of the biggest actors supporting the development of the Turkish economy.



 <b>BORSA İSTANBUL</b>	<b>Company Title:</b> Borsa İstanbul AŞ
	<b>Established in:</b> 2012 (1985-İstanbul Stock Exchange)
<b>Percentage of Shares Owned by the Fund:</b>  <b>90.6%</b>	<b>Number of Employees:</b> 584
	<b>Share Market Total Transaction Volume:</b> TRY 2,130 billion
	<b>Debt Instruments Total Transaction Volume:</b> TRY 16,156 billion
	<b>Futures and Options Market Total Transaction Volume:</b> TRY 1,457 billion

Formerly known as the İstanbul Stock Exchange which was established in 1985, Borsa İstanbul was founded in 2012 in order to merge all Turkish capital markets under a single entity.

The main purpose and field of activity of Borsa İstanbul is described as follows: "In accordance with the provisions of the Law and the related legislation, to ensure that capital market instruments, foreign currencies, precious metals and gems, and other contracts, documents, and assets approved by the Capital Markets Board of Turkey are traded subject to free trade conditions in a facile and secure manner, in a transparent, efficient, competitive, fair and stable environment; to create, establish and develop markets, sub-markets, platforms, systems and other organized marketplaces for the purpose of matching or facilitating the matching of the buy and sell orders

for the abovementioned assets and to determine and announce the discovered prices; to manage and/or operate the aforementioned or other exchanges or markets of other exchanges; and to carry out the other activities listed in its Articles of Association." Borsa İstanbul is a self-regulatory entity.

73.6% of Borsa İstanbul's shares, previously owned by the Republic of Turkey Prime Ministry Undersecretariat of Treasury, were transferred to TWF on 14 March 2017 by decree of the Cabinet dated 24 January 2017 with number 2017/9756. 7% of its shares which had been assigned from Nasdaq on 11 June 2018 were transferred to TWF as per the resolution dated 29 August 2018 of the Capital Markets Board. In 2019, TWF increased the percentage of the shares that it owned in Borsa İstanbul to 90.6% upon acquiring the shares previously owned by EBRD.



Turkey Wealth Fund gives priority to energy investments that could contribute to the current account balance of Turkey. Two of the largest energy corporations in Turkey are included in TWF's portfolio.



**Company Title:** Boru Hatları İle Petrol Taşıma AŞ

**Established in:** 1974

**Percentage of Shares Owned by the Fund:**

100%

**Number of Employees:** 3,000

**Areas of Activity:** Transportation, Trading, Storage, Port Services

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

of Iraq on 27 August 1973. Initially performing only transportation of crude oil through pipelines, BOTAŞ was later engaged in natural gas transportation and trade activities with the aim of meeting the increasing energy demand of Turkey starting from 1986.





TÜRKİYE PETROLLERİ ANONİM ORTAKLIĞI

**Percentage of Shares Owned by the Fund:**

100%

**Company Title:** Türkiye Petrolleri Anonim Ortaklığı

**Established in:** 1954

**Number of Employees:** 3,700

**Areas of Activity:** Hydrocarbon exploration and production projects

Turkish Petroleum Corporation (Türkiye Petrolleri Anonim Ortaklığı, TPAO) was established as a public corporation in 1954 according to Law no. 6327 to engage in hydrocarbon exploration, drilling, production, refinery and marketing. As per the legal regulations enacted in 1983, TPAO is now a petroleum company that performs only exploration and production operations in Turkey and abroad.

Many milestones in the Turkish petroleum industry have become reality through TPAO, the only national petroleum company of Turkey. TPAO was directly involved in the foundation of 17 large corporations including Petkim, Tüpraş and Petrol Ofisi.



TWF is planning the capital investments that are required for Turkey to become the regional logistics hub in the long term, and it is assessing the possible synergies between the logistics and transportation companies within its portfolio.

 <b>TURKISH AIRLINES</b>	<b>Company Title:</b> Türk Hava Yolları AŞ
	<b>Established in:</b> 1933
<b>Number of Passengers:</b> <b>74.3</b> Million	<b>Number of Employees:</b> 29,491
<b>Percentage of Shares Owned by the Fund:</b> <b>49.12</b> %	<b>Available Seat Kilometers:</b> 187.7 Billion Km
	<b>Number of Aircraft:</b> 350
	<b>Kilometers Flown:</b> 926.2 Million Km

Established in 1933, Turkish Airlines (Türk Hava Yolları Anonim Ortaklığı, THY) is operating in the passenger and cargo transportation business both in Turkey and abroad. With the 10<sup>th</sup> largest fleet of

aircraft in the world, Turkish Airlines flies to more countries than any other airline with its flight network of 321 destinations throughout 126 countries and has the 4<sup>th</sup> most expansive flight network in the world.



	<b>Company Title:</b> Posta ve Telgraf Teşkilatı AŞ
	<b>Established in:</b> 1840
<b>Percentage of Shares Owned by the Fund:</b> <b>100%</b>	<b>Number of Employees:</b> 43,000
	<b>Number of Branches:</b> 5,000

The Post Agency was established in 1840 to meet the need for postal services in the Ottoman Empire. Following the establishment of the Republic of Turkey, it underwent several reorganization processes across different time periods. As per the "Post Services Act" no. 6475 dated 23 May 2013, the duties of this agency were reorganized and its name

was changed to "Post and Telegraph Organization Inc." PTT not only continues to offer postal services - its traditional area of activity - but also continuously improves itself to respond to the needs of today with its broad network of service and corporate capabilities. It is currently operating in areas such as cargo, banking, insurance and e-commerce.



 <b>Turkish Maritime Organization</b>	<b>Company Title:</b> Türkiye Denizcilik İşletmeleri AŞ
	<b>Established in:</b> 1843
<b>Percentage of Shares Owned by the Fund:</b> <span style="font-size: 2em;">49%</span>	<b>Number of Employees:</b> 147
	<b>Number of Ports Operated:</b> 8

The Turkish Maritime Organization (Türkiye Denizcilik İşletmeleri, TDI) dates back to the Fevaid-i Osmaniye company which was established in 1843. The Turkish Maritime Bank TAO, which was founded in 1951 during the era of the Republic of Turkey, represents a second milestone in the history of TDI. Based on emerging needs and circumstances, the organization went through restructuring many times over the years and became part of the Directorate

of Privatization Administration in 1994, taking its current name in 1995.

Today, TDI is engaged in port, cargo, passenger and yacht operations and establishes and runs facilities for such operations, provides airfreight vehicles with ground handling services in port areas, offers marine salvage services and provides consultancy in these fields within the Turkish territorial waters.

<b>İZMİR ALSANCAK PORT</b>	<b>Company Title:</b> TCDD İzmir Liman İşletmesi
	<b>Established in:</b> 1875
<b>Percentage of Shares Owned by the Fund:</b> <span style="font-size: 2em;">100%</span>	<b>TEU (Capacity of a 20-foot Container):</b> 610,900
	<b>Dry Load Capacity:</b> 549,000
	<b>Depth:</b> 11 meters
	<b>Monthly Volume (TEU):</b> 480,000

TCDD İzmir Port, brought in the privatization scope and program with High Council for Privatization's decision dated 30 December 2004 numbered 2004/128, was excluded from privatization scope and program and

assigned to TWF in line with Art.4, Sub-article (a) of the Law dated 19 August 2016 no. 6741 on Establishment of Turkey Wealth Fund Management Company and Amendments on Certain Laws.

With its strategic mining investments, TWF is committed to utilizing the underground resources of Turkey by employing the most efficient and environment-friendly methods according to the applicable international standards and develops integrated facility investment models aimed at achieving finished products of high added-value.



**Company Title:** Eti Maden İşletmeleri Genel Müdürlüğü

**Established in:** 1935

**Number of Employees:** 6,000

**Percentage of Shares Owned by the Fund:**

100%

Named by our great leader Mustafa Kemal Atatürk, Etibank (Eti Mining Company) was established on 14 June 1935 under Law no. 2805, restructured as Eti Holding AŞ in early 1998, and then took the name of General Directorate of Eti Maden in January 2004.

Eti Maden is the leader of the boron industry and operates in the mining, metallurgy and chemistry industries with its affiliated Management Departments, agencies and subsidiaries abroad.



Some of Turkey’s well-established institutions in the technology and telecom sectors are included in TWF portfolio. TWF aims to increase the profitability and efficiency of these companies in light of global developments.

		<b>Company Title:</b> Türk Telekomünikasyon AŞ
		<b>Established in:</b> 1995
<b>Number of Subscribers:</b> <span style="font-size: 2em;">47.8</span> million	<b>Percentage of Shares Owned by the Fund:</b> <span style="font-size: 2em;">6.68</span> %	<b>Number of Employees:</b> 32,180
		<b>Fiber-optic Infrastructure:</b> 304 thousand Km (active in 81 cities)
		<b>LTE Population Coverage:</b> 92%
		<b>Number of Houses with Fiber Broadband:</b> 21.9 million

The history of Türk Telekomünikasyon AS (Türk Telekom) dates back to the Posthane-i Amirane (Department of Post Office) which was originally established on 23 October 1840 to serve as a Ministry. On 4 February 1924, the authorization to install and operate telephone networks throughout Turkey was given to the General Directorate of Post, Telegraph and Telephone (PTT). The company was incorporated on 24 April 1995 as a separate entity as a result of the split of the telecommunication and postal services formerly carried out by PTT.

Türk Telekom Group is the first and largest integrated telecommunication operator in Turkey that provides its customers with world-class mobile, broadband, data, TV and fixed voice services, as well as innovative services in the field of convergence technologies. In 2018, according to the "Telecoms 500" list published by Brand Finance, an international brand valuation company, Türk Telekom was selected as "Turkey's most valuable telecommunications brand" for the tenth time in a row.





**Company Title:** Türksat Uydu Haberleşme  
Kablo TV ve İşletme AŞ

**Established in:** 2004

**Percentage of Shares Owned by the Fund:**

100%

**Number of Employees:** 1,024

**Household Coverage:** TRY 4.4 million

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 AS has been established in line with Turkish Trade

Law and private law provisions with an objective to possess the rights, management and operational competencies for satellite orbit positions based on national sovereignty and to fulfill the requirements in this regard, to operationalize satellites registered in its name and other operators, and to operate in these areas.



Turkey Wealth Fund views the agriculture and food industry as a strategic investment area for the future of Turkey.



Percentage of Shares Owned by the Fund:

100%

**Company Title:** Çay İşletmeleri Genel Müdürlüğü

**Established in:** 1984

**Number of Employees:** 12,541

**Production Capacity:** 8,700 tons / day

**Number of Tea Processing Factories:** 46

The General Directorate of Tea Enterprises (ÇAY-KUR) is a legal entity which is autonomous in its operations with liabilities limited to its capital, and it is subject to the provisions of the Decree Law on Public Economic Enterprises dated 8.6.1984 with number 233.

Boasting 46 tea factories, 1 tea packaging plant, 9 regional directorates, Main Maintenance Factory, the Directorate of Atatürk Tea and Garden Cultures Research Institute, 12,541 employees, and a fresh tea processing capacity of approximately 9,000 tons, Çaykur is the largest and leading organization in the Turkish tea industry.





Percentage of Shares Owned by the Fund:

11.07%

**Company Title:** Kayseri Şeker Fabrikası AŞ

**Established in:** 1955

**Number of Employees:** ~3,500

**Number of Factories Operated:** 3

**Ranking Among Agriculture Companies:** 21<sup>st</sup>

**Ranking in Industrial Food Production:** 10<sup>th</sup>

Kayseri Şeker (Sugar) Factory, established in 1955 for the purpose of processing beets produced by farmers in the region, reached historically high turnover figures thanks to the financial discipline that had been embraced despite the fact that it was about to shut down in 2011.

Kayseri Beet Planters Cooperative, and thus Kayseri Sugar Factory, plant beets contractually in 295

villages of Kayseri, Sivas, Yozgat, Kırşehir and Nevşehir and play a critical role for the economy of the region.

Kayseri Şeker keeps its accounting records according to the special accounting period. Details of the shareholders and share distribution of the company provided reflect the existing status as of 30 April 2019.



With the licenses in its portfolio, TWF takes steps to develop the potential of games of chance in Turkey according to international best practices.

### License of Games of Chance Played for Cash



**Prizes Paid (2019):** TRY 1.5 billion

**Transferred in:** 2017

**Number of Dealers:** 5,000

The license regarding similar games of chance that may be permitted within the framework of the relevant legislation on Piyango (Lottery), 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 exchange for cash was assigned to Turkey Wealth Fund for a period of 49 years under Decree Law no. 680 dated 6 January 2017.

### License for Horse Race Organizations and Receiving Pari-Mutuel Betting



**Prizes Paid (2019):** TRY 2.8 billion

**Transferred in:** 2017

**Number of Dealers:** 2,800

**Number of Racing Tracks:** 9

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 assigned to Turkey Wealth Fund for a period of 49 years as of 1 January 2018 under the Decree Law no. 680 dated 6 January 2017. In addition to the abovementioned licenses, the right to use the real

estates as well as the premises and facilities on such real estates which were allocated to the Ministry of Food, Agriculture and Livestock for the purpose of organizing horse races or which were actually being used for this purpose, were transferred to TWF for a period of 49 years as per article 77/2 of the Decree Law no. 680.

**İstanbul Finance Center**

Having an area of approximately 1.3 million square meters of usable space, 465,000 square meters of the project was taken over in September 2019 at a cost of TRY 1.67 billion including the project, earthwork,

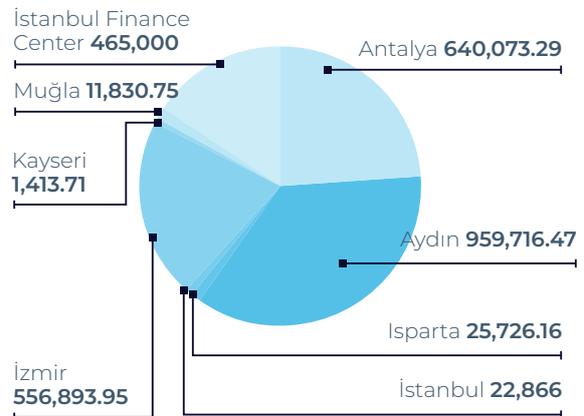
land costs and completed construction costs. Related regulations and construction of the project, initiated with the aim of positioning İstanbul as the finance center for the region, is estimated to be completed in 2022.



**Real Estate Properties**

Following the establishment of TWF pursuant to Law no. 6741 on Establishment of Turkey Wealth Fund Management Company and Amendments on Certain Laws dated 19 August 2016, 46 immovable properties of the public with a total area of 2,218,520.57 m<sup>2</sup> in Antalya, Aydın, Isparta, İstanbul, İzmir, Kayseri and Muğla were transferred to TWF.

**Distribution of real estates by city (m<sup>2</sup>)**



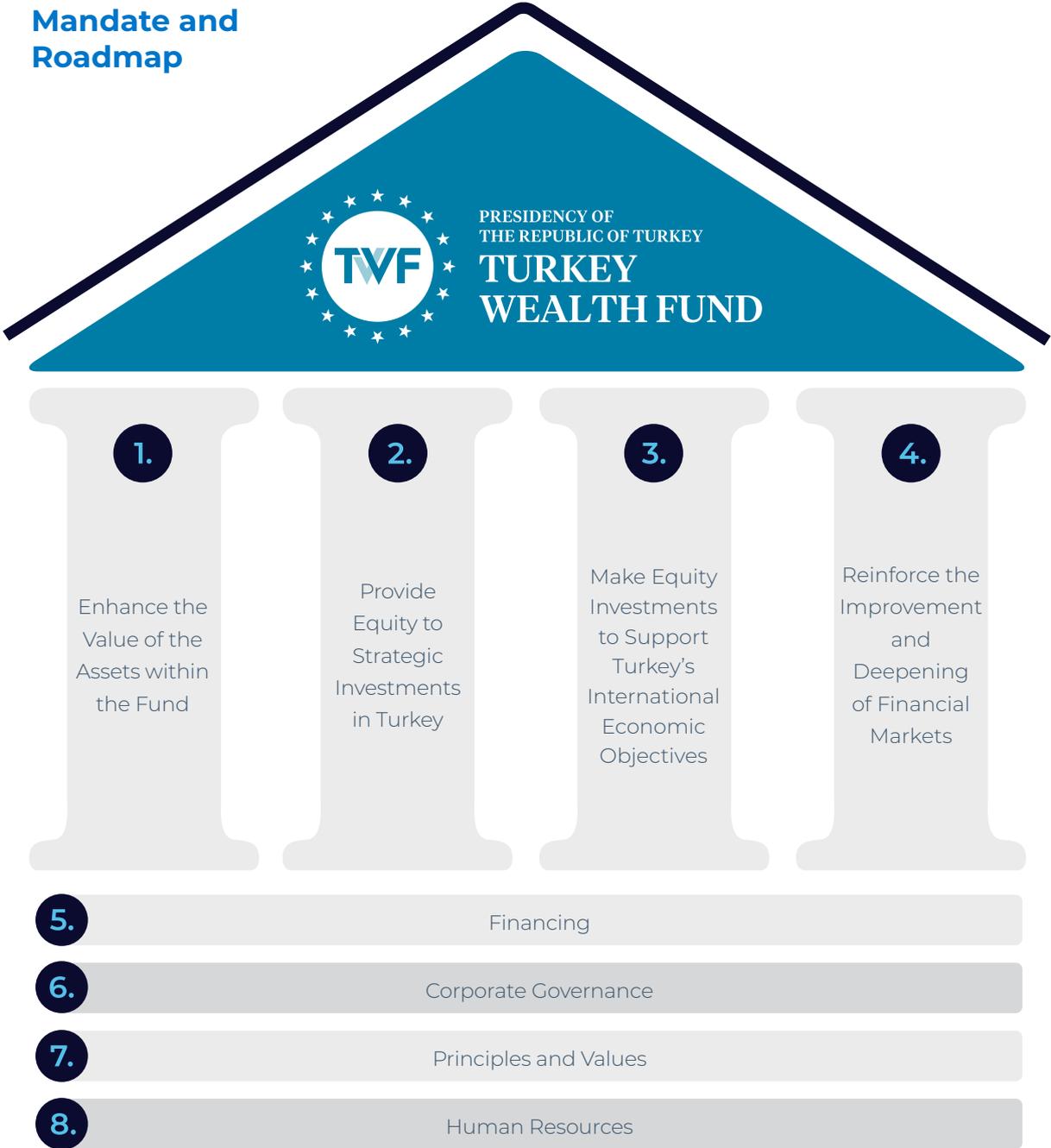
The Appendices section of this Report includes more detailed information about the above-mentioned real-estate properties.



# OUR MANDATE

Turkey Wealth Fund's mandate is based on 4 strategic pillars and 4 key resources.

### Mandate and Roadmap



### STRATEGIC PILLARS

#### 1 Enhance the value of assets within the Fund

TWF aims to enhance the value of its assets through monitoring and evaluating financial performance indicators, and value creation programs.

#### 2 Provide equity to strategic investments in Turkey

TWF invests in visionary projects, high value-added and high technology industries that will reduce current account deficit and increase the savings base of the country.

#### 3 Make equity investments to support Turkey's international economic objectives

TWF is the primary point of contact for large-scale foreign direct investors and their investments in Turkey. The Fund aims to make investments in the priority regions that are aligned with Turkey's international economic strategy and investments that will transform Turkish companies into regional and global champions.

#### 4 Reinforce the improvement and deepening of financial markets

TWF takes equity-based actions to expand the depth and diversity of financial markets in the country.

### STRATEGIC RESOURCES

#### 5 Financing

TWF aims to reduce the weighted-average cost of capital by utilizing the best financing models in any investment that it undertakes towards its strategic objectives.

#### 6 Corporate Governance

TWF is committed to following the principles of transparency and accountability in all of its operations. Therefore, it acts according to the corporate governance principles and legal requirements in every action that it takes.

#### 7 Principles and Values

TWF acts according to the following four main values in all of its operations:

- Serving the nation and creating value
- Accountability and transparency
- Discipline, professionalism and teamwork
- Delivery of results

It reflects these values throughout all of its business and decision processes.

#### 8 Human Resources

TWF works with expert personnel in each field with the principle of adding value on a mutual basis and aims to become the talent pool of Turkey in the long term.



# OUR ACTIVITIES

1. ADDING VALUE TO THE PORTFOLIO

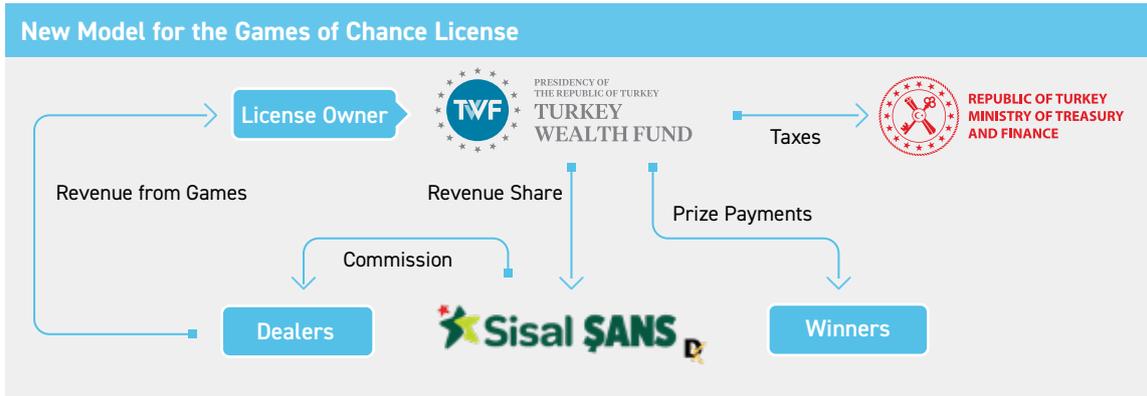
In line with its strategic goals, TWF continued and improved its efforts to add value to its portfolio assets in 2019. For this purpose, the Fund began examining potential collaboration opportunities and developing a database for storing financial and operational data of the portfolio companies in order to improve the synergy among them. In addition, the Fund also seeks to complete installation of business intelligence software to be used for reporting financial and operational performance data and strategic business plans of the portfolio companies to the management.

• Games of Chance License

The license (License) regarding similar games of chance that may be permitted within the frame of the relevant legislation on Piyango (Lottery), Hemen Kazan (Scratch and Win), Sayisal Loto (Numerical

Lotto), Şans Topu (Chance Ball), On Numara (Number Ten) and Süper Loto (Super Lotto) that are played in exchange for cash was transferred to TWF for a period of 49 years under Decree Law no. 680 dated 6 January 2017.

Striving to enhance the value of its portfolio assets, TWF has determined that the ratio of the revenue from the License to the gross national product is higher in other countries which are similar to Turkey in terms of economic outlook and population, and that the License could therefore be utilized under a different project model to increase public benefit. To maximize the public benefit from the License, TWF reviewed good practices around the world and consulted many experts and organizations from different countries on this matter. As a result, TWF has concluded that the public benefit could be maximized by utilizing the License under a model where "a revenue guarantee is taken and a share of the revenue is granted."



Regulator and Supervisor Institution > **MILLİ PİYANGO**

National Lottery Current Condition	New Model (Service Procurement Tender)
1) 2019 revenue before the transfer: TRY 3.3 billion	1) 2021 Minimum Revenue Commitment: TRY 9.3 billion
2) Operating Expenses: 13.5%	2) Operating Expenses: 9.5%

SUMMARY OF THE NEW MODEL

- » The License still belongs to TWF.
- » Revenue **triples** and costs decrease by **30%**.
- » **12** different bids were received from **4** groups during the tender.
- » The income which was initially TRY **18.1** billion in the first tender increased to TRY **28.1** billion during the tender.
- » The state will totally earn TRY **28.1** billion (current net value) in **10** years via service procurement contract.

According to the model developed by TWF:

- » All of the revenue will be collected by TWF.
- » Parties wishing to join the project will be required to provide a guarantee to TWF that they will increase the current amount of revenue, document such guarantee with a letter of guarantee, and specify the service fee percentage that they demand from the revenue.
- » The License will not be transferred to third parties, and it will remain the property of TWF. Any transaction involving the License will be subject to prior approval of TWF.
- » Parties wishing to make investments to increase the revenue will assume the costs of such investments.
- » TWF will enter into a 10 - year service procurement contract with the party that submits the best bid during an open tender procedure.
- » In the event that the guarantees given to TWF are not fulfilled, TWF will be entitled to terminate the contract without incurring any penalty.

For the contract to be executed under the abovementioned terms and conditions, a call for tenders was launched in Turkey and abroad, and

- » Sisal - Şans Joint Venture Group, Dogan - Intralot Joint Venture Group, SAZKA Group A.S. and IGT Austria GmbH submitted their bids.
- » A total of 12 separate bids were received from the tenderers.

As a result of the evaluation of the net present value, minimum turnover commitment and commission rates of the operator over these levels, in addition to the experience of the participants in the field of games of chance and their financial and technical qualification criteria;

- » The highest offer for the year 2020 in terms of net present value was submitted by Sisal - Şans Joint Venture with a minimum revenue commitment of TRY 9.32 billion and a commission rate of 9.5% (including dealer commissions).
- » It was determined that this offer, in which the net present value of the 10-year turnover from the License (as of August 2019) was calculated to be TRY 28.1 billion, provides more public benefit compared to the other offers.

- » The open tender procedure ensured that the offers increased from TRY 18.1 billion to TRY 28.1 billion in terms of the net present value of revenue.

Upon approval of TWF's Board of Directors, a Service Procurement Contract was executed with Sisal-Şans Group on 29.08.2019 and a letter of guarantee was received as a guarantee for the revenue commitment.

Following the transition period, Sisal-Şans Group is expected to take over the dealings and transactions within the scope of the License in the second half of 2020.

With this Contract, it is expected that the revenue to be derived from the License will triple at the least, the costs associated with the License will decrease by about 30%, and a significant public benefit will be obtained.

#### • Insurance

In light of the New Economic Program, the Republic of Turkey Ministry of Treasury and Finance planned reforms for the insurance and private pension industry to increase savings and improve the non-banking financial industry in Turkey. As part of the above-mentioned reforms, the Insurance and Private Pension Regulation and Supervision Authority was established and Türk Reasürans AŞ was incorporated. TWF is carrying out the project to bring insurance companies currently under the control of public banks under the umbrella of TWF in order to implement these reforms.

The average annual insurance premium production per capita in the world in 2018 was USD 682, while in developed markets it stood at USD 3,737, but in Turkey it was only USD 127. At the annual rate of direct premium production per capita, Turkey ranked 65<sup>th</sup> out of the top 88 countries as of 2018. In the light of these figures, it is clearer that Turkey needs to take steps in structuring the insurance sector. TWF believes that insurance sector in Turkey can increase its global competitive edge and dynamism if accurate structural steps taken; and approaches to the insurance sector in terms of its mission to support improvement and depth of financial markets.

It is expected that the insurance and private pension companies which are under the control of public banks will contribute to the establishment of the scale economy and the volume of the non-banking financial sector will approach the world average when continuing their activities under a single roof. In this vein, efforts are aimed at making the insurance and private pension sector a player among global competitors by enlarging the scale, decreasing costs by increasing the operational efficiency, and using all distribution channels, especially the banks, more effectively, as well as offering a wider product range.

Within the scope of the project, the Turkey Development and Investment Bank AS, KPMG Independent Audit and Independent Accountant Financial Consultancy AS and Esin Attorney Partnership provide consultancy services to the public. The project is planned to be completed in the first quarter of 2020.

### • **Borsa İstanbul**

During the reporting period, TWF took various steps to increase its share in Borsa İstanbul. Pursuant to the decision taken by TWF's Board of Directors at the General Assembly meeting in April 2019, a principle rule that the percentage of TWF's shares in Borsa İstanbul may not go below 51% was accepted.

TWF believes that Borsa İstanbul will play a central role in its strategic plan for the İstanbul Finance Center project and that Borsa İstanbul has the potential to be a regional leader. Therefore, TWF's goal is to increase its share and authority in Borsa İstanbul. Based on this goal, Turkey Wealth Fund purchased a 10% stake in European Bank for Reconstruction and Development (EBRD) shares as of 31 December 2019, taking another step to further increase its investment in Borsa İstanbul. With this purchase, TWF's share in Borsa İstanbul has increased to 90.6%.

## 2. PROVIDE EQUITY TO STRATEGIC INVESTMENTS

### • **İstanbul Finance Center**

İstanbul Finance Center is a visionary and strategic investment project, a 1.3 million m<sup>2</sup> usable office and commercial space will be built in a central location in İstanbul. İstanbul Finance Center is intended to make İstanbul one of the leading finance centers in the world. It is believed that IFC will be an attraction point, become a regional center, and make a positive impact on the Turkish economy once the required legal regulations are implemented and an ecosystem is created for the financial markets and financial services industry.

In 2019, Turkey Wealth Fund took the project and thus became the main investor of the IFC project. The project also includes construction of office and retail spaces, as well as a hotel and conference center. In collaboration with EKGYO, TWF aims to complete all construction tenders by 2020 and complete the IFC project by 2022. TWF will ensure that the project construction, marketing and renting activities as well as premises management services are provided by an affiliated company that it will incorporate in 2020 for this specific purpose.

### • **Petrochemicals, Energy and Mining**

The New Economy Program prepared by the Ministry of Treasury and Finance envisaged that TWF would assume a strategic role by focusing on fixed capital investments in the industries which could help reduce the current account deficit based on private and/or foreign capital collaboration.

TWF will make new investments in the fields of refining, petrochemicals, electricity generation from domestic resources, and mining in order to promote the growth of strategic industries and the economic development of Turkey. With these investments, the Fund aims to achieve current account surplus in the medium - and long-term, contribute to domestic production of strategic products, improve the security of the energy supply, bring national resources into the economy, support regional development and increase employment.

The refinery and petrochemicals sector is a driving industry that provides input to many different industries including packaging, electronics, automotive, textile and agriculture as a result of the production of many organic intermediate goods such as plastic, rubber and fiber raw materials. With refining and petrochemical investments, TWF aims to help reduce the foreign trade deficit caused by the imbalance in the import-export of products in this area.

The refining and petrochemical complex, which will be established in İskenderun Bay with an investment of approximately USD 10 billion, will make it possible to produce the raw materials that are needed to achieve a cluster of petrochemical and chemical producers in the region, and will support the necessary infrastructure investments to help the region become an international energy hub. Upon completion, this project is expected to contribute USD 1.5 billion a year to the foreign trade balance in addition to reducing external dependence for petrochemicals and creating thousands of new jobs.

Turkey has taken a huge leap in the energy industry during the last 15 years, tripling its installed electricity capacity and doubling its electricity production. Significant steps have also been taken to increase the amount of energy produced from national resources. In this regard, TWF is planning to make investments in power plants to support electricity production from national resources. These investments, which will be made by using state-of-the-art technologies and following a high level of standards in terms of environment and safety, will also improve the economic dynamics and increase employment in their respective regions.

The mining sector plays a key strategic role for the nation's economy as it provides intermediate goods to various industries. Although 77 of the 90 minerals that are extracted and traded around the world can also be found in Turkey, and geological estimates suggest large reserves of such minerals, this potential has not yet been fully revealed. Apart from its strategic importance, this means that the mining investments in Turkey promise a bright future in terms of economic outcomes.

TWF aims to ensure that natural mineral resources and reserves are extracted with the right methods and introduced into the economic cycle, thus improving employment throughout the country. While the contribution of mining to the GDP is 5% in developed countries, it is currently only 0.8% in Turkey and TWF is planning to increase it to 1.5% by 2023.

TWF started its preliminary work in relation to the investments intended to be made in strategic areas in 2019. The Fund has begun to establish the teams that will be engaged in the respective areas of investments, review the industries, identify consultants whose support will be sought and conduct the necessary analyses.

• **Other Activities: Logistics Master Plan**

Turkey Wealth Fund has contributed to the Logistics Master Plan prepared by the Ministry of Transportation and Infrastructure. Logistics Master Plan includes the priorities of projects, investments and regulations to be implemented in the field of logistics in the next 30 years to become a regional logistics base and reach the export target of USD 1 trillion in 2053. The scope and details of the Plan was disclosed to the public on 25 December 2019.

The Turkey Logistics Master Plan focuses primarily on three themes. The first of these priorities is to increase transit trade revenues by attracting the load demands along the regional transport routes to Turkey. International trade routes on an east-west axis, such as the "One Belt, One Road " (OBOR) project launched by China, the Trans-European Transport Networks (TEN-T) and the Transport Corridor Europe-Caucasus-Asia (TRACECA), as well as increased commercial activity between Africa and Russia in the north-south axis in recent years indicate the high level of potential for Turkey.

The second theme that the Master Plan is focused on is the creation of a logistics infrastructure that will support Turkey's 2053 target of USD 1 trillion in annual exports. To this end, the aim is to increase the number of provinces that export more than USD 1 billion, which are generally concentrated in the west of Turkey, from 17 in 2018 to 27 by 2035 and to 50 by 2053 and increase the commercial activities throughout the eastern regions. It is expected that investment plans such as railways, logistics centers and junction lines will reduce the cost of access to the east and that trade will increase most notably in those provinces which the transit load passes through.

The third theme is efficiency. Measures will be introduced to reduce logistics costs in domestic and foreign trade in order to provide a competitive advantage for Turkey in terms of exports and to enable its citizens to access more affordable products in the domestic market and to prioritize investments which can be realized quickly by analyzing productivity losses.

The current logistics coordination board will take on a more executive role in order to implement the investments and activities which are prioritized with the contributions of TWF, as planned, while supporting the coordination of the different organizations in Turkey's logistics ecosystem around the same purpose to enable the implementation of the strategy.

### 3. INVESTMENTS SUPPORTING TURKEY'S FOREIGN STRATEGY AND TURKISH COMPANIES

#### • Turkey-Russia Investment Platform

Turkey and Russia have taken the first step towards establishing a Turkish-Russian Investment Fund with a Memorandum of Understanding signed by TWF and Russia Direct Investment Fund (RDIF) on 8 December 2019 in the presence of the Turkish President Recep Tayyip Erdoğan and Russian President Vladimir Putin. At the initial stage, the investments in the funds' projects will amount to EUR 200 million, while the total size of the Russia-Turkey Investment Fund is EUR 900 million.

### 4. DEEPENING OF FINANCIAL MARKETS

#### • Capital Support to State-Owned Banks

Within the scope of the New Economy Program announced by the Ministry of Treasury and Finance, TWF assumed the task of strengthening the capital structures of state-owned banks within the reform package Structural Transformation Steps 2019 shared with the public on 10 April 2019.

TWF Market Stability and Balance Sub Fund (MSBSF), established on 10 April 2017 by TWF in line with its mission to support improvement and deepening in financial markets, plays an intermediary role in this process. Accordingly, a total of net EUR 3.3 billion, 5-year term, zero coupon government bond at 4.61% coupon rate for Ziraat Bank, Halkbank, Vakıf Bank, Export and Credit Bank of Turkey, and Development and Investment Bank of Turkey, and a total of net EUR 400 million, 5-year term, interest-free government bond for Emlak Participation Bank, Ziraat Participation Bank and Vakıf Participation Bank of Turkey have been issued to MSBSF by the Ministry of Treasury and Finance with a value date of 24 April 2019. MSBSF has created a cash resource by selling private government domestic debt securities issued by the Ministry of Treasury and Finance to state-owned banks.

The Central Government Budget Law of 2019 stipulates that private government domestic debt securities can be issued up to 3% of the initial allowances determined by subparagraph (a) of the first

paragraph of Article 1 of the Law, and that the Ministry of Treasury and Finance is authorized to determine the distribution of private government debt securities to be issued between public banks and public institutions, and the maturity, interest and other conditions of the bonds.

### 5. FINANCING

#### • Syndicated Loan

In 2019, TWF successfully completed its first-ever Treasury guaranteed syndicated loan transaction amounting to EUR 1 billion with the participation of 10 banks from eight countries from Asia, Europe, North America and the Middle East under the coordination of ICBC and Citi.

The yearly cost of this two-year syndicated loan was Euribor + 2.5%. The loan was co-arranged by ICBC as the lead bookrunner and Citi as the bookrunner and documentation representative, while HSBC was the credit representative. HSBC, ING, Intesa Sanpaolo, J.P. Morgan and Sumitomo Mitsui Banking Corporation joined the syndication as mandated lead arrangers with Bank of America Merrill Lynch, Emirates NBD and Société Générale involved at the lead arranger level.

The fact that TWF was able to secure such a high loan amount with a fairly low interest rate from leading global banks is a sign of the trust that the international banks put in the Turkish economy and TWF. In line with TWF's strategic objectives, this fund is being utilized in investments that will create added-value as well as in joint investment platforms with other sovereign wealth funds and to meet the equity requirements of TWF's subsidiaries.

### 6. CORPORATE GOVERNANCE

As part of its responsibility to utilize natural resources in the most productive manner, TWF developed a sound corporate governance approach based on the principles of transparency and accountability in all operations. TWF's practices of corporate governance conform to the applicable international systems and standards. With its corporate governance approach, TWF continues its operations according to its vision of becoming one of the most successful wealth funds in the world.

• **Structure of the Board of Directors**

The Board of Directors of TWF is chaired by the President of the Republic of Turkey. The senior management committees of TWF's Board of Directors consist of the Executive and Human Resources Committee, Audit Committee, Early Detection of Risk Committee and Corporate Governance Committee. TWF is also planning to establish an International Advisory Board to improve corporate governance.

• **Committees Established within the Board of Directors**

The committees that directly report to the Board of Directors of TWF Co. were established in 2017. Members of the Board of Directors were reelected under the Decree of the Presidency of the Republic of Turkey on 11 September 2018. In this regard, pursuant to the Board Decision no. 43 dated 24 October 2018, the Human Resources Committee was renamed as "Executive and Human Resources Committee" and the Board Committee Members were re-elected.



<b>Executive and HR Committee</b>	Dr. Berat ALBAYRAK, Prof. Dr. Eriřah ARICAN, Zafer SÖNMEZ
<b>Early Detection of Risk Committee</b>	Hüseyin AYDIN, Salim Arda ERMUT
<b>Audit Committee</b>	Hüseyin AYDIN, Prof. Dr. Eriřah ARICAN
<b>Corporate Governance Committee</b>	M. Rifat HİSARCIKLIOĞLU, Fuat TOSYALI

### • Audit and Internal Control

The audit and internal control system is viewed as a management tool that is actively used in order to continuously monitor and improve TWF's performance in the field of management and identify factors that could be utilized to improve management performance. The framework for the auditing process applicable to TWF is set forth in the Establishment Law governing the fund. The Law in question requires a three-phase audit framework for TWF Co. (the Company), other companies to be incorporated by TWF Co., TWF and the sub-funds to be established within TWF:

1. The Company, other companies to be incorporated by the Company, TWF and the sub-funds to be established within the Fund are subject to independent audits. Yearly financial statements to be drawn up by independent auditors are based on the Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS).
2. In the second phase, annual financial statements and activities that have gone through independent audits are also audited by at least three central auditors assigned by the President according to the independent audit standards.
3. Finally, the Grand National Assembly of Turkey (TBMM) Plan and Budget Commission also conduct an audit. During this phase, the audit reports of the first two phases are submitted to TBMM, and TBMM Plan and Budget Commission review TWF's and TWF Co.'s financial statements and activities for the previous year based on such audit reports.

#### Financial Rights Granted to the Board of Directors

Members of the Board of Directors were reselected under the Presidential Decree dated 11 September 2018. As per the unanimous decision taken by the board, no payment such as salary or attendance fee is made to the members of the board.

Independent auditing of the financial statements and operations of TWF and TWF Co. for the years 2018 and 2019 was performed by KPMG Independent Audit and Independent Accountant and Financial Advisor Corp. In addition to independent auditing, TWF Co. also conducts internal audits through an Audit Committee that directly reports to the Board of Directors. These audits are carried out according to the generally accepted international internal auditing standards and the domestic legislation by considering the requirements of TWF and TWF Co.

In 2019, TWF initiated negotiations with Fitch Ratings in order to obtain an internationally recognized credit rating.

## 7. PRINCIPLES AND VALUES

TWF acts according to the following 4 fundamental principles and values.

### 1. Serving the Nation and Value Creation

TWF was founded for the future of Turkey. In all its works and operations, TWF pursues public service and the creation of added 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 in all its operation and decision processes.

### 3. Discipline, Professionalism and Teamwork

TWF employees, both individually and as a team, act in a disciplined manner with an attitude that is in line with the fund's principles. All employees adhere to a high-level of professionalism and discipline. Employees and the institution support and respect each other.

### 4. Delivery of Results

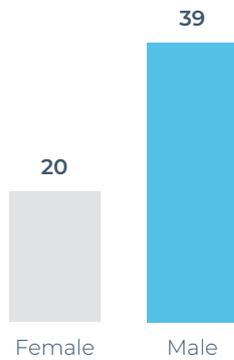
TWF focuses on success and outcome in any action that it undertakes with its approach to serving the nation and creating value.

### 8. HUMAN RESOURCES

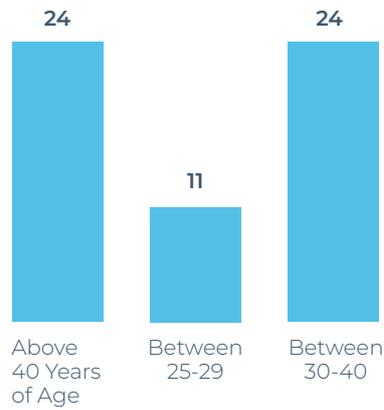
In 2019, TWF's Human Resources team played an active role in the growth of the organization by focusing on hiring activities. Energy, Mining, Petrochemical and Subsidiaries Reporting teams were formed with expert professionals joining the TWF Family.

Internal documentation requirements were identified and documents describing the department's activities have been drawn up. As part of professional development activities undertaken during the year, TWF employees attended training programs organized by the Banks Association of Turkey. To improve internal communication, an outdoor event was organized in September 2019 with the participation of all company employees. Drafting of the Work and Discipline Regulation has begun and the Human Resources budget for the year 2020 has been created.

Number of Employees Per Gender

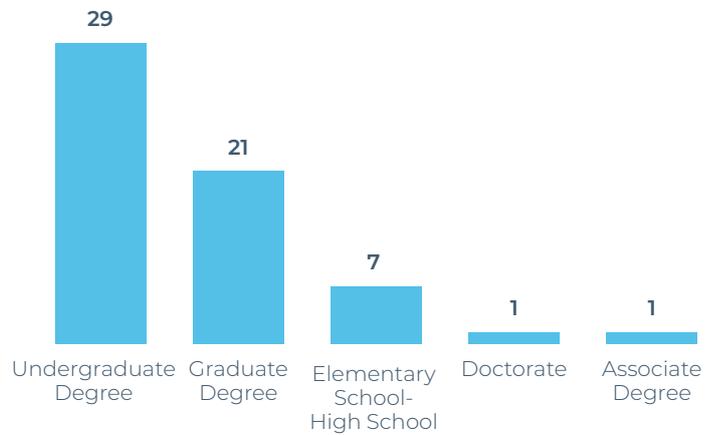


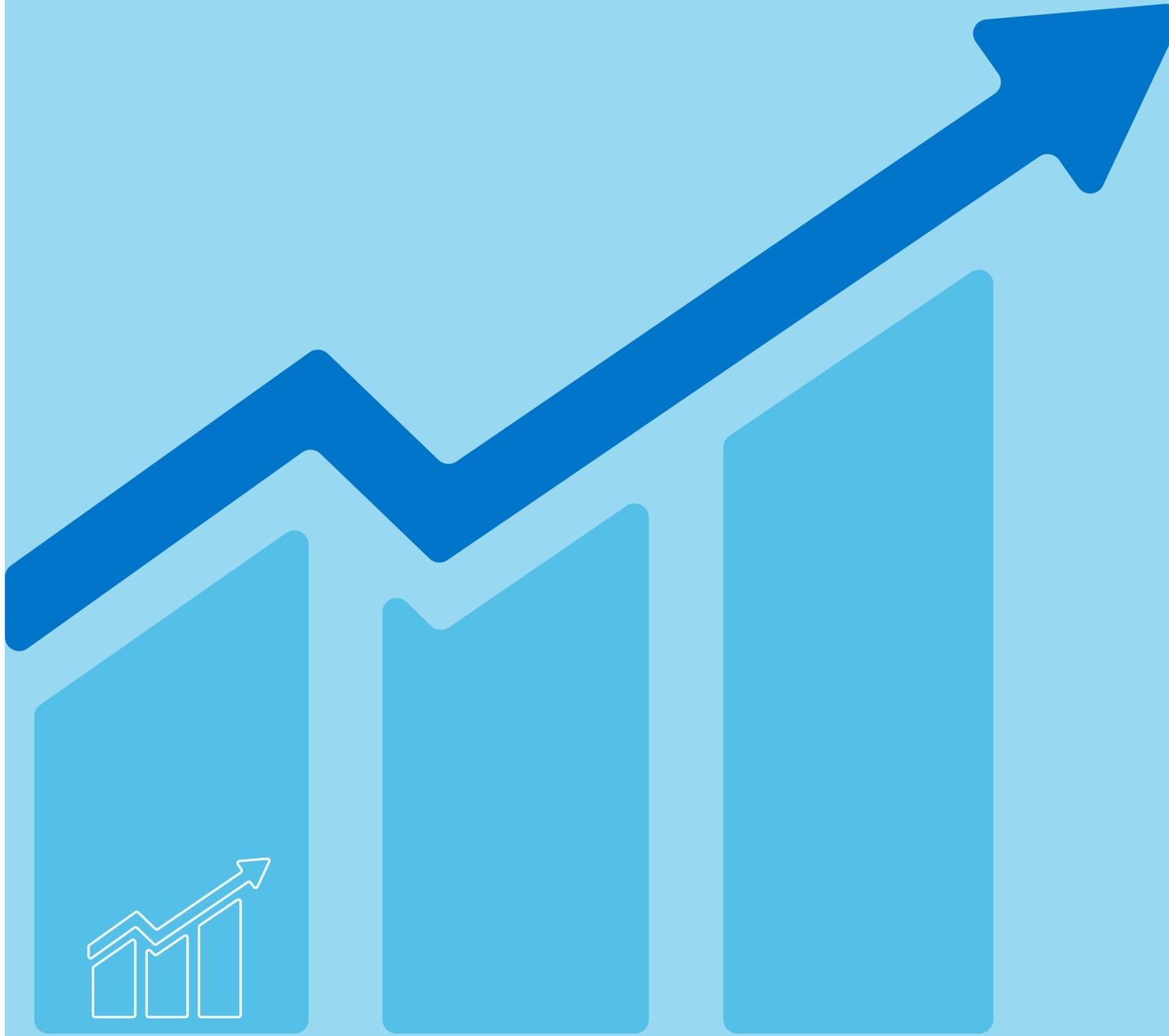
Number of Employees Per Age Group



As of 31.12.2019, Turkey Wealth Fund has 59 employees.

Number of Employees Per Education Level





# FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

**TURKEY WEALTH FUND AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AT 31 DECEMBER 2019**

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

<b>ASSETS</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Current Assets</b>	<b>593,484</b>	<b>498,924</b>
Cash and Cash Equivalents	64,230	50,004
Reserve Balances at Central Bank of the Republic of Turkey	46,115	42,578
Financial Assets	57,354	45,003
Trade Receivables	22,859	21,630
Due from Related Parties	1,317	2,047
Due from Third Parties	21,542	19,583
Receivables from Financial Sector Operations	353,264	307,063
Other Receivables	10,856	11,295
Due from Related Parties	1,020	228
Due from Third Parties	9,836	11,067
Derivative Financial Instruments	3,447	3,216
Inventories	11,952	7,582
Prepaid Expenses	6,247	4,850
Current Tax Assets	513	471
Other Current Assets	12,115	3,641
Non-Current Assets Held for Sale	4,532	1,591
<b>Non-Current Assets</b>	<b>864,124</b>	<b>676,737</b>
Financial Assets	193,964	133,309
Trade Receivables	2,421	488
Due from Third Parties	2,421	488
Receivables from Financial Sector Operations	414,443	342,707
Other Receivables	15,039	14,359
Due from Related Parties	4,746	5,172
Due from Third Parties	10,293	9,187
Derivative Financial Instruments	812	-
Equity Accounted Investees	8,623	7,097
Investment Properties	10,253	4,315
Property, Plant and Equipment	173,574	143,950
Right of Use Assets	13,297	-
Intangible Assets	17,138	16,451
Goodwill	132	65
Other Intangible Assets	17,006	16,386
Prepaid Expenses	6,635	5,729
Deferred Tax Assets	4,697	2,740
Other Non-Current Assets	3,228	5,592
<b>Total Assets</b>	<b>1,457,608</b>	<b>1,175,661</b>

<b>LIABILITIES</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Short-Term Liabilities</b>	<b>951,482</b>	<b>757,383</b>
Short-term Borrowings	14,116	10,392
Short-term Portion of Long-Term Borrowings	5,634	1,524
Lease Liabilities	8,476	5,156
Trade Payables	21,736	16,426
Due to Related Parties	1,305	1,634
Due to Third Parties	20,431	14,792
Payables from Financial Sector Operations	811,133	652,312
Payables Related to Employee Benefits	1,175	1,073
Other Financial Liabilities	27,584	7,503
Due to Related Parties	865	274
Due to Third Parties	26,719	7,229
Derivative Financial Instruments	2,163	2,908
Deferred Income	6,940	6,058
Current Tax Liabilities	3,269	2,015
Current Provisions	8,793	6,050
Current Provisions for Employee Benefits	1,542	1,448
Other Current Provisions	7,251	4,602
Other Current Liabilities	40,463	45,964
Liabilities Related to Assets Held for Sale	-	2
<b>Non-Current Liabilities</b>	<b>271,584</b>	<b>211,011</b>
Borrowings	53,811	21,477
Lease Liabilities	54,310	36,855
Trade Payables	212	262
Due to Third Parties	212	262
Payables from Financial Sector Operations	127,748	121,439
Other Payables	424	6,688
Due to Related Parties	2	2
Due to Third Parties	422	6,686

<b>LIABILITIES</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Derivative Financial Instruments	203	-
Deferred Income	2,451	1,255
Provisions	12,526	10,417
Provisions for Employee Benefits	5,121	4,305
Other Provisions	7,405	6,112
Deferred Tax Liabilities	9,960	8,147
Other Non-Current Liabilities	9,939	4,471
<b>EQUITY</b>	<b>234,542</b>	<b>207,267</b>
<b>Equity Attributable To Equity Holders of the Parent</b>	<b>198,401</b>	<b>177,282</b>
Treasury Shares (-)	(21)	(21)
Effect of Common Control Transactions	650	650
Government Contribution	138,294	139,939
Other reserves	1,892	-
Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(279)	(307)
Fair Value Reserve	(76)	(515)
Actuarial Gain Arising From Employee Benefits	(203)	208
Other Comprehensive Income That Will Be Reclassified to Profit or Loss	30,045	12,254
Currency Translation Reserve	25,814	15,678
Hedging Reserve	707	208
Fair Value Reserve	3,524	(3,632)
Retained Earnings	22,908	10,915
Profit for The Year	4,912	13,852
<b>Non-controlling Interests</b>	<b>36,141</b>	<b>29,985</b>
<b>Total Liabilities</b>	<b>1,457,608</b>	<b>1,175,661</b>

**TURKEY WEALTH FUND AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OTHER**  
**COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**(Expressed in millions of Turkish Lira (“TRY”) unless otherwise indicated.)**

<b>CONTINUING OPERATIONS</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Revenue (net)	170,458	139,377
Cost of Sales (-)	(150,750)	(114,276)
<b>Gross Profit from Non-Financial Operations</b>	19,708	25,101
Interest, Premium, Commission and Other Income	142,336	110,129
Interest, Premium, Commission and Other Expense (-)	(116,865)	(87,123)
<b>Gross Profit from Financial Operations</b>	25,471	23,006
<b>GROSS PROFIT</b>	<b>45,179</b>	<b>48,107</b>
General and Administrative Expenses (-)	(18,749)	(14,379)
Sales, Marketing and Distribution Expenses (-)	(10,942)	(8,496)
Other Income from Operating Activities	10,157	13,624
Other Expense from Operating Activities (-)	(11,234)	(15,610)
Share of Profit of Equity Accounted Investees	479	617
<b>OPERATING PROFIT</b>	<b>14,890</b>	<b>23,863</b>
Income from Investing Activities	6,663	2,177
Expense from Investing Activities (-)	(6,875)	(386)
<b>PROFIT BEFORE FINANCE INCOME</b>	<b>14,678</b>	<b>25,654</b>
Finance Income	3,974	2,518
Finance Expenses (-)	(7,541)	(4,569)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>11,111</b>	<b>23,603</b>
Tax Expense	(2,257)	(6,487)
Current Tax Expense (-)	(5,600)	(5,655)
Deferred Tax Income/ (Expense)	3,343	(832)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>8,854</b>	<b>17,116</b>
<b>DISCONTINUED OPERATIONS</b>		
Profit for the Year From Discontinued Operations	-	10
<b>PROFIT FOR THE YEAR</b>	<b>8,854</b>	<b>17,126</b>
<b>Attributable to:</b>		
-Non-controlling Interests	3,942	3,274
-Equity Holders of the Parent	4,912	13,852

## APPENDIX 1: TABLE OF COMPLIANCE WITH THE SANTIAGO PRINCIPLES

The Santiago Principles, developed by the International Working Group of Sovereign Wealth Funds (IWG) in 2008, consist of 24 Generally Accepted Principles and Practices (GAPPs) that establish sound governance standards for the management and auditing of wealth funds.

The principles include arrangements for ensuring good governance, transparency and accountability as well as procedures for ensuring healthy long-term investments. The Santiago Principles cover three main areas, including legal framework, objectives and coordination with macro-economic policies (GAPPs 1-5), institutional framework and governance structure (GAPPs 6-17), and investment and risk management framework (GAPPs 18-24).

TWF exerts its utmost effort to ensure compliance with the Santiago Principles, which serve as a key mandate for international wealth funds. As part of its efforts to ensure compliance with the principles, TWF follows the current approach detailed below with regards to the Self-Assessment Survey planned to be published in early 2020:

***PRINCIPLE 1: The legal framework for the sovereign wealth fund should be sound and support its effective operation and the achievement of its stated objective(s).***

Turkey Wealth Fund Management Company ("TWF Co.") was established with Law no. 6741 on 19 August 2016 as a joint-stock company under Turkish Commercial Code as the exclusive fund manager of Turkey Wealth Fund ("TWF"). The Decree of the Council of Ministers dated 17 October 2016 (hereinafter referred to as the "Decree") regarding the process and principles of the structure and operations was published in the Official Gazette on 9 November 2016. Law no. 6741 is publicly available information under the Official Gazette of the Republic of Turkey and TWF's website.

***PRINCIPLE 2: The political objective of the SWF should be clearly defined and publicly disclosed.***

Article 1 of Law no. 6741 clearly defines the purpose and scope of activity of TWF. As per TWF's mandate which was approved by TWF Co.'s Board of Directors ("Board") on 24 October 2018, the strategic objectives are as follows:

- 1) Enhance the value of the assets within the Fund,
- 2) Provide equity to strategic investments in Turkey,
- 3) Make equity investments to support Turkey's international economic objectives,
- 4) Reinforce the improvement and deepening of financial markets.

***PRINCIPLE 3: Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.***

As per the Board of Director's decision dated 12.09.2018, the Board includes the President of the Republic of Turkey as the President, and the Republic of Turkey Minister of Treasury and Finance as the Deputy Chairperson, ensuring TWF remains consistent with national economic policies while executing its mandate and strategic plan.

***PRINCIPLE 4: There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.***

TWF's scope of activity and sources of finance including the founding capital are disclosed under articles 2 and 4 of Law no. 6741. TWF makes use of debt and equity financing to fund its investment activities. All financing and investment-related decisions are subject to final approval by the Board.

***PRINCIPLE 5: The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.***

Pursuant to article 18 of the Decree, TWF is committed to regularly publishing annual reports on its website. TWF also shares information with the related government authorities when required.

As per article 6 of Law no. 6741, TWF has a three-phase audit framework: Independent external audit, Presidential audit and Parliamentary audit. TWF also conducts its own internal audits led by the Audit Committee.

***PRINCIPLE 6: The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.***

Article 6 of the Decree clearly defines the organizational structure and job descriptions. As per Article 19 of the Decree; Executive and Human Resources, Corporate Governance, Early Detection of Risk and Audit Committees which are affiliated with the Board are established under the Turkish Capital Markets Law no. 6362 in accordance with the corporate governance regulations.

***PRINCIPLE 7: The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.***

TWF's strategic objectives and operations are governed by the Board which consists of representatives from the government, public sector and private sector with diverse backgrounds and experience. The objectives of TWF are defined under Law no. 6741, and they are also described in the Mandate and Strategic Plan which are approved by the Board.

***PRINCIPLE 8: The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.***

The formation and governance of the Board is defined under articles 12, 13 and 14 of the Articles of Association. The Board follows article 14.5 of the Articles of Association and the Turkish Commercial Code provisions for decision making.

***PRINCIPLE 9: The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.***

The Board meets on a regular basis as the ultimately accountable and responsible body for TWF's overall governance in line with article 15 of the Articles of Association. TWF Co.'s senior management proposes investment and financing projects to the Board through executive-level committees and is responsible for the day-to-day execution of Board decisions.

***PRINCIPLE 10: The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.***

Law no. 6741 and the Decree define the framework including executive-level committees, audit mechanism and corporate governance standards in accordance with the Capital Markets Law.

***PRINCIPLE 11: An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.***

Pursuant to article 18 of the Decree, TWF is committed to regularly publishing annual reports on its website.

***PRINCIPLE 12: The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.***

As per article 6 of Law no. 6741, TWF has a three-phase audit mechanism which are independent external audit, Presidential audit and Parliamentary audit. In addition, TWF conducts its internal audit led by the Audit Committee.

***PRINCIPLE 13: Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.***

Articles 9 and 14 of the Decree cover the basic principles, while TWF Co. will set a Code of Conduct that will define the professional and ethical guidelines.

***PRINCIPLE 14: Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.***

All dealings and transactions with third parties are based on economic and financial grounds. TWF Co. conducts a tender process prior to third party appointments and the relationships are governed by the related contracts and service level agreements.

***PRINCIPLE 15: SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.***

TWF does not have any overseas investment as of year-end 2019, but is committed to complying with all applicable laws and regulations in the jurisdiction of any future investment.

***PRINCIPLE 16: The governance framework and objectives, as well as the manner in which the SWF's management are operationally independent from the owner, should be publicly disclosed.***

TWF Co. is the exclusive fund manager of TWF and its Board consists of representatives from the government, public sector and private sector. The composition of the Board allows TWF Co. to operate independently as a joint-stock company and also act in compliance with the national economic objectives.

***PRINCIPLE 17: Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.***

Pursuant to article 18 of the Decree, TWF is committed to regularly publishing annual reports on its website.

***PRINCIPLE 18: The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.***

TWF performs all of its operations according to the Mandate and Strategic Investment Plan approved by the Board. All investment decisions are subject to final approval by the Board and TWF will continue publishing its annual reports through its website as per article 18 of the Decree.

***PRINCIPLE 19: The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy and based on economic and financial grounds.***

TWF seeks to maximize the value of its portfolio assets and investment returns as per its approved mandate. All investment decisions are subject to final approval by the Board. TWF ensures its assets are managed consistently with the generally accepted principles.

***PRINCIPLE 20: The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.***

TWF is committed to complying with the principle in question.

***PRINCIPLE 21: SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and that protects the financial value of its investments. The SWF should publicly disclose its general approach to selecting securities of listed entities, including the key factors guiding its exercise of ownership rights.***

TWF will have representation in its portfolio companies' Board of Directors to monitor and evaluate financial performance indicators. If and when necessary, TWF may exercise its ownership rights to protect its interests as appropriate. In relation to the listed entities within its portfolio, TWF follows the applicable laws and regulations.

***PRINCIPLE 22: The SWF should have a framework that identifies, assesses, and manages the risks of its operations.***

All risk-related matters are governed by the Board through the Early Detection of Risk Committee. In order to identify, assess and manage risks, TWF will establish the necessary reporting systems as described under articles 10, 11 and 12 of the Decree.

***PRINCIPLE 23: The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.***

Pursuant to article 18 of the Decree, TWF is committed to regularly publishing annual reports on its website.

***PRINCIPLE 24: A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.***

TWF conducts an annual review of the implementation of the GAPPs.

## APPENDIX 2: Detailed information about the real properties within TWF's portfolio

Item Number	City	County	District	Block	Parcel	Total Surface Area (m <sup>2</sup> )
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	Merkez	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	Ilıca	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	Ilıca	-	982	21,411.00
18	Antalya	Manavgat	Ilıca	-	1021	25,066.00
19	Antalya	Merkez	Bahçelievler	3698	1	46,459.00
20	Antalya	Merkez	Bahçelievler	3698	5	41,908.00
21	Antalya	Merkez	Bahçelievler	3702	1	47,275.00
22	Antalya	Merkez	Kemerağzı	12682	4	22,622.00
23	Antalya	Merkez	Kemerağzı	12682	5	22,622.00
24	Antalya	Merkez	Kemerağzı	12684	5	19,993.00
25	Antalya	Merkez	Kemerağzı	12687	4	18,395.00
26	Antalya	Merkez	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	Hacıfeyzullah	806	190	36,364.47
30	Aydın	Kuşadası	Türkmen	134	12 - 26	6,120.85
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	Merkez	Büyükhaclar	105	3	25,726.16 (corresponding to share)
36	İstanbul	Bakırköy	Şenlikköy	292	33	22,866.00
37	İzmir	Menderes	Gümüldür	2154	1	23,717.00
38	İzmir	Menderes	Özdere	1110	1	93,141.06
39	İzmir	Selçuk	Selçuk	3101	1,3	41,593.89
40	İzmir	Selçuk	Selçuk	3103	2	52,275.00
41	İzmir	Selçuk	Selçuk	3107	7	95,993.23
42	İzmir	Selçuk	Selçuk	3107	8	90,018.78
43	İzmir	Selçuk	Selçuk	3107	10	51,383.77
44	İzmir	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 AND COMPANY DETAILS

**Reporting Period:**

1-year period between 01.01.2019 and 31.12.2019

**Company Title:**

Turkey Wealth Fund Management Co.

**Trade Register Number:**

İstanbul - 55174-5

(Mersis No: 0859 0640 2870 0010)

**Headquarters:**

Muallim Naci Cad. No. 22 Ortaköy Beşiktaş, İstanbul /  
Turkey

**Contact Details:**

**T:** +90 (212) 371 22 00

**F:** +90 (212) 282 10 77

**E-mail address:** info@tvf.com.tr

**Website:**

www.tvf.com.tr

**İstanbul Branch Office:**

Kültür Mah. Nispetiye Cad. Akmerkez E Kule Kat:11  
Beşiktaş, İstanbul / Türkiye

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Ofis Kat: 13 Yenimahalle, Ankara / Turkey

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PRESIDENCY OF  
THE REPUBLIC OF TURKEY

**TURKEY  
WEALTH FUND**