

**Our Power
is Our Difference**





Verusa Holding
2018 Annual Report



** ENDA - construction stage of a WPP*

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Company Information

Company Title	"VERUSA HOLDING A.Ş. "
Date of Foundation	2006-ISTANBUL
Trade Registry Number	ISTANBUL-602793
Central Registry Number	0925038958000010 (MERSİS)
Tax Office	Maslak - ISTANBUL
Tax Number	925 038 9850
Issued Capital	TL 70,000,000
Registered Capital	TL 300,000,000
Publicly Traded Shares	Borsa Istanbul (BIST)
Index Included in	MSCI Small Cap Index & Borsa Istanbul Dividend Index (XMTU)
Company Ticker	VERUS - VERUS.IS - VERUS.TI
Adress	Maslak Mahallesi Eski Büyükdere Cad. No:9 İz Plaza Giz K:14 D:51 Sarıyer Istanbul
Phone	+90 212 290 74 90
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E-Mail	info@verusa.com.tr
Web Site	www.verusa.com.tr



Verusa Holding At a Glance

**ENDA - Mordogan WPP*



Verusa Holding

a group of companies invested in venture capital, energy, mining, software technologies, chemistry and steel sectors...



Milestones

**Bauxite ore, primary source of aluminum.*



- **2006**
Verusa Holding
founded.

- **2011**
"Ata Elektrik Enerjisi Toptan Satış A.Ş."
acquired.



- **2012**
* "Verusaturk Girişim Sermayesi Yatırım
Ortaklığı (GSYO) A.Ş." founded.

- * "Aciselsan Acıpayam Selüloz Sanayi ve Ticaret
A.Ş." acquired.



- **2013**
Verusa Holding IPO'ed.



- **2014**
"Standard Enerji A.Ş."
acquired.





• 2015

* "Pamukova Elektrik Üretim A.Ş." founded for renewable energy sector investments.

* "İklimya Elektrik Üretim A.Ş." acquired Havva HPP located in Erzurum province Tortum region with 7.49 MW installed capacity

* Investments in Enda Enerji Holding A.Ş. with 182.55 MW installed capacity completed.



* "Standard Enerji" received approval for 3 mining prospecting licence (Bauxite and Iron)

* Verusaturk Venture Capital IPO'ed.



• 2016

* Verusa Holding shares included in MSCI Global Small Cap Index.

* "Ata Elektrik" became the 3rd largest partner in EPIAS (Turkey Energy Exchange Management) by purchasing its 4% stake.





• 2017

Verusa Holding shares included in BIST Dividend Index (XTMTU).



• 2018

"Standard Boksit İşletmeleri A.Ş." received the following prospecting licences through tender process held by Directorate General of Turkey's Mining and Oil Affairs (MAPEG) for:



- ✓ 4 Bauxite mining sites in Antalya province, Akseki region,
- ✓ 3 Bauxite mining sites in Antalya province, Alanya region,
- ✓ 1 Bauxite mining site in Konya province, Seydişehir region,
- ✓ 1 Bauxite mining site in Karaman province, Cukurbag region,
- ✓ 1 Copper mining site in Erzincan province, Otlukbeli region,
- ✓ 1 Copper mining site in Tokat province, Niksar region
- ✓ 1 Operating licence for existing Adana Province, Tufanbeyli region bauxite mining site.



* "Kafein Yazılım" IPO'ed and bought 51% stake of "Smartiks Yazılım".



* Purchased %47.3 stake of "Aciselsan Acıpayam Selüloz Sanayi ve Ticaret A.Ş." from Verusaturk Venture Capital.



Investments Across Turkey



- Wind PP
- Hydro PP
- Geothermal PP
- Mining
- Electricity wholesaler
- Chemical production
- Venture capital
- Software technologies
- Steel

Verusa Holding

actively participates to 12 affiliated company boards and the shares of 4 group companies, including Verusa Holding, are publicly traded on Borsa Istanbul (BIST).



Financial Information

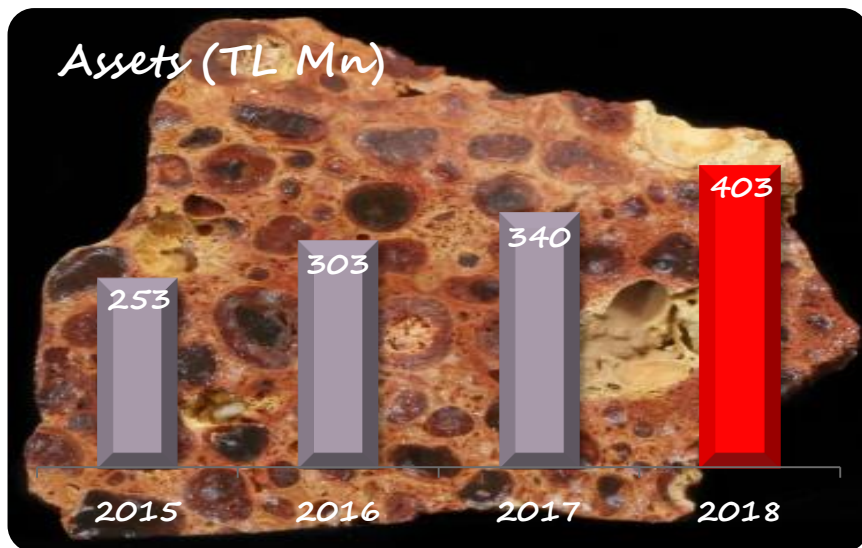
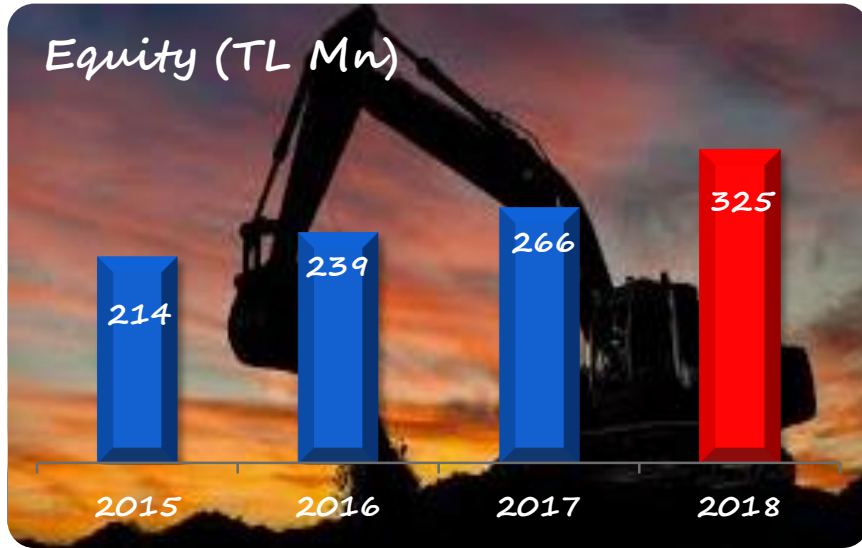
Summary of Consolidated Income Statement

(TL '000)	2015	2016	2017	2018
Revenues	90,185	94,776	85,515	95,706
Gross Profit	10,082	1,040	-806	10,313
Net Profit	59,569	42,886	20,313	54,237
Gross Profit Margin	11.18%	1.10%	-0.94%	10.78%
Net Profit Margin	66.05%	45.30%	23.75%	56.67%

Summary of Consolidated Balance Sheet

(TL '000)	2015	2016	2017	2018
Cash and Cash Equivalents	37,275	4,023	2,598	8,049
Total Assets	253,132	303,504	340,432	402,686
Current Assets	207,984	255,544	275,839	296,472
Non Current Assets	45,148	47,960	64,592	106,214
Total Liabilities	38,637	64,187	74,705	77,326
ST Liabilities	21,747	43,587	49,352	27,743
LT Liabilities	16,890	20,600	25,353	49,583
Total Debt	18,920	31,368	35,240	24,757
ST Debt	3,546	15,092	18,634	106,773
LT Debt	15,374	16,276	16,606	13,984
Net Debt	-18,355	27,345	32,642	16,708
Shareholders' Equity	214,495	239,317	265,726	325,360

Financial Information



A photograph of a modern conference room. The room features a large glass window with a dark frame, through which bright light is streaming. Several orange chairs are arranged around a table, and a silver railing is visible in the foreground. The overall atmosphere is professional and contemporary.

Board of Directors

Board of Directors

Mr. Mustafa Ünal *Chairman*

Having completed his bachelor's degree in Electrical Engineering from Boğazici University, and his MBA from Bilkent University, Mr. Ünal thereafter, took on a carrier in Garanti Bank and Ak Securities as a manager. Currently he serves as the Chairman of the Board of Directors of the Company and continues to serve as a board member in Investco Holding AŞ, Verusaturk Girişim Sermayesi Yatırım Ortaklığı AŞ, Ata Elektrik Enerjisi Toptan Satış AŞ, Innoted Teknoloji AŞ, Aldem Çelik Endüstri Sanayi ve Ticaret AŞ, Standard Enerji Üretim AŞ, Aciselsan Acıpayam Selüloz Sanayi AŞ, Kafein Yazılım Hizmetleri AŞ, Pamukova Elektrik Üretim AŞ, Enda Enerji Holding AŞ.

Mr. Reha Çırak *Deputy Chairman*

Having graduated from Izmir American High School and Bilkent University's department of Business Administration, Mr. Çırak entered his business life in a finance company in New York, followed by a career in multi international finance companies in Istanbul for 7 years. He earned his graduate degree in Accounting and Finance at Marmara University and he has published papers in finance in reputed journals. Reha Çırak also serves as a board member in Investco Holding AŞ, Verusaturk Girişim Sermayesi Yatırım Ortaklığı AŞ, Aldem Çelik Endüstri Sanayi ve Ticaret AŞ, Aciselsan Acıpayam Selüloz Sanayi AŞ, Pamukova Elektrik Üretim AŞ, Enda Enerji Holding AŞ along with his position as a Deputy Chairman of the Board of Verusa Holding.

Mr. Ömer ÖZBAY (CEO) *Board Member*

Mr.Ömer Özbay, born in Ankara,Turkey in 1952, serves as a CEO of Verusa Group, received his bachelor degree from Sociology Department of Middle East Technical University. He held vice president position in Borsa Istanbul Stock Exchange and worked as a consultant in TakasBank (Istanbul Stock Exchange Clearing House) from 2003 to 2011.

Prior to joining Verusa Group Mr.Özbay held position as a consultant to the Prime Minister of Turkey from 2011 through 2017.



Mr. Mustafa Necip Uludağ, PhD *Board Member*

Having graduated from Istanbul Technical University's Mechanical Engineering Department, Mr. Necip Uludağ earned his masters degree from Harvard and Istanbul University, and earned his PhD from Milan and Istanbul University joint graduate programmes in Business Administration. He began his career at Boyner Holding, where he worked as the Coordinator of Alboy A.S. and followed by the Group Coordinator of Benetton Shoes. Between 2001 and 2003, he worked as the General Manager of NafNaf and Chevignon. Dr. Uludağ also served as the Executive Board Member of Alfa Investment Fund, based in Azerbaijan, IPF International & CANAM Investment Fund in USA Texas. He has been the Vice President of GYIAD from 2004 to 2007, member of the Board of Directors of TEDMER, Delegate at DEIK and continues to serve as a board member in Investco Holding AŞ, Verusaturk Girişim Sermayesi Yatırım Ortaklığı AŞ, Aciselsan Acıpayam Selüloz Sanayi AŞ, Ata Elektrik Enerjisi Toptan Satış AŞ, Innoted Teknoloji AŞ, Pamukova Elektrik Üretim AŞ.

Mr. M. Ege Yazgan, PhD *Independent Board Member*

Mr. Ege Yazgan, who is currently the acting Rector of Istanbul Bilgi University, graduated from the Faculty of Economics of Istanbul University in 1991. He earned his master degree in Economics both in Bogazici and Istanbul University and completed his PhD in the UK from the University of Sussex in 2000. where he worked as an instructor. Yazgan also worked in the University of Cambridge, UK, as a visiting researcher between 2008-2009 and in the Kadir Has University, Istanbul, as the director of the Center of Turkish Studies between 2014-2015. He has initiated and contributed to several academic organizations to take place in Turkey and has several articles published in international academic journals.

Mr. Sezai Bekgöz, PhD *Independent Board Member*

Mr.Bekgöz received B.A. from Faculty of Political Sciences Ankara University and M.A. in Economics from Istanbul University. Mr. Bekgöz holds PhD from Marmara University, Institute of Banking and Insurance. He worked in the CMB of Turkey from 1983 to 1992, and in Borsa Istanbul from 1992 to 1998 as an Inspector and as Chairman of the Inspection Committee at Borsa Istanbul. Thereafter, he served as an Assistant General Manager of Takasbank until 2016. Dr. Sezai Bekgöz serves as Independent Member of Verusa Holding.

Declaration of Interest by Independent Board Members

To: Chairman of the Board of Directors of **VERUSA HOLDİNG A.Ş.**

Owing to my candidacy for a seat as an Independent Board Member at your Company's ("the Company") General Assembly Meeting, I hereby declare:

- Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, collectively or individually held more than 5% of the capital or voting rights or privileged shares in, or established any commercial interest of a significant nature, with the Company, or with any companies in which the Company has management control or material influence, and with any shareholders having management control or material influence over the Company, or with any corporate entity which are controlled by these shareholders;
- Within the most recent five years, I have neither been a shareholder controlling 5% or higher share, or an employee in an executive position involving major duties and responsibilities nor a board member, in any company from/to which the Company purchases/sells significant amount of services or products under the agreements made during such time when services or products were purchased or sold, and particularly in companies involved in the Company's auditing, rating, or consulting;
- I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member;
- If elected, I shall not work on fulltime basis at any public institution or organization during my term of office, apart from serving as a faculty member, provided that the same does not contradict with the legislation governing such institution;
- I am capable of devoting sufficient amount of time to follow-up the conduct of the Company's activities and to fully satisfy the requirements of the duties I will be undertaking;
- I am a resident of Turkey for the purposes of the Income Tax Law;
- I possess the ethical standards and professional repute and experience sufficient to enable me to make a positive contribution to the Company's affairs, to maintain my impartiality in any conflicts of interest that may arise between the Company and its shareholders, and to come to decisions freely taking into consideration all stakeholders' rights;
- I have not served as a member on the Company's Board of Directors for more than six years within the most recent ten years;
- I am not serving as an independent board member in more than three of the companies in which the Company, or shareholders having management control over the Company, have management control, or in more than five companies, in the aggregate, traded on the stock exchange;
- I have not been registered and promulgated on behalf of the corporate entity elected as a member of the Board of Directors.



Vision

To strive for improving margin levels in all operating fields by differentiating with strategic investments since inception and prioritizing equity profitability as well as the synergy between the eligible and licensed group subsidiaries

Mission

In the light of our extense corporate know-how, to become a leading company, which achieves sustainable profitability and growth levels with its diversified investments and to share the targetted high return with our shareholders

Strategy

To be a pioneer holding company that provides sustainable cash flow through growing and valued investments in energy and mining sectors

A photograph of a rock face with a geological hammer for scale. The rock is brown and textured, with a hammer placed vertically against it for scale. The hammer has a blue handle and a silver head.

Major Operations in 2018



**Standard, Bauxite Mining Site*

*Our 100% subsidiary
"Standard
Boksit İşletmeleri AŞ"
acquired
new mining licences*



**Standard, Copper Mining Site*

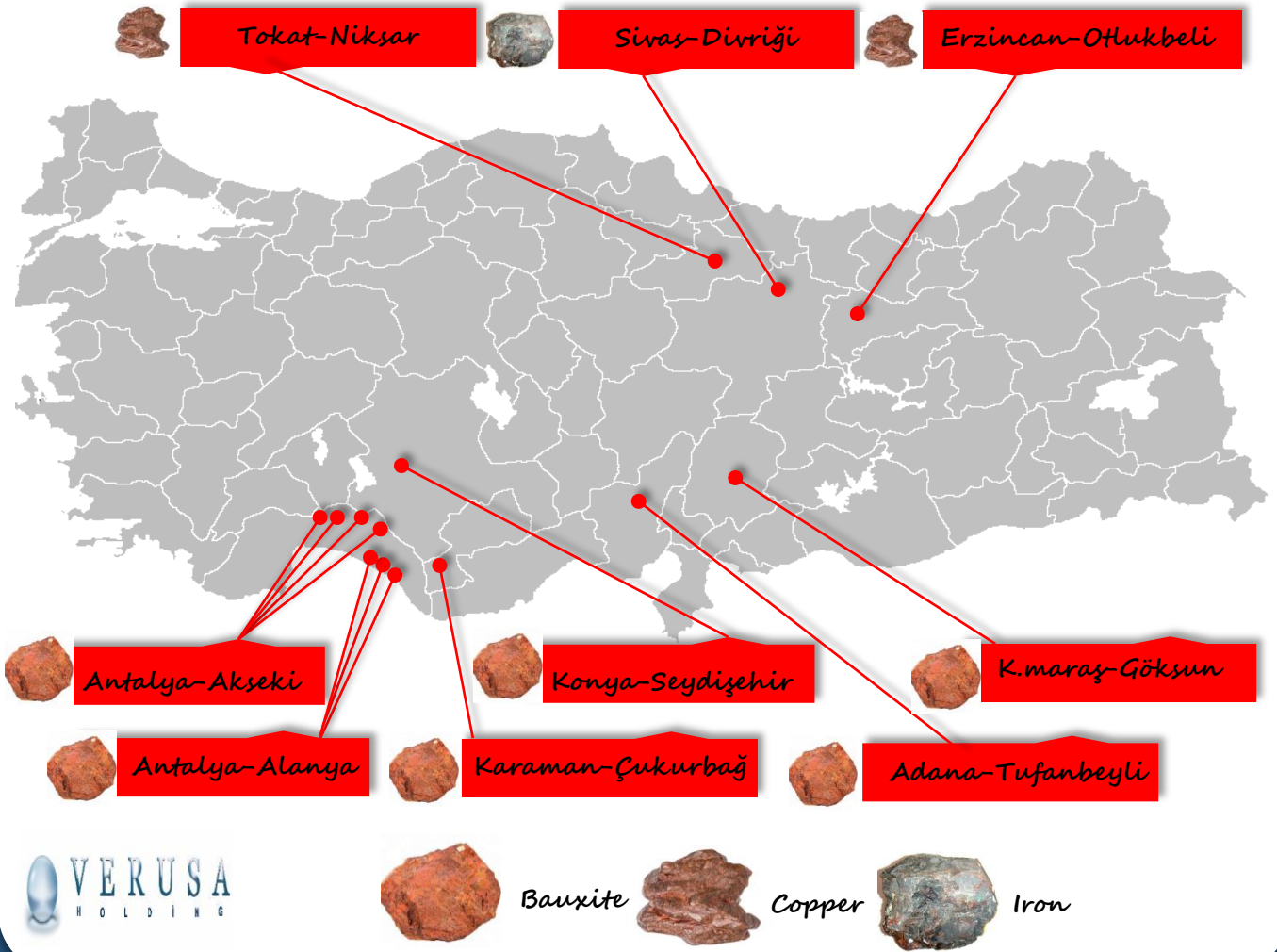


**STANDARD - Iron Mining Site in Sivas Province*

"Standard Boksit İşletmeleri"

Operational Map

Total of **14** mining region with
11 Bauxite, 2 Copper and 1 Iron prospecting
licence ownership...



" STANDARD BOKSİT İŞLETMELERİ " NEW BAUXITE MINING PROJECTS



New "Operating Licence" for the most significant existing bauxite mining site in Adana Province, Tufanbeyli Region

According to the current analysis of 3 separate expert institutions related to the bauxite samples, new results were obtained from 16 drilling operations that were previously carried out by the Mineral Research and Exploration (MTA) in Tufanbeyli district for the economic (workable, tradable) bauxite reserves determined as approximately 5.42 million metric tons.

The prospecting and operating licence have been delivered by Directorate General of Turkey's Mining and Oil Affairs (MAPEG).

The planned bauxite production is 500,000 metric tons per year starting from 2019 until 2023, and the production phase for the end of 2018 has been commenced following the installment of bauxite enrichment plant.

Bauxite is a sedimentary rock with a relatively high aluminium content. It is the world's main source of aluminium.

The total bauxite reserves of Standard including 11 bauxite region is approximately 30 million metric tons and it is a major company in the region who has the largest bauxite reserves in metric tons.

STANDARD'Y NEW POTENTIAL BAUXITE MINING PROJECTS



Antalya Province, Akseki Region Bauxite Mining Sites (4)

Standard has won 4 bauxite prospecting licences for Antalya province, Akseki region (Akseki-1, Akseki-2, Akseki-3, Akseki-4) through tender process held by Directorate General of Turkey's Mining and Oil Affairs (MAPEG).

Exploring licences for Akseki-1, Akseki-2, Akseki-3 mining sites have been already achieved.

The exploration and drilling operations have been commenced in the regions for the year 2019.

Antalya Province, Alanya Region Bauxite Mining Sites (3)

Standard has achieved 3 bauxite prospecting licences for Antalya province, Alanya region (Alanya-1, Alanya -2, Alanya -3) through its application process to Directorate General of Turkey's Mining and Oil Affairs (MAPEG).

Exploring licences for Alanya-1, Alanya -2, Alanya -3 mining sites have been already achieved.

The exploration and drilling operations have been commenced in the regions for the year 2019.

Karaman Province, Cukurbag Region Bauxite Mining Site

Standard has won 1 bauxite prospecting licence for Karaman province, Cukurbag region through tender process held by Directorate General of Turkey's Mining and Oil Affairs (MAPEG).

Exploring licence for the mining site has been already achieved.

The exploration and drilling operations have been commenced in the regions for the year 2019.

STANDARD'Y NEW POTENTIAL BAUXITE MINING PROJECTS



Kahramanmaras Province, Goksun Region Bauxite Mining Site

Standard has achieved 1 bauxite prospecting licence for Kahramanmaras province, Goksun region through its application process to Directorate General of Turkey's Mining and Oil Affairs (MAPEG).

Exploring licence for the mining site has been already achieved.

The exploration and drilling operations have been commenced in the regions for the year 2019.

Konya Province, Seydisehir Region Bauxite Mining Site

Standard has achieved 1 bauxite prospecting licence for Konya province, Seydisehir region through its application process to Directorate General of Turkey's Mining and Oil Affairs (MAPEG).

Exploring licence for the mining site has been already achieved.

The exploration and drilling operations have been commenced in the regions for the year 2019.



STANDARD'Y NEW POTENTIAL COPPER MINING PROJECTS



Erzincan Province, Otlukbeli Region Copper Mining Site

Standard has achieved 1 copper prospecting licence for Erzincan province, Otlukbeli region through its application process to Directorate General of Turkey's Mining and Oil Affairs (MAPEG).

Exploring licence for the mining site has been already achieved.

The exploration and drilling operations have been commenced in the regions for the year 2019.

Tokat Province, Niksar Region Copper Mining Site

Standard has achieved 1 copper prospecting licence for Tokat province, Niksar region through its application process to Directorate General of Turkey's Mining and Oil Affairs (MAPEG).

Exploring licence for the mining site has been already achieved.

The exploration and drilling operations have been commenced in the regions for the year 2019.

"ENDA ENERJİ HOLDİNG"

521.2 mn Kwh

Electricity Production

From

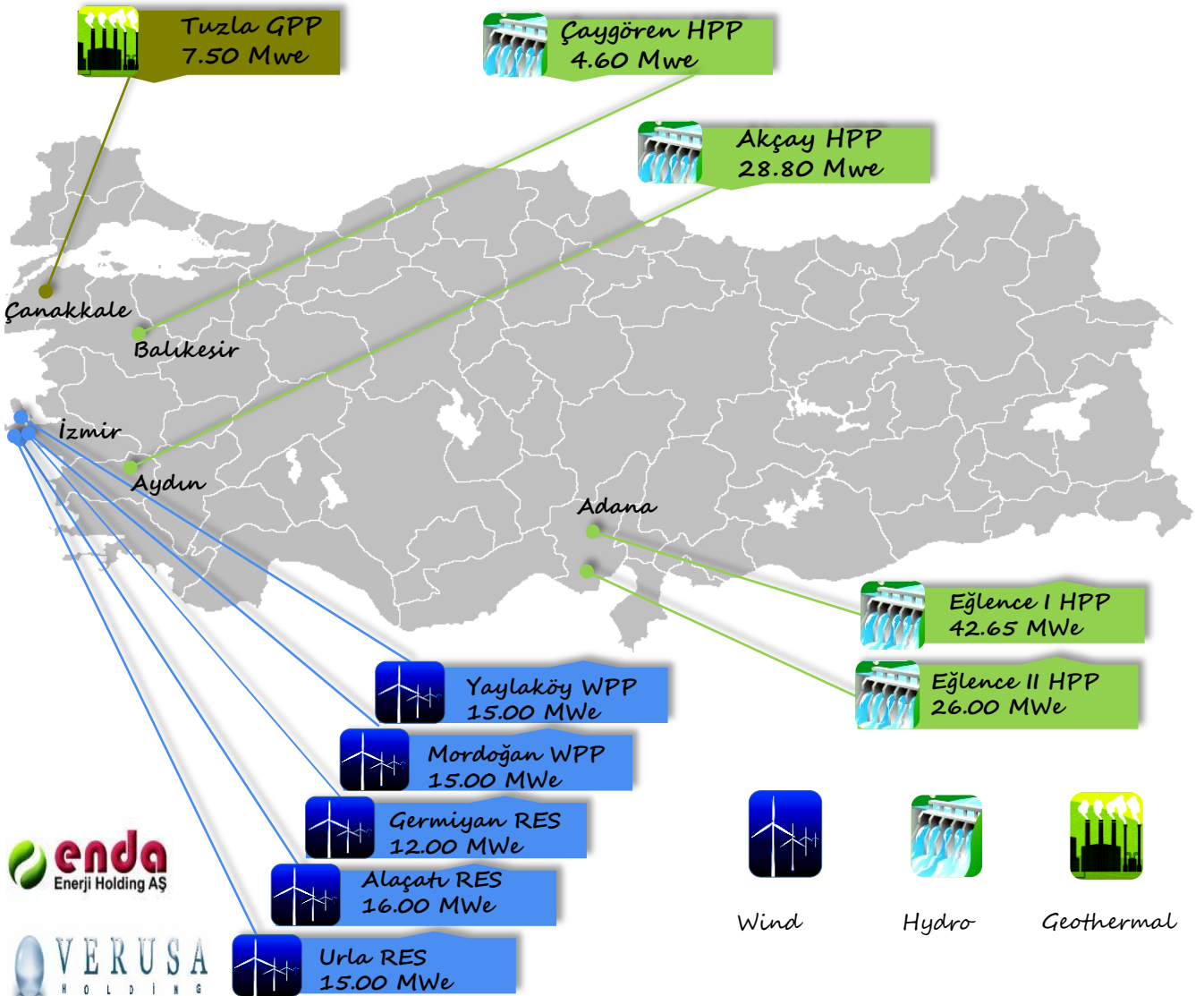
*Renewable Energy
Sources*

**Enda, Yaylaköy WPP*

ENDA Operational Map

182.55MW Total installed capacity with

10 Energy Power Plants including
5 WPP, 4 HPP & 1 GPP



ENDA 2018 Energy Production



ENDA was founded on 7 January 1993 by more than 100 dedicated industrialists and businesspersons from Turkey's Aegean Region in order to meet Turkey's growing energy demand and with consideration to rising energy prices.

Besides operating power plants, Enda's fields of activity and interests as an investor include developing energy projects that use renewable resources and employ a variety of technologies.

ENDA supplies clean energy produced at its plants to YEKDEM (Renewable Energy Support Mechanism) and to Energy Markets as per bilateral agreements based on an environmentally friendly and professional administrative approach.

Meanwhile, since 2004, ENDA continues sales to Independent Consumers at a professional level which is now handled by its Power Supply company founded in 2016. Diversity of renewable resources within the holding portfolio make it possible to strike a balance in power production.

As of 31.12.2018 the company owns and operates a total of 10 power plants with 182.55 MW installed capacity including 102.5 MW installed capacity of 4 hydroelectric, 7.5 MW installed capacity of 1 geothermal and 73 MW installed capacity of 5 wind power plants.

The contract of concession for the 10.6 MW Gönen HPP, founded with a 20-year contract and in accordance with the Build-Operate-Transfer Model, has expired in March, 2018.

The distribution of the total energy production of **521,2 mn** MWh during 2018 was 50.75% from hydroelectric, 40.75% from wind and 8.5% from geothermal power plants.

In the future, Enda is expected to reach 249.5 MW installed capacity with 56.4MW potential capacity increase.

Enda Holding is a leader investment arm of Verusa Group which has a total of 26.82% stake (directly 7.32% and indirectly 19.50%) in Enda's capital of TL 300,000,000.



PRODUCTION PLANTS – GEOTHERMAL POWER PLANT

TUZLA GPP 7.50 MW



Following the construction of the plant started in 2009, it started operation on 13 January 2010 with Ministerial approval, subsequent to test production phase.

Tuzla can provide balanced and controlled production which helped minimise imbalance costs.

Tuzla managed to sell energy at rates slightly higher than the YEKDEM incentive rate.

Tuzla GPP Tuzla Geothermal field is located 5 km west of Ayvacık's Gülpınar Village, in the province of Çanakkale.

Plans have been made to open an additional well to compensate for deficient fluid with the aim of improving efficiency at the existing plant.

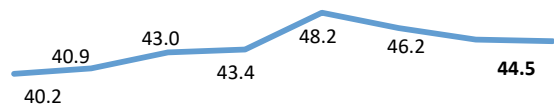
The plant acquired a 49-year field use agreement with the General Directorate of Mineral Research and Exploration (MTA) in 2003 and a 40-year production license from EPDK in 2004.

The aim is to complete these initiatives in 2018 to reach production values calculated during feasibility studies.

The plant has an installed capacity of 7.5 MW and annual production capacity of 54 GWh.

Tuzla GPP continued to sell energy to YEKDEM during 2018.

Production (GWh)



2011 2012 2013 2014 2015 2016 2017 2018

PRODUCTION PLANTS- HYDRO POWER PLANTS



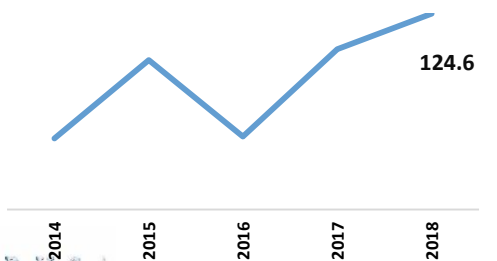
EĞLENCE I HPP
42.65 MW

Eğlence-I HPP is located on Eğlence stream in Adana's Karaisalı District. This is a river type hydro-power plant installed as a cascade system together with Eğlence-II.

The plant was granted a 49-year production license on 27 December 2007. Investment commenced in 2010 together with the Eğlence II HPP project and commercial operation started on 13 June 2013, following a ministerial approval.

Power produced at Eğlence-I HPP is sold in scope of the YEKDEM scheme for a 10-year period valid from 2014.

Production (GWh)



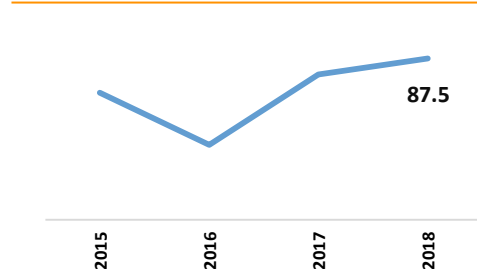
EĞLENCE II HPP
26.00 MW

Eğlence-II HPP is located on Eğlence stream in Adana's Karaisalı District. This is a river type hydro-power plant installed as a cascade system together with Eğlence-I.

The plant was granted a 49-year production license on 27 December 2007. Investment commenced in 2010 together with the Eğlence I HPP project and commercial operation started on 10 April 2013, following a ministerial approval.

Power produced at Eğlence-II HPP is sold in scope of the YEKDEM scheme for a 10-year period valid from 2014.

Production (GWh)



PRODUCTION PLANTS- HYDRO POWER PLANTS



AKÇAY HPP
28.80 MW

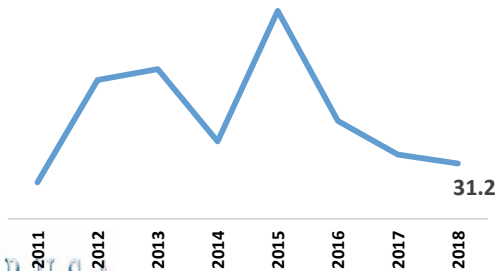
Akçay HPP located at the 42nd km of the Bozdoğan-Akçay irrigation canal could begin due to severe delays in the SHW authority completing the canal (1990-2009).

The plant with an installed capacity of 28.80 MWE and an annual average production capacity of 76 GWh opened on 14 August 2009. Full capacity production started in 2012.

A 40-year production license was granted on 24 November 2003 which was extended to 49 years in 2014.

Being part of the YEKDEM scheme, power produced at Akçay HPP will be sold in scope of the YEKDEM for two more years.

Production (GWh)



ÇAYGÖREN HPP
4.60 MW

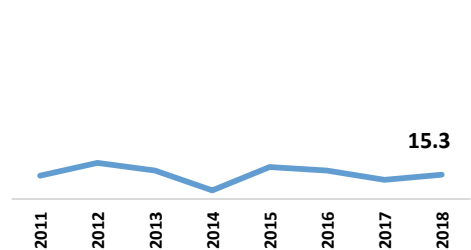
Situated in Balıkesir Province, Sındırgı District, the 4.6 0MW Caygoren HPP is located on Simav stream, at the tailwater of the Caygoren Dam.

The dam with a 7.3 km² reservoir surface was completed in 1968 for purposes of irrigation and flood control. Caygoren HPP has an annual production capacity of 20.7 GWh.

The plant was granted a 35-year production license by EPDK on 5 September 2009 and the license was extended to 49 years in 2014.

YEKDEM's 10-year incentive period ended for Caygoren HPP in 2017 so electricity was sold on the independent market during the term.

Production (GWh)



PRODUCTION PLANTS – WIND POWER PLANTS



GERMIYAN WPP
12.00 MW

Germiyan has the smallest installed capacity among 4 wind power plants owned by Enda. The turbines are located at Güzelyertepe - Hırsıztepe - Germiyan Yalısı Reisdereköyü, Çeşme District, Izmir Province.

The facility has an installed capacity of 10.8 MWe and was granted a 49-year production license on 26 May 2008 from EPDK .

For a 10-year period valid from 2017, power produced at Germiyan WPP will be sold in scope of the YEKDEM scheme.



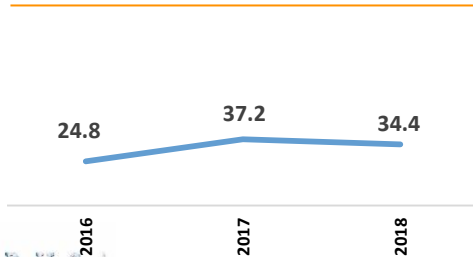
URLA WPP
15.00 MW

Urla WPP operates in scope of a “Production License”. The turbines are located at Çiftlik Mount Barbaros region, Urla District, Izmir Province. The facility has an installed capacity of 15 MWe and was granted a 49-year production license on 29 May 2008 from EPDK .

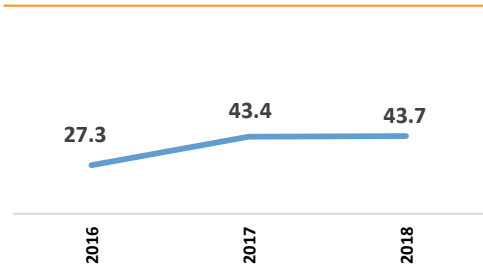
An application was made to EPDK on 16 November 2017 to increase licensed installed capacity at Urla WPP from 15 MWe to 24 MWe. The application is still in process.

For a 10-year period valid from 2017, power produced at Urla WPP will be sold in scope of the YEKDEM scheme.

Production (GWh)



Production (GWh)



PRODUCTION PLANTS – WIND POWER PLANTS



ALAÇATI WPP
16.00 MW

Alaçatı WPP has the largest installed capacity on the company's wind power portfolio. The turbines are located at Kızılkayakaradağ- Karadağ Ovacık, Cesme District, Izmir Province. The facility has an installed capacity of 16 MWe and was granted a 49-year production license on 29 May 2008 from EPDK .

An application was made to EPDK on 26 December 2017 to increase licensed installed capacity at Alaçatı WPP from 16 Mwe to 24 MWe. The application is still in process.

For a 10-year period valid from 2017, power produced at Alaçatı WPP will be sold in scope of the YEKDEM scheme.



MORDOĞAN WPP
15.00 MW

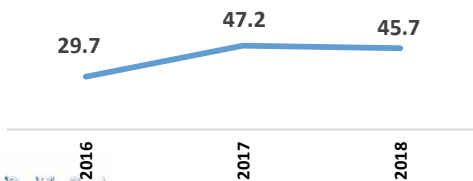
The turbines are located at Çatalkaya Neighborhood - Yellicebelen Hill, Mordogan District, Izmir Province.

The facility has an installed capacity of 13.8 MWe and was granted a 49-year production license on 29 May 2008 from EPDK .

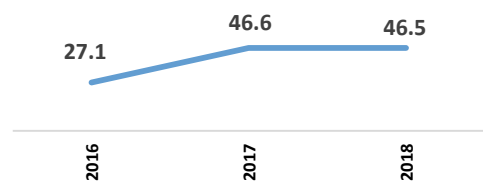
The facility entered commercial operation on 24 June 2016 following 7 months of intense preparation work.

For a 10-year period valid from 2017, power produced at Mordoğan WPP will be sold in scope of the YEKDEM scheme.

Production (GWh)



Production (GWh)



PRODUCTION PLANTS – WIND POWER PLANTS



YAYLAKÖY WPP 15.00 MW

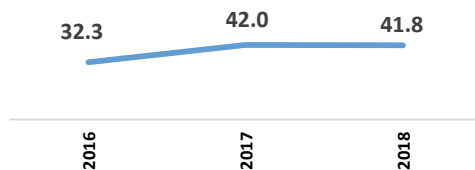
Yaylaköy WPP is located at Yaylaköy Değirmendere, Karaburun District, Izmir Province. The facility with an installed capacity of 15 MWe was granted a 49-year production license on 29 May 2008 from EPDK.

The facility entered commercial operation on 24 March 2016 following 5 months of intense preparation work.

An application was made to EPDK on 7 December 2017 to increase licensed installed capacity at Yaylaköy WPP from 15 MWe to 24 MWe. The application is still in process.

For a 10-year period valid from 2017, power produced at Yaylaköy WPP will be sold in scope of the YEKDEM scheme.

Production (GWh)



A hand in a dark suit jacket holds a wooden gavel, positioned next to a large, polished silver bell. The bell is mounted on a cylindrical base. The background is a dark stage with bright blue, out-of-focus lights and text, including the word "Liyor" visible on the left. The overall scene suggests a formal event, such as an Initial Public Offering (IPO).

*IPO of
"Kafein Yazılım"*

HIGHLIGHTS FROM "KAFEİN YAZILIM"



IPO of Kafein

Kafein, software support service provider and 21.72% subsidiary of Verusa Holding, has been IPO'ed in May 16, 2018 and its shares started trading in Borsa Istanbul (BIST).

The company's main focus is telecom 'BSS' (business support systems) but it also offers software development, project management, turnkey software solutions, consultancy, managed services, and outsource services. Kafein provides services for several big names in Turkey. For instance, Turkey's telecom service providers Vodafone, Turkcell and Turk Telekom, insurance companies ERGO and Allianz, flag carrier Turkish Airlines, retailer Migros and top selling Turkish newspaper, Hurriyet.

Kafein Yazılım has reached to TL 70,000,000 of saherholders' equity and TL 19,750, 000 TL paid-in capital.



Acquisition of 51% stake of Smartiks Yazılım

Having 11 years of experience in the software industry, Smartiks has three key areas in which it operates: customer relationship management (CRM), business intelligence and custom enterprise software development. Verusaturk GSYO has invested in 40% stake of Smartiks' capital in 2006.

Kafein completed the acquisition of a 51% stake in software company Smartiks in May this year for TL 25.4m, financed by cash inflow from its IPO (which generated TL39m).

The business will contribute to Kafein's top and bottom-line growth from 2H18, with synergies between the two companies enlarging Kafein's product portfolio and marketing power.

Kafein - Smartiks merger has been a successful partnership for both companies' future growth targets.

*Exits in
venture capital
investments*

of

*“Verusaturk Girişim
Sermayesi Yatırım
Ortaklığı A.Ş.”*

Successful exits in Verusaturk's VC investments



Profreight was founded in 2003 to provide transportation solutions such as road transport, maritime transport, rail and air transport, intermodal transport and storage services to all sectors. The company comprises numerous subsidiaries and affiliated businesses which all unite under the name of Profreight.

Our 65.64% subsidiary Verusaturk Venture Capital has purchased 44% stake of the company in 2014.

Profreight provides its services through the effective use of its experienced staff along with an extensive range of agents throughout the world. The company also has its established agents in Europe, CIS and Middle East countries. When needed, the company obtains support from world leading ship owners and related organizations.

Since Verusaturk reached the targeted growth and profitability in its investments, it sold the entire 44% stake in Profreight which has TL 8,000,000 paid-in capital to Mr. Mehmet Haldun Gedizşener and collected TL 12,500,000 for the value of 3,520,000 shares in order to evaluate new investments in different sectors.

As of January 2012, Verusaturk Venture Capital has acquired 76.8% of Aciselsan's shares from Privatization Administration and %15.2 of the remaining shares from Vakıf Bank's special Pension Fund Foundation.

Aciselsan has been operating in production, buying, selling and recycling process of sodium carboxymethylcellulose (NaCMC) with sustainable growth company mission since 1973.

CMC is widely used in powder and cream detergents, paint, wallpaper adhesives, textile, oil drilling, ceramics, food and cosmetics.

In compliance with the Capital Market Board Legislations about venture capital company investments and limitations, article III-48.3, Verusaturk exited 47.3% stake of Aciselsan and sold 5,071,148.653 shares representing the entire stake to Verusa Holding in order to evaluate different investment avenues and sectors.



Verusa Group Companies



GROUP COMPANIES and % SHARE IN CAPITAL

Direct Subsidiaries

- **Verusaturk GSYO A.Ş. (İstanbul)**
65.64%
Venture Capital Investments
- **Pamukova Elektrik Üretim A.Ş. (İstanbul)**
100.00%
Renewable Energy Production
- **Acıselsan Acıpayam Selüloz A.Ş. (Denizli)**
47.30%
Carboxymethylcellulose Production
- **Ata Elektrik Enerjisi Toptan Satış A.Ş. (İstanbul)**
100.00%
Electric Energy Wholesaling
- **Enda Enerji Holding A.Ş. (İzmir)**
26.82%
Renewable Energy Production
- **Standard Boksit İşletmeleri A.Ş. (İstanbul)**
100.00%
Mining Exploration
- **Aldem Çelik Endüstri ve Sanayi A.Ş. (İstanbul)**
40.75%
Construction Goods Production and Projects
- **Innoted Teknoloji A.Ş. (İstanbul)**
46.67%
Software Technologies

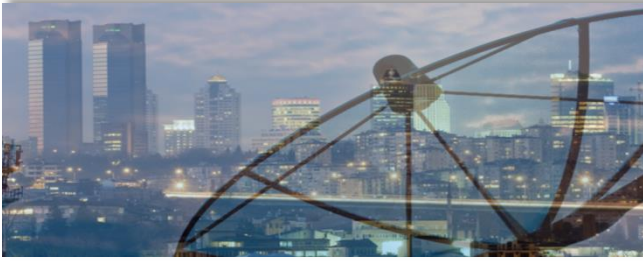
Indirect Subsidiaries

- **İklimya Elektrik Üretim A.Ş. (İstanbul)**
100.00%
Renewable Energy Production
- **Enda Enerji Üretim A.Ş. (İzmir)**
26.82%
Renewable Energy Production
- **Kafein Yazılım Hizmetleri Ticaret A.Ş. (İstanbul)**
21.72%
Software Technologies
- **Smartiks Yazılım A.Ş. (İstanbul)**
51.00%
Software Technologies



GROUP COMPANIES

Verusaturk GSYO A.Ş.



Pamukova Elektrik Üretim A.Ş.



As pursuant to the Capital Markets Board (CMB) Communiqués, Verusaturk is a venture capital investment trust company which was founded by Verusa Holding in 09.01.2012.

Verusaturk GSYO is a 65.64% subsidiary of Verusa Holding.

The company paid-in capital is TL 52,000, 000 and its registered capital ceiling is TL 75,000,000.

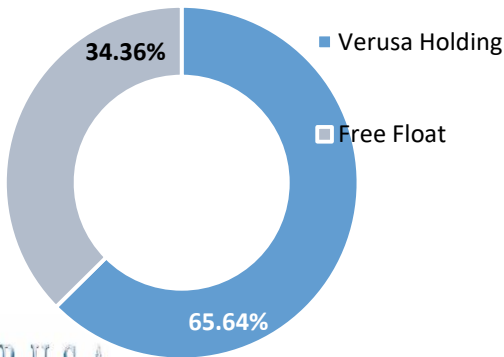
Verusaturk Venture Capital has a portfolio management licence issued by the CMB on 12 June 2012. And it has venture capital investments in Pamukova Elektrik Üretim A.Ş., Enda Enerji Holding A.Ş., İklimya Elektrik Üretim A.Ş., Kafein Yazılım Hizmetleri Ticaret A.Ş. and Smartiks Yazılım A.Ş.

Pamukova, 51% subsidiary of Verusaturk, founded in 2015 with paid in capital of TL 85,000,000 and operates in renewable energy industry.

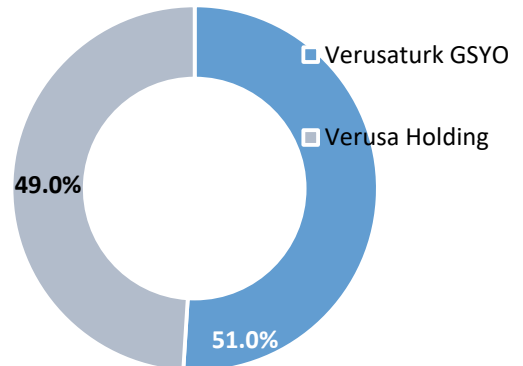
Pamukova invested in 19.50% stake of Enda Enerji Holding which is a major player in electricity generation from renewable resources in Turkey.

At the same time, Pamukova owns 94.41% stake of İklimya Elektrik Üretim A.Ş. which has a hydroelectric power generation plant in Erzurum. The HPP has 7.49 MW installed capacity and 21.14 GWh annual production capacity.

Shareholder Structure



Shareholder Structure



GROUP COMPANIES

Ata Elektrik Enerjisi Toptan Satış A.Ş.



100% Verusa Holding subsidiary Ata Elektrik Enerjisi Toptan Satış A.Ş. founded in 20018 has a wholesale electricity licence to eligible institutional and individual consumers throughout Turkey.

Ata Elektrik has 5.59% stake in İklimya Elektrik Üretim A.Ş. and it became the 3rd largest partner in EPIAS (Turkey Energy Exchange Management) by purchasing its 4% stake. EPIAS has TL 61.572.770 paid-in capital.

In the list of 2017 Fortune 500 ranking, it ranked the 2nd after TUPRAS with a net sales of 41.1 billion liras.

Enda Enerji Holding A.Ş.

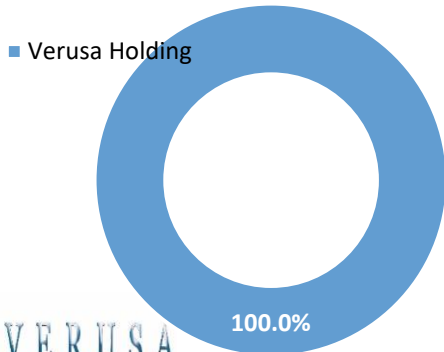


ENDA was founded on 7 January 1993 by more than 100 dedicated industrialists and businesspersons from Turkey's Aegean Region in order to meet Turkey's growing energy demand and with consideration to rising energy prices.

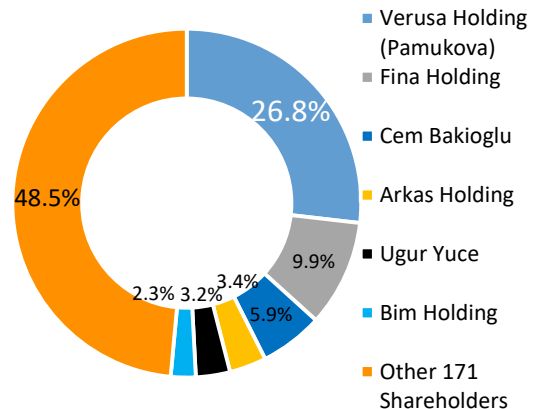
Enda Holding is a leader investment arm of Verusa Group which has a total of 26.82% stake (directly 7.32% and indirectly 19.50%) in Enda's capital of TL 300,000,000.

The company owns and operates a total of 10 power plants with 182.55 MW installed capacity including 102.5 MW installed capacity of 4 hydroelectric, 7.5 MW installed capacity of 1 geothermal and 73 MW installed capacity of 5 wind power plants.

Shareholder Structure



Shareholder Structure



GROUP COMPANIES

İklimya Elektrik Üretim A.Ş.



Pamukova owns 94.41% stakes of İklimya Elektrik Üretim A.Ş. which has a hydroelectric power generation plant located in Erzurum province, Senyurt region, on Tortum river.

The hydroelectric power plant which is called Havva HPP has 7.49 MW installed capacity and 21.14 GWh annual production capacity.

İklimya's fields of activity and interests include developing energy projects that use renewable resources and employ a variety of technologies.

HAVVA HPP has been selling the produced energy to energy market (TEIAS) since February 2014.

Standard Boksit İşletmeleri A.Ş.



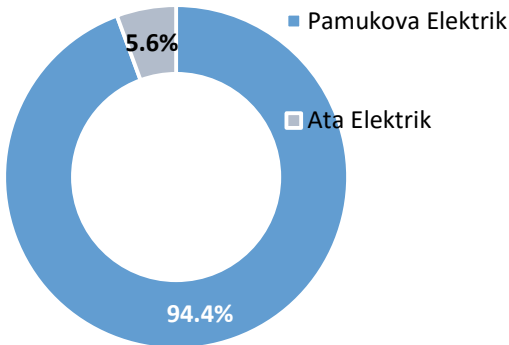
Standard was established in 2014 and it operates in energy, oil and mining exploration sectors.

Its commercial name has been changed to Standard Boksit İşletmeleri A.Ş. in 2018.

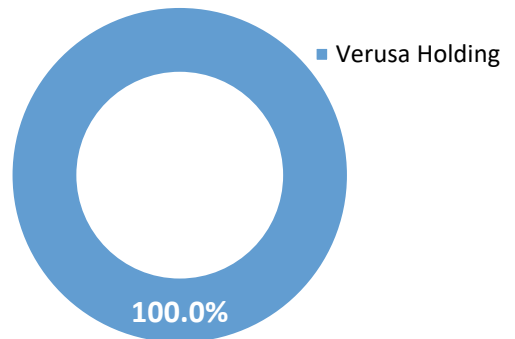
100% of the company is owned by Verusa Holding and the company capital is TL 15,000,000.

Standard has total of 14 mining regions including 11 bauxite ore, 2 copper ore and 1 steel ore prospecting licence.

Shareholder Structure



Shareholder Structure



GROUP COMPANIES

Aldem Çelik Sanayi ve Tic. A.Ş.



Aldem was established in 1984. Having initially served the leading companies of Turkey, it started to undersign projects out of Turkey. Now Aldem is exporting 70% of its goods and projects to Europe and MENA Region.

Aldem has been awarded by Turkish-French Association Production in consequence of product and production development quality.

Having expanded in foreign markets since 2000s, in 2010 Aldem has founded a steel oriented company ALDEM CONSTRUCTION in Libya.

Some of the sectors Aldem has been serving since its foundation are construction, energy, nuclear, automotive, machinery, ventilation, recycling and chemistry.

Verusa Holding has invested in 40.75% stake in Aldem's capital of TL 9,650,000.

Aciselsan Acıpayam Selüloz A.Ş.

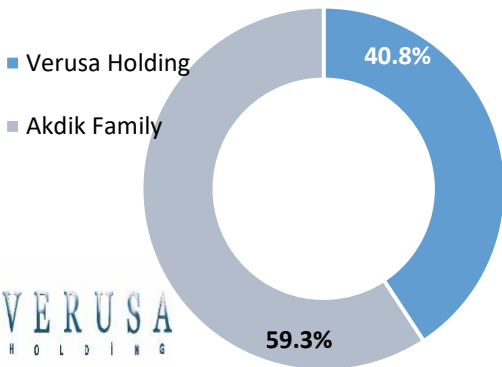


Aciselsan Acıpayam Selüloz Sanayi ve Tic. A.Ş. was founded in 12 April 1973, by the local residents of Acıpayam, Denizli, on a 210.848 m2 land area, producing sodium carboxymethylcellulose (Na CMC). CMC is widely used in powder and cream detergents, paint, wallpaper adhesives, textile, oil drilling, ceramics, food and cosmetics.

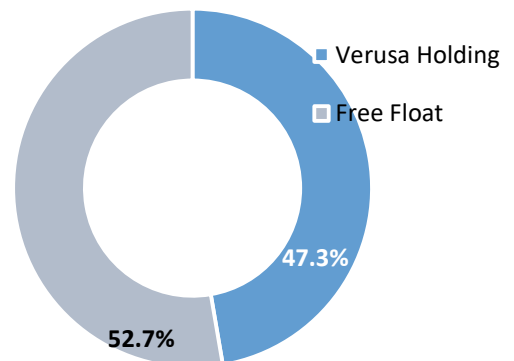
As of January 2012, Verusaturk Venture Capital has acquired 76.8% of Aciselsan's shares from Privatization Administration and 15.2% of the remaining shares from Vakıflar Bankası T.A.O.

Verusa Holding has purchased 47.3% of Aciselsan's stake that was previously owned by Verusaturk GSYO.

Shareholder Structure



Shareholder Structure



GROUP COMPANIES

Kafein Yazılım Hizmetleri Tic. A.Ş.



Kafein was founded in 2005 to serve in software technologies.

The company's main focus is telecom 'BSS' (business support systems) but it also offers software development, project management, turnkey software solutions, consultancy, managed services, and outsource services. Kafein provides services for several big names in Turkey. For instance, Turkey's telecom service providers Vodafone, Turkcell and Turk Telekom, insurance companies ERGO and Allianz, flag carrier Turkish Airlines, retailer Migros and top selling Turkish newspaper, Hurriyet.

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Smartiks Yazılım A.Ş.

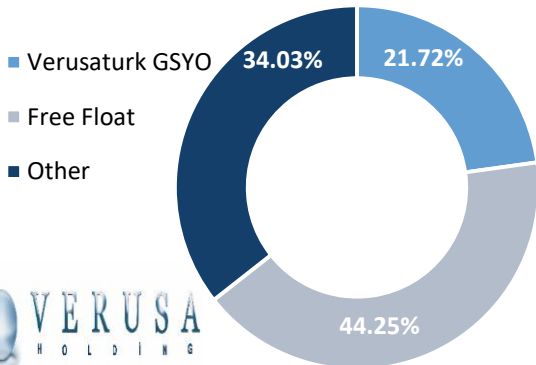


Having 11 years of experience in the software industry, Smartiks has three key areas in which it operates: customer relationship management (CRM), business intelligence and custom enterprise software development. Verusaturk GSYO has invested in 40% stake of Smartiks' capital in 2006.

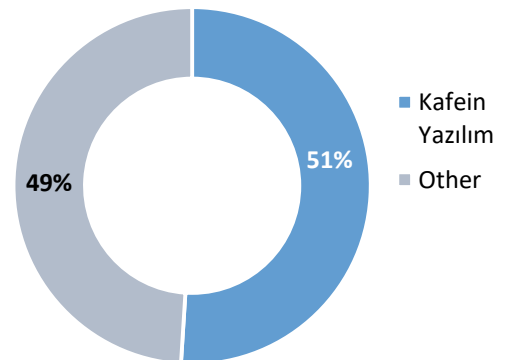
Smartiks mainly focuses on effective business solutions, software development and consultancy with its expert staff and serves to pharmaceutical, white goods, banking, aviation and telecommunication industries.

The company sold its 51% stake to Kafein Yazılım this year in May for TL 25.4m.

Shareholder Structure

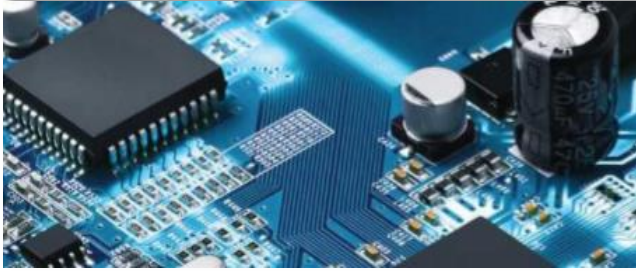


Shareholder Structure



GROUP COMPANIES

Innoted Teknoloji A.Ş.



Innoted Technology, founded in 2011 is an advanced technology products and systems manufacturer.

It serves hardware and software solutions and is an inventor of the prototype of Turkey's first POS machine.

Innoted also provides the software technology for all types of credit card billing facilities in Turkey. The company has a variety of clients operating in defense and telecommunication sectors.

Its head office is located in TUBITAK Marmara Teknokent A.Ş. in TEKGEB region.

Profreight Taşımacılık Hizm. A.Ş.



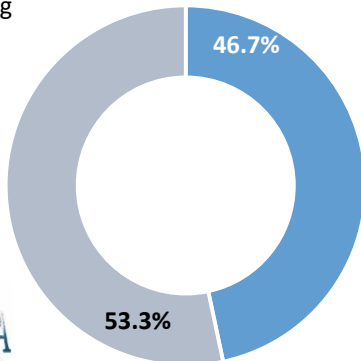
Profreight was founded in 2003 to provide transportation solutions such as road transport, maritime transport, rail and air transport, intermodal transport and storage services to all sectors. The company comprises numerous subsidiaries and affiliated businesses which all unite under the name of Profreight.

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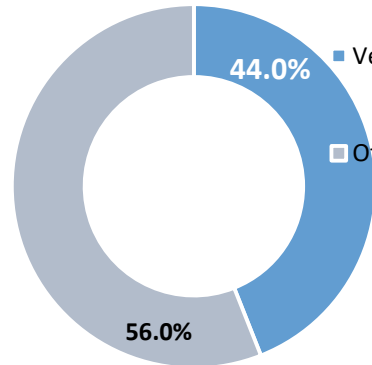
Shareholder Structure

- Verusa Holding
- Other



Shareholder Structure

- Verusaturk GSYO
- Other



Corporate Governance



Shareholder Structure

Verusa Holding Shareholder Structure

Verusa Holding's issued capital amounts to TL 70,000,000, 65.16% of which is held by Investco Holding and the rest 34.84% is the free float.

The Company's issued capital consists of 70,000,000 shares each with a nominal value of TL 1.

Verusa Holding shares are publically traded on Borsa Istanbul since 19.11.2013.

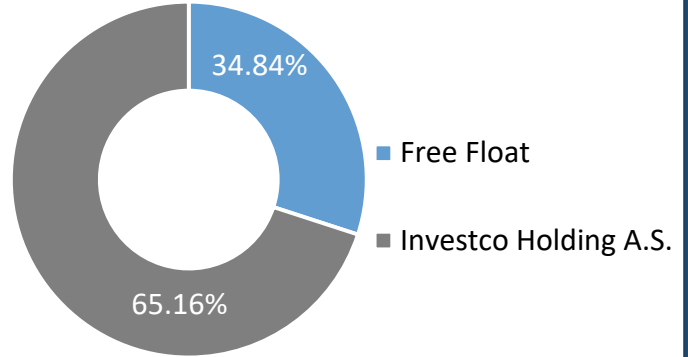
As per the approval of the Capital Market Board of Turkey dated 17 October 2012 and as per the Board of Directors' decision dated on 19 October 2012, the company has adopted the registered capital system.

The ceiling of the Company's registered capital is TL 300,000,000.

Information About Privileged Shares and Voting Rights

As per the Company's Articles of Association article 6, out of the issued capital TL 70,000,000 shares, the portion corresponding to TL 14,000,000 make up Group (A) shares and the portion corresponding to TL 56,000,000 make up Group (B) shares.

Group (A) shares are entitled to specific preferential rights with respect to their representation on the Company's Board of Directors and General Assembly.



Share Holders	Capital (TL)	Share in Capital (%)
Investco Holding A.Ş.	45,611,281.5	65.16
Free Float	24,388,718.5	34.84
Total	70,000,000.0	100.00

Pursuant to the Company's Articles of Association title "Board of Directors", half of the candidates in Board of Directors will be appointed among Group (A) shareholders or their candidates designated by them.

Article 12 of the Company's Articles of Association on the principles regarding preferential voting rights, in General Assembly Group (A) shareholders are accorded 15 votes for each share, while Group (B) shareholders are accorded 1 vote for each share.



Information About Corporate Governance

Remuneration of the Members of the Board of Directors

The total value of all remuneration provided to members of the Board of Directors during the reporting period was TL 2.481.873 (Last year as of 31 December 2017 it was TL 2.501.927).

None of the remuneration provided to members of the Board of Directors involves any travel, accommodation and representation expenses, in kind and in cash premiums, insurance and similar guarantees .

Research and Development

The Company indirectly carries out R&D activities through its subsidiaries Innoted Teknoloji A.Ş. and Aciselsan Acıpayam Selüloz Sanayi Tic. A.Ş. Attaching tremendous importance to technology, Innoted executes the projects on wire transfers, smart cashiers and billing systems across Turkey. Within the same scope, Aciselsan conducts advanced projects based on developing carboxymethylcellulose derivatives.

Activities of the Audit Group

The Audit Group is responsible for internal monitoring, risk management and reviewing all of the business processes and activities of Verusa Holding.

The Group, which is responsible for audit activities, carries out its activities under the Verusa Holding Audit Guidelines.

For further improvement of the organization's efficiency in all aspects and thus to help the organization to achieve its targets, top management of Verusa runs the company in compliance with the risk management, internal control and governance principles.

Committees

Committee for Audit

Mr.Sezai Bekgöz , PhD	HEAD
Mr. M. Ege Yazgan , PhD	MEMBER

Committee for Early Detection of Risk

Mr.Sezai Bekgöz , PhD	HEAD
Mr. M. Ege Yazgan , PhD	MEMBER

Corporate Governance Committee

Mr. M. Ege Yazgan, PhD	HEAD
Mr. Sezai Bekgöz , PhD	MEMBER
Mr. Mustafa Arslan	MEMBER

Acquisition of Shares

The Company currently holds 357.874 shares acquired.

Information About the Auditor

As per the Board of Directors' decision dated 31 March 2018 regarding the Auditor in compliance with the the Corporate Governance Principles in particular, and the provisions of the applicable capital market legislation, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) was appointed to be an independent auditor firm for the preparation of consolidated financial statements of the Company and it has unanimously decided to submit the General Assembly for approval.

Donations

The Company may make charitable donations that are in line with its sense of social responsibility and that comply with applicable principles and procedures of the Capital Markets Board.

During the specified period a corporate donation has not been made by the Company .



Information About Corporate Governance

Information About Related Party Transactions

Verusa Holding regularly engages in related-party transactions with its principal shareholder Investco Holding AS.

Currently applicable law prevents a controlling principal shareholder company from making decisions or engaging in acts which are detrimental to the interests of a controlled company. For this reason, no other measures or actions were deemed to be necessary in order to prevent the Company from suffering a loss.

Profit Distribution Proposal by the Board of Directors

Pursuant to the Company's Board of Directors' meeting dated on 07.06.2018 regarding the distribution of profit, the decision on dividend payment of TL 1,050,000 (gross) based on the net period profit of TL 14,371,791.14 and TL 1,370,448.44 on the consolidated financial statements prepared in accordance with the CMB legislations as of 31.12.2017 has been submitted to the General Assembly for approval.

In the General Assembly meeting held on June 6th, 2018, the Board of Directors approved to start the dividend distribution of TL 1,050,000 on August 13th, 2018 and it was finalized on August 15th, 2018.

Board of Directors' Opinion on Risk Management

The negative course of the global and local uncertainties in economy is the only factor that draws the attention of Verusa Holding and its subsidiaries in future investments.

Diversifying its portfolio by investing in energy and mining projects, Verusa Holding's strategy is to maximize shareholder value by increasing its ongoing revenues and profitability.

The Company's cash and capital market instruments portfolio has a potential market risk arising from serious volatility in foreign exchange and interest rates. Thereof, making systematically sound strategic decisions under uncertainties, Verusa Holding capitalizes its investments through its shareholders' equity. Since the company has a lower leverage, no other measures or actions were deemed to be necessary in order to prevent the Company from potential market risks.

Information about the General Assembly

The Ordinary General Assembly Meeting of our Company was held on June 29th, 2018, at 12:00 in Maslak, Istanbul with 85% majority of the shareholders to discuss the items stated on the following agenda;

- Reading and discussion of the Board of Directors' Annual Report on 2017 activities and reading the Auditor's Report on activities in 2017,
- Reading, discussion and approval of the financial statements of the year 2017,
- Discharge of the Board Members for their activities in 2017,
- Discussion and decision of the Board of Directors' proposal on the distribution of the operating profit in 2017,
- Determining the remuneration of the Board Members,
- Election of the Auditor "DRT Bağımsız Denetim & Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu)",
- Authorization of the Board Members to conduct the transactions provided under the Articles 395 and 396 of the Turkish Commercial Law,

The minutes of the General Assembly Meeting including the full text of the resolutions are presented at www.kap.org.tr.





*Corporate Governance
Compliance Report*

Corporate Governance Compliance Report

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Corporate Governance Principles Compliance Report for the 2018 period evaluated by the Corporate Governance Committee is included in this declaration.

Verusa Holding (the Company) adopts the principles of equality, transparency, accountability and responsibility of the Corporate Governance Principles in compliance with the Capital Markets Board ("CMB") while proceeding towards its objectives.

In 2017, the Company complied completely with the mandatory principles under Communiqué No. II-17.1 on the Identification and Application of Corporate Governance Principles, and did its best to comply with the optional principles in 2018.

Our Company exercises the necessary sensitivity for compliance with Corporate Governance Principles, and regarding this issue established committees continued to operate effectively.

News and prepared documents concerning General Assembly such as privileged shares, voting rights and organizational changes that are required to be disclosed are presented to the information of our investors 3 weeks in advance to the General Assembly Meetings. Policies and the working principles of the committees under the Corporate Governance Principles are available on our website.

Although our Company fully complies with the compulsory principles within the scope of the Corporate Governance and it has also widely implemented most of the non-mandatory principles since 2014, Verusa Holding has not yet achieved full compliance to such principles in a proper manner.

We are working on the principles not yet implemented and we plan to evaluate them once the administrative, legal and technical infrastructure for the effective governance of our company has been investigated.

PART II - SHAREHOLDERS

2.1. Investor Relations

The Investor Relations Department is responsible for ensuring the communication between the Board of Directors and the existing and potential shareholders, and carrying out the necessary transactions in accordance with the CMB Corporate Governance Principles, in order to exercise shareholding rights within the Company.

Investor Relations Department consistently and effectively manages matters related to the conduct of General Assembly Meetings, and particularly those related to the exercise of shareholders' rights, public disclosures and provision of company-related information, as well as annual reports and publishing them on the Company web site.

During the year, the Investor Relations Department responded to nearly 60 queries from local and foreign investors or investment companies, most of which were received by e-mail and provided a picture of the firm's existing operations and investments, with reference to actual financial and operational data.

The department reports to the Corporate Governance Committee, as well as to the Board of Directors and the Chief Executive Officer.



Corporate Governance Compliance Report

The relevant information about the Investor Relations Department which is responsible for liaising in the relations between Verusa Holding and its shareholders is the following:

Mr. Mustafa Arslan

Head of Investor Relations Department

Phone Number : +90 212 290 74 90

Fax Number: +90 212 290 74 91

E-Mail: mustafa.arslan@verusa.com.tr

Mr. Arslan holds the following CMB Licences ;

- Capital Market Activities Level 3
- Derivative Instruments
- Coroparte Governance and Rating
- Credit Rating

Mrs. Sema Gocmen

Associate of Investor Relations Department

& Head of Budgeting and Reporting

Phone Number : +90 212 290 74 90

Fax Number : +9 0 212 290 74 91

E-Mail : sema.gocmen@verusa.com.tr

Mrs. Gocmen holds the following CMB Licences ;

- Capital Market Activities Level 3

Responsibilities of the Investor Relations

In compliance with the CMB Corporate Governance Principles, the Investor Relations Department is responsible for;

- Ensuring the records of communications between the investors and the Company as well as other information and documents are kept secure and up-to-date.
- Responding to the questions received from shareholders information requests regarding the firm submitted by Turkish and foreign investors and analysts, save for confidential information and trade secrets withheld from the public.

- Preparing and updating the list of people with access to insider information, within the framework of the Material Cases Communiqué.
- Preparing documents that shareholders can use as a reference for General Assembly meetings and ensuring that General Assembly meetings are carried out in accordance with the Articles of Incorporation and other internal regulations of the Company.
- Ensuring compliance with, referral to, and monitoring of obligations arising from any CMB Regulations applicable to the shareholders of public corporations, along with the obligations regarding financial reporting, corporate governance, and public disclosure.
- Regularly reviewing the contents of the “Investor Relations” section of the website, applying updates where required.
- Informing shareholders and investors on a proactive and regular basis through conferences and investor meetings, about the developments concerning the Company.
- Supervising and monitoring all kinds of issues related to public disclosure legislation and preparing and sending material disclosures that should be made in the Public Disclosure Platform.
- Preparing presentations on and summaries of the Company’s operations and finances for the relevant operating quarters.
- Management and monitoring all procedures with the CMB, Borsa Istanbul A.Ş., Merkezi Kayıt Kuruluşu A.Ş., and any other capital markets agencies.



Corporate Governance Compliance Report

2.2 Exercise of the Shareholders' Right to Information

Any information requests submitted to the Investor Relations Department are responded to diligently in accordance with the principle of equality and without any discrimination between investors, provided that they do not concern confidential information or trade secrets currently withheld from the public. Accordingly, in 2018, any information requests submitted by the shareholders on various issues were responded to clearly and in detail via telephone and e-mail on a verbal and written basis. Every question was answered to the satisfaction of investors, provided that they did not concern trade secrets.

Furthermore, the "Investor Relations" section of the Company's website (www.verusa.com.tr) makes complete, accurate, and up-to-date information available to investors. In 2018, public disclosure of any developments that may affect the exercise of shareholder rights was achieved through the material disclosures on the Public Disclosure Platform (KAP), as well as the firm's website.

As the shareholders' right to demand the appointment of a special auditor is subject to regulations, the Articles of Incorporation does not stipulate any arrangements regarding the appointment of a special auditor. During the year, no request regarding the appointment of a special auditor was received.

2.3 General Assembly Meetings

The Ordinary General Assembly convenes at least once a year, within three months following the release of the annual financial reports in accordance with Article 413 of Turkish Code of Commerce, the Capital Markets Law, and the Corporate Governance Principles, in a manner that provides adequate information to and the extensive participation by shareholders.

Assembly meeting are published through any means of communication including electronic communications, so as to reach the highest number of shareholders, and according to the minimum time frames stipulated in the Turkish Code of Commerce, the Capital Markets Law, and other regulations concerned.

The Ordinary General Assembly Meeting of our Company was held on June 29th, 2018, at 12:00 located at Eski Büyükdere Caddesi Ayazağa Yolu İz Plaza Giz No:9 Kat:14 in Maslak, Istanbul.

The Ordinary General Assembly convened with the majority of the shareholders within the time frames stipulated in the Turkish Code of Commerce, the Capital Markets Law, and other regulations concerned.

The General Assembly meeting was held simultaneously in physical as well as electronic form, and via the Electronic General Assembly Meeting System. The venue for General Assembly meetings is arranged to enable participation by all shareholders.

Templates for proxy appointment letters for those who are employing a proxy to represent them at the General Assembly meeting, are made available to shareholders via newspaper ads and the website.

Prior to the General Assembly meetings, financial statements and reports, dividend payment proposals, and independent audit reports including the audited annual report are announced to the public for shareholders to review in compliance with the legal procedures and regulations regarding all disclosures.

Following the General Assembly meeting, the meeting minutes are registered in the Company's minutes book. The meeting minutes are available through KAP, EGKS, and the corporate website (www.verusa.com.tr) under Investor Relations part.



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2.4 Voting Rights and Minority Rights

As per the Company's Articles of Association (<http://verusa.com.tr/media/4793/verusa-holding-esas-sozlesme.pdf>) within the framework of Article 6, out of the issued capital TL 70,000,000 shares, the portion corresponding to TL 14,000,000 make up Group (A) shares and the portion corresponding to TL 56,000,000 make up Group (B) shares. Group (A) shares corresponding the total issued capital are entitled to specific preferential rights with respect to their representation on the Company's Board of Directors and General Assembly.

At the Ordinary and Extraordinary General Assembly Meetings of the Company, Group (A) shareholders are accorded 15 votes for each share, while Group B shareholders are accorded 1 vote for each share.

The Company's articles of association contains no privileges in relation to voting regarding *-amendment to the articles of association -opening a discharge and liability lawsuit .*

At the Shareholders' General Assembly Meetings, the shareholders may appoint any other shareholder or any other agents as proxy who shall be appointed externally, to represent them. Any proxy, who is also a shareholder of the Company, shall be authorized to exercise the voting rights of the shareholder(s) they represent in addition to their own voting rights. The form of the powers of attorney shall be determined and announced by the Board of Directors provided that it shall comply with the capital market regulations.



2.5 Dividend Rights and Dividend Policy

As per the Company's Articles of Association (<http://verusa.com.tr/media/4793/verusa-holding-esas-sozlesme.pdf>) within the framework of "Dividend Policy" Article 16 as well as the provisions of the Turkish Commercial Code (TCC), Capital Markets Legislation, Tax Regulations, the net profit of the Company remaining after the deduction of the financial obligations in the specified accounting period is dispatched as follows:

- a) 5% of the remaining amount is allocated to the first series of legal reserve fund,
- b) The remaining amount after the deduction of the first series of the legal reserve fund is allocated to the first level dividend ,
- c) The General Assembly is authorized to distribute the amount remaining from the net profit after the deduction of the first series of legal reserve fund and first level dividend to the Company's staff, to foundations established for various purposes and persons and institutions of similar nature,
- d) The General Assembly is authorized to distribute the amount remaining from the net profit after the deduction of the specified amounts mentioned in (a), (b) and (c) above as a second category dividend to shareholders or is authorized to keep it as an extraordinary reserve.

Unless the primary dividend figure established for those entitled to dividend is paid in cash, no decision to set aside other statutory reserves, transfer profits to the next year, or pay dividends to the Board of Directors, persons entitled to shares as per the Articles of Incorporation, officers, servants, laborers, foundations established for various purposes, and similar persons and/or institutions can be taken before the statutory reserves required by law are set aside.

Corporate Governance Compliance Report

Pursuant to the Company's Articles of Association governing the distribution of profits, it is further resolved that holders of usufruct share certificates are also entitled to an equal share of dividends after the deduction of the first series of legal reserve fund and first level dividend to shareholders established under Capital Markets Legislation.

The General Assembly decides the date of the dividend distribution. The General Assembly, or if authorized the Board of Directors, may decide to pay the dividend in installments in line with Capital Markets Board regulations.

Based on the meeting of the General Assembly of our Company, dated 29 June 2018, it was unanimously decided to distribute the net profit attributable to equity holders of the parent achieved in the consolidated financial statements amounting to TL 1,050,000 and profit distribution date is determined as 13 August 2018.

Pursuant to the decision of the General Assembly, the cash dividend payment was finalized on 15 August 2018.

2.6 Share Transfers

Group A shares can be transferred only with the approval of the Board of Directors in compliance with the Article 493 of the Turkish Commercial Law. There are no provisions in the Articles of Association that complicate the transfer of Group B shares.

Our company's Articles of Association sets out the principles regarding transfer of shares and it is published on the website www.verusa.com.tr under "Investor Relations" heading.



PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Disclosure Policy

The Corporate Disclosure Policy has been launched within the scope of equality, transparency, accountability and responsibility in line with corporate governance principles so as to provide the public, shareholders and investors swiftly and on a real-time basis with access to accurate and complete information about the company's past and future operations and financial performance together with future potential expectations and strategies disregarding the information that includes confidential and trade secrets withheld from the public.

Our disclosure policy is published on the website www.verusa.com.tr under the "Investor Relations" heading .

3.2 Corporate Website and its Contents

The Company's website address is www.verusa.com.tr. The Investor Relations section of the website contains the issues addressed in the CMB's Corporate Governance Principles. The website is launched to provide open, clear, and simultaneous disclosure to shareholders, stakeholders and the entire public. The information provided on the website is updated continuously.

The information provided on the website is presented in Turkish and we are working on publishing the website of the company in English language as well.

Corporate Governance Compliance Report

3.3 Annual Report

The Company's annual report is prepared under the details required in the Turkish Code of Commerce and the Capital Markets Regulations, so as to provide the shareholders, the public, and all other stakeholders with access to complete and accurate information on the Company's operations.

PART IV- STAKEHOLDERS

4.1 Disclosure of Information to Stakeholders

Our company has established open and honest communication avenues and provides all detailed and transparent information concerning the Company's operations presented to stakeholders in line with the CMB Corporate Governance Principles.

Verusa Holding applies the utmost diligence in compliance with the Capital Markets Board's Corporate Governance Principles regarding the Company's operations. The rights of all stakeholders are protected within the frame of the Code of Ethics published by the Board of Directors.

Stakeholders can convey any transactions deemed to contradict with the laws or the Company's ethical values to the Committee for Audit made up of Independent Board Members.

4.2 Stakeholders' Participation in Management

In the Company's Articles of Association there has been no such implementation established for direct participation of stakeholders in management. Keeping all lines of communication open, the Company maintains constant communication with employees via internal meetings when necessary.

It receives opinions and demands from all stakeholders involved with the Company and solution-oriented policies are designed by the senior management.

4.3 Human Resources Policy

The main objective of Verusa Holding Human Resources Policy is to recruit the qualified human resource and to create an admired and preferred corporation which has a fair and professional working environment.

To achieve this goal, within the framework of the Human Resources Policy of our Company, we are committed to :

- *Creating equal opportunity with all Human Resources applications during recruitment,*
- *Equal treatments of employees in promotions and rewards, implementing new policies for employees to increase their knowledge, skills and experiences,*
- *Conducting the necessary corporate training, development and cultivation activities to create competitive advantage*
- *Increasing the employee retention and motivation*
- *Implementing necessary development and improvement programs,*
- *Creating a corporate culture based on a dynamic, motivated and high-quality employees.*

Verusa holding HR policy guidelines covers general categories based on hiring practices, onboarding, employee conduct, workplace safety, compensation, benefits and performance evaluations, talent management, training and career development for employees.

As part of policy emphasis of creating career development opportunities for employees and managers, job descriptions, assignments, personal targets, rewards and performance assessments help determine their individual development plans.



Corporate Governance Compliance Report

Verusa Holding values its employees and respects their rights, and applies utmost importance of equal and fair treatment and open communication that enables receiving employees' opinions and suggestions, so as to maintain constant success and high performance.

Assessments regarding all positions within the company are monitored and feedback meetings are held annually with the employees.

Considering the small number of employees and transparent relationships with senior management, the company has not appointed employee representatives or a related department to conduct relations with employees.

The personal honor of each employee and all of their legally recognized rights are protected within the scope of the legislation in force, labor contacts and the Company Code of Ethics.

All necessary measures have been taken to ensure a safe and healthy work environment.

During the reporting period, the Human Resources and Education Department received no complaints on account of discrimination.

4.4 Code of Ethics and Social Responsibility

The Code of Ethics is defined, updated, and published by the Board of Directors and is made available to the employees.

Verusa Holding's the Code of Ethics is a set of the Company rules and policies, and all employees, including the Board of Directors and the executives are required to abide by the code.

Within the scope of its corporate social responsibility concept,

the Company conducts social responsibility projects with the support of subsidiary companies and its high-quality work force.

The Company and its subsidiaries extend all necessary cooperation and provide gratuitous support to projects in areas that it regards within the scope of social requirements and its social responsibility such as prevention of environmental pollution and protection of natural resources in their field of activities.

Verusa Holding attaches utmost importance to all issues related to corruption and law violation, including bribery.

PART V - BOARD OF DIRECTORS

5.1 Structure and Formation of the BOD

The firm shall be represented and administered by a Board of Directors composed of at least 6 (six) members to be elected by the Board of Directors in accordance with the Turkish Code of Commerce, and the CMB Regulations.

There are no female members of the board of directors of our company.

As of 31.12.2018, the members of the Board of Directors are as follows ;

Board of Directors	
Mr. Mustafa Ünal	Chairman
Mr. Reha Çırak	Vice Chairman
Mr. Mustafa Necip Uludağ	Member
Mr. Ömer Özbay	Member
Mr. Sezai Bekgöz, PhD	Independent Member
Mr. M. Ege Yazgan, PhD	Independent Member



Corporate Governance Compliance Report

5.2 Operating Principles of the Board of Directors

The Board of Directors manages and represents the Company. The independent members of the Board of Directors' duties, rights and powers are stipulated in the the Corporate Governance Principles of the Capital Markets Board. As required both by the CMB's Corporate Governance Principles and by the Company's Board of Directors Operating Principles, there are three committees within the Board: a Corporate Governance Committee, a Committee for Early Detection of Risk, and a Committee for Audit.

These committees are headed by Independent Board Members and are established in accordance with the CMB legislations.

The Board of Directors shall convene when deemed necessary for the Company's business affairs with a required quorum in compliance with the Turkish Commercial Code.

The remuneration to be paid to the members of the Board of Directors are determined in the General Assembly meetings in compliance with the CMB legislations.

The insurance necessary to indemnify the losses that Members of the Board of Directors may cause to the Company by reason of their faults in the performance of their duties has been purchased so as to cover the Company and its subsidiaries.

In 2018, The Board of Directors convened 24 times and passed 25 resolutions.



Approximately 90% of the Board Members attended the Board meetings.

5.3 Number, Structures and Independence of the Committees Established Under the Board of Directors

Two independent members have been appointed to the Board of Directors ensuring the Board of Directors conforms to the Corporate Governance Principles on 06 February 2014 . Our company has established committees to enable the BoD to perform its functions and meet its responsibilities . As required both by the Capital Markets Board's Corporate Governance Principles and by the Company's Board of Directors Operating Principles, there are three committees within the Board: a Corporate Governance Committee, a Committee for Early Detection of Risk and a Committee for Audit.

The heads and members of committees of Verusa Holding are presented below.

Audit Committee

In accordance with the Corporate Governance Principles of the CMB, the Board of Directors decided to appoint Mr. Sezai Bekgöz as its committee chair, while Mr. M. Ege Yazgan as the committee member.

The purpose of the committee reporting to the Board of Directors is to assist the Board of Directors with respect to the Company's accounting system, public disclosure of financial data, independent audits, and overseeing the operation and effectiveness of the internal control system in line with the Capital Markets Regulations and the principles stipulated therein, as well as to consider and report to the Board of Directors any issues it observes during its assessments.

The Audit Committee convenes at least 5 times to review the Company's financial tables and to appoint an independent auditor.

Corporate Governance Compliance Report

Corporate Governance Committee

In accordance with the Corporate Governance Principles of the CMB, the Board of Directors appointed three members to the committee. Mr. M. Ege Yazgan serves as the committee chair, while Mr. Sezai Bekgöz and Mr. Mustafa Arslan serve as the committee members.

The Corporate Governance Committee is set up to support and assist the Board of Directors by working on monitoring the firm's compliance with the corporate governance principles in accordance with the Capital Markets Regulations, identifying the candidates to be elected to the Board of Directors, establishing the company's perspective, principles, and applications regarding remuneration, assessing the performance and career planning of the board members and executive staff, overseeing investor relations operations, and making applicable proposals to the Board of Directors.

Within the framework of above mentioned principles, the Committee convenes once a year.

Committee for Early Detection of Risk

The Committee was established through the Board of Directors' resolution dated 06.02.2014.

In accordance with the Corporate Governance Principles of the CMB, the Board of Directors decided to appoint Mr. Sezai Bekgöz as its committee chair, while Mr. M. Ege Yazgan as the committee member.

The Early Detection of Risk Committee is set up in line with the Turkish Code of Commerce, the Articles of Association and the Corporate Governance Principles of the Capital Markets Board, with a view to submitting

recommendations to the BOD, with respect to the early detection of risks which could threaten the existence, development, business operations, financials and continuation of the Company, as well as the application of the measures regarding identified probable risks and the management of them.

In order to serve these purposes, the Committee convenes 6 times a year.

5.4 Risk Management and Internal Control Mechanism

The Company's risk management activities are being carried out by the Committee for Early Detection of Risk under the ultimate responsibility of the Board of Directors. Risks are investigated through periodically prepared reports and meetings and they are evaluated in detail.

The operating principles of the Committee for Early Detection of Risk are posted on the Company's website.

5.5 Strategic Goals of the Company

The BOD of the Company pays utmost attention to the opinions and suggestions of the relevant units during the determination of the strategic goals.

The BoD, through the strategic meeting it holds once a year, reviews the Holding's operations and financial performance, monitors the actualizations within the frame of strategic goals, develops new strategies and makes investment decisions taking into account the management's recommendations.



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5.6 Financial Rights

The financial benefits provided to members of the Board of Directors composed of the Company in the year 2018 are stated below:

Total Amount of Benefits (TL)	
Board of Directors	2,481,873

The remunerations of the Members of the Board of Directors are proposed by the Corporate Governance Committee, and the remuneration to be paid is determined by the General Assembly.

The wages payable to the members of the Board of Directors are the cash payments set with reference to the Company's profitability and effected regularly and continuously at certain periods in a year.

Such payments to senior executives are set with reference to the position and the nature of the work, experience and remuneration policy of the Company.

The total payments made within the framework of the "Remuneration Policy for BoD Members and Executive Management" are published in the footnotes of our quarterly audited financial statements and in our company annual reports .

During the reporting period, the Company engaged in no transactions such as lending, granting loans, extending credit through a third person under the name personal loan or providing guarantees involving Board Members or senior managers.

5.7 Changes in Legislation during the Reporting Period

During the reporting period, there has been no changes to the communiqués and regulations as well as the articles of association or internal regulations issued, which may potentially affect the Company's activities, as well as there has been no changes to the articles of association or internal regulations.

5.8 Law Suits

There is no litigation or legal proceedings filed which would materially affect the Company's ability to perform its obligations and business operations.

The Company is not a party to any lawsuit, action or other proceedings pending within the period.

Furthermore, there were no conflicts of interest between the Company and the related service providing institutions such as financial consultants, credit rating agency, real estate appraisal firms either during the course of service procurement or subsequently.

