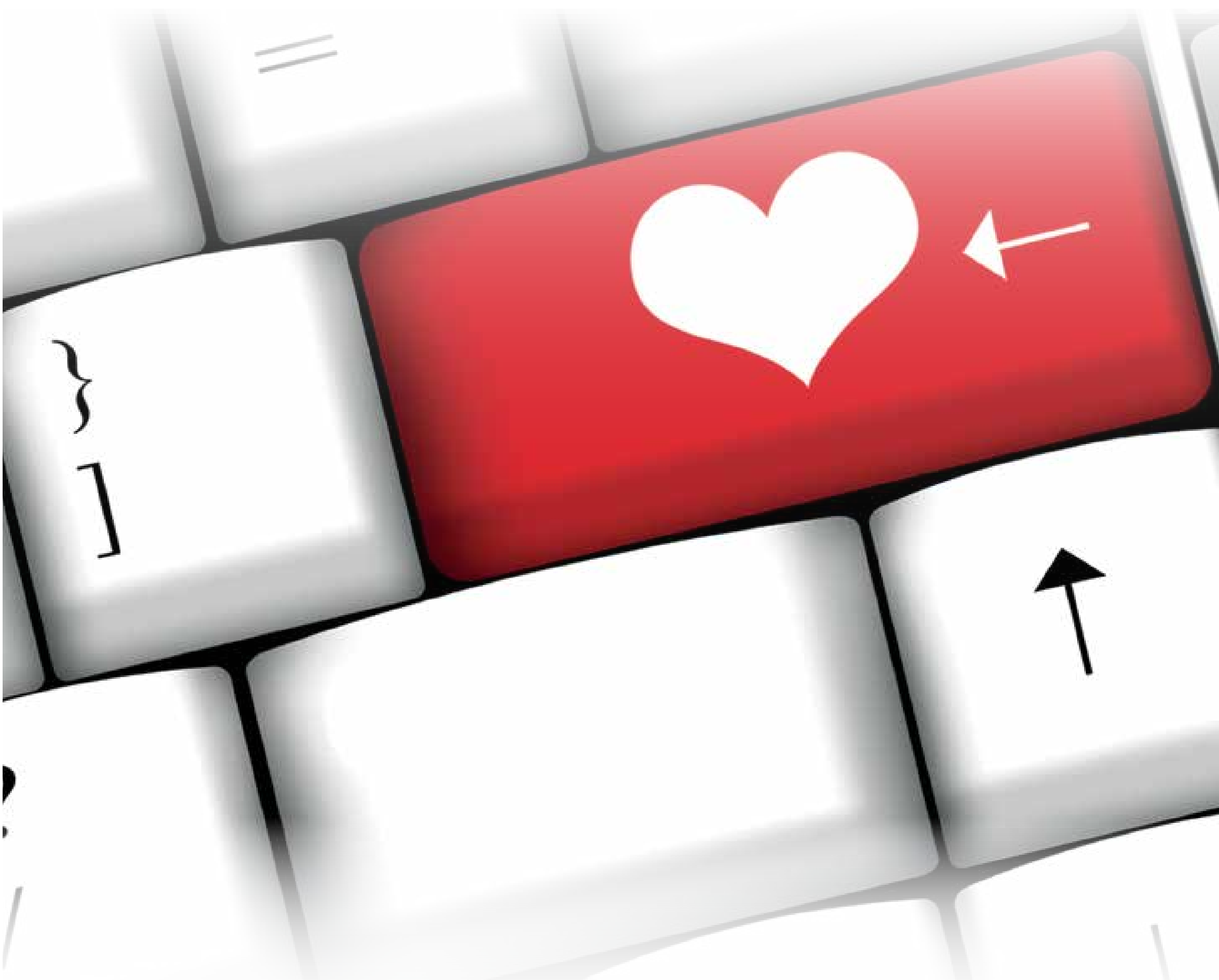
GLOBAL INVESTMENT HOLDINGS

ONLY THOSE WHO LOVE THEIR JOBS CAN MAKE A DIFFERENCE AT WORK



GLOBAL INVESTMENT HOLDINGS
ANNUAL REPORT 2017

GLOBAL
INVESTMENT HOLDINGS

Contents

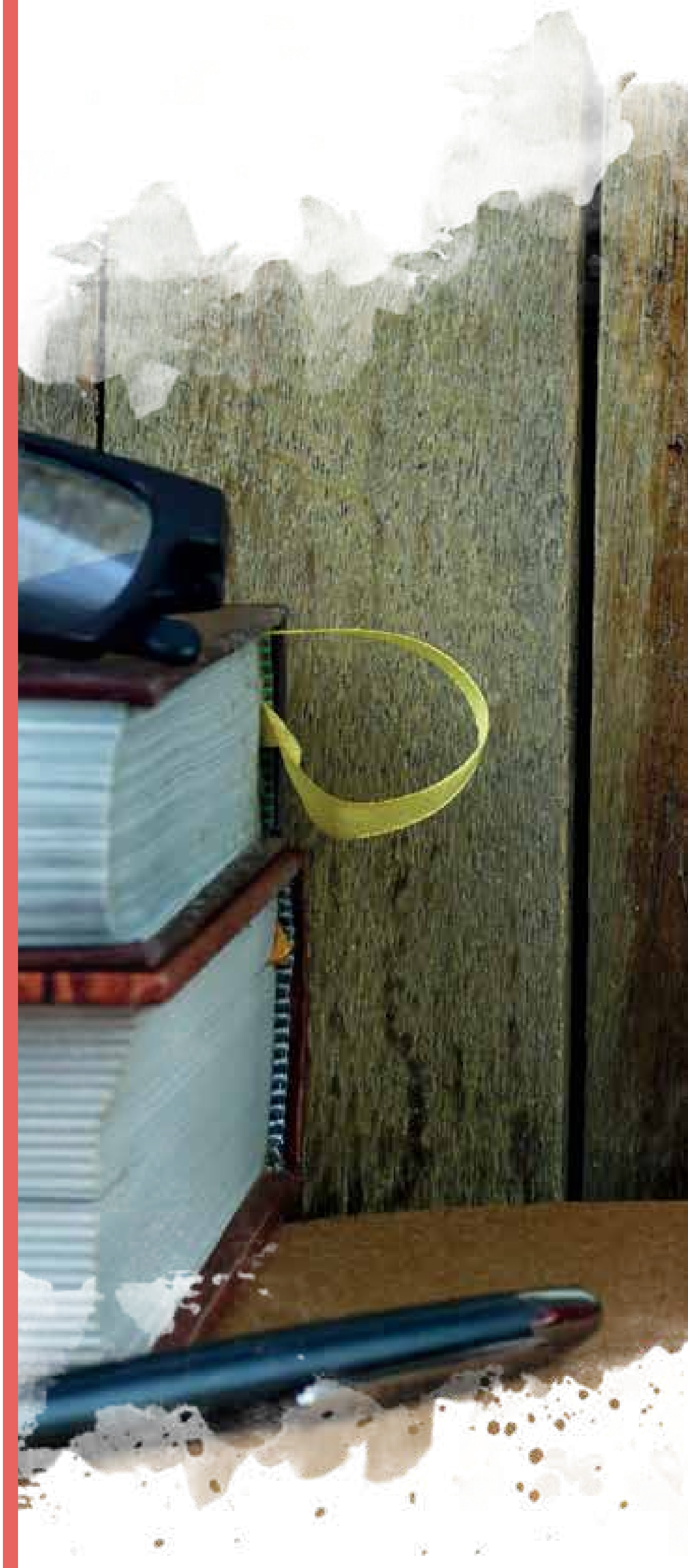
Global Investment Holdings has achieved success in all its business areas.

WHAT DOES THE STORY OF A SUCCESSFUL TRANSFORMATION LOOK LIKE?

A BROKERAGE FIRM THAT TRANSFORMS INTO A DIVERSIFIED CONGLOMERATE IN 12 YEARS, INCREASING TOTAL ASSETS 18X AND TOTAL EQUITY 11X ALONG THE WAY. THIS IS THE STORY OF GLOBAL INVESTMENT HOLDINGS. HOW DO WE DO IT? THE ANSWER IS SIMPLE: WE LOVE OUR JOB!

WE DON'T GET THE MONDAY BLUES.

AT THE START OF EACH WEEK, WE THINK ABOUT HOW WE CAN MOVE FORWARD EVEN MORE. OUR DRIVE TO SUCCEED HELPED US BOOST OUR REVENUES **28% YEAR-ON-YEAR TO TL 806 MILLION.**




Happy Monday!

WE MISS WORKING ON HOLIDAYS.

SINCE OUR JOB CAN BE DESCRIBED IN BRIEF AS OPPORTUNITY EVALUATION, WE ARE CONSTANTLY SEEKING OUT NEW OPPORTUNITIES. THANKS TO THIS APPROACH, WE INCREASED REVENUES FROM OUR PORT OPERATIONS BY **22% TO TL 424 MILLION IN 2017.**


GLOBAL
Global Yatırım Holding

WE ALWAYS MAINTAIN OUR POSITIVE ENERGY AT THE END OF THE DAY.

CONSTANTLY ADDING VALUE TO INVESTMENTS IS A DIFFICULT AND STRESSFUL JOB. BUT SINCE WE ALWAYS STAY FOCUSED ON OUR GOALS, WE ARE ABLE TO TURN OUR ENERGY INTO SUCCESS. **THE 37% GROWTH** WE ACHIEVED IN OUR ENERGY OPERATIONS DEMONSTRATES THIS ABILITY.

Chairman's Message

In 2018, we will continue to strengthen, and expand our investments into new countries.

2017 HAS BEEN A YEAR OF "SUCCESS" AND "RECORD", DESIGNATING ITSELF AS AN INFLECTION POINT FOR GLOBAL INVESTMENT HOLDINGS AND ITS SUBSIDIARIES.

Chairman's Message

I begin this letter with a sense of accomplishment and pride about Global Investment Holdings ("GIH") that has successfully managed to expand its mark on the world in the year 2017. During a time of political and economic uncertainty in both Turkey and around the globe, we were able to undertake some of the most impactful decisions in our history, achieve record-highs, and establish our market leadership in certain sectors, all the while improving our overall debt position. In many ways, the year 2017 will serve as a future benchmark for the performance of our company: it is the result of decades worth strategizing and revaluation of ideas and practices, ensuring the continuing success of GIH in the long term.

In the year 2017, GIH realized significant investments in all sectors it operates in; namely, Port Management, Energy, Finance, and Real Estate. We have managed to stand out again as one of Turkey's foremost holding companies, delivering on our promises in another tough year for Turkey, maintaining our success both in our home markets and abroad. Indeed, year by year, we effectively continue to further cement GIH as a global brand of international prestige, strengthening and expanding our investments into new countries. For that, I owe my utmost gratitude to our diverse and experienced team, who allows GIH to move forward with boldness and wisdom in each step we take.

Devoid of sectoral and geographical limitations, we have proven ourselves to be capable of becoming a leader in the international arena, further increasing our reach every year.

Global Investment Holdings' flagship company, Global Ports Holding PLC, ("GPH") the largest independent cruise port operator in the world, has realized its initial public offering (IPO) on the London Stock Exchange in May 2017, in line with its growth strategy. GPH received gross proceeds of £58mn (USD75mn), which will be used to develop and expand the cruise business. Having established itself with ports across the Mediterranean, Atlantic, and Asia-Pacific region, Global Ports Holding is now targeting the Caribbean and Asia as it continues to expand and diversify geographically.

The landmark event of the Global Ports Holding IPO was a moment to reflect on how we have progressed since our beginnings as a single cruise port in Kuşadası in 2005, and how we went on to pioneer a concept missing in the world's cruise industry at that time: a centralized organization that combined common standards and shared learning with the irreplaceable knowledge of local teams. The IPO was also notable for the quality of the investor base it attracted. Strong, long-term investors appreciated the exceptional inorganic growth potential stretches in front of us in the cruise sector, as well as the strength of our container and bulk cargo business.

MEHMET KUTMAN CHAIRMAN

As the largest cruise port operator in the world, our ports group is perfectly placed to serve this growth. "World's largest cruise port operator" is not a title we take lightly: it has been hard-won and we take a lot of pride in it. We know that running a cruise port is not a numbers game; it brings with it a duty of care to the neighbouring citizens, local business, infrastructure, and environment. We have proven that we are capable of rising to this challenge of running ports effectively and responsibly, and furthermore, we're honoured that our success as a business also translates to the world's increased exposure to Turkey. As I have said before, "every port is essentially a Turkish embassy."

Our growth will also come with new territories. In particular, we believe our vision and skills are highly transferrable to the Caribbean, where passenger numbers (one of our key sources of revenue) are considerably higher. In the Med, only our Barcelona port sees the levels of passengers that routinely pass through the core ports of the Caribbean, and this region is our principal focus for business development in 2018.

Closer to home, we are looking to continue our expansion through inorganic growth in the Med, and as I write we are in negotiations with 12 potential ports. Typically, port infrastructure is owned by government agencies in one form or another, and negotiations are complex, but we hope to welcome perhaps 2-3 new destinations into the GPH portfolio during 2018.

What is clear to all our stakeholders is that the cruise industry, and therefore the allied industries such as ours that serve it, has vast scope for growth, as

"World's largest cruise port operator" is not a title we take lightly: it has been hard-won and we take a lot of pride in it.

Chairman's Message

Following the successful IPO of the port business on London Stock Exchange, coupled with the cash commitment from Centricus, the Group enjoyed a significant improvement in debt position.

In June 2017, Global Investment Holdings successfully completed a capital increase process where Centricus subscribed and acquired a 30.7% stake in the company.

new ideas, fresh fleets and a younger passenger demographic alter the face of the industry completely. Already running at 100% occupancy, the cruise lines are investing to add 50% capacity over the next four years alone. And they are growing the market: brands such as Virgin and Disney are enticing aboard a new generation and character of passenger, who, previously would never have considered cruising. Every facet of the cruise experience is also being reimagined. Can you picture the full drama of a Cirque du Soleil performance aboard a cruise ship? It's already happening, along with a new generation of Technologies to make every experience unforgettable.

Against this backdrop, we see double digit growth over the next ten years, evidenced by the cruise lines' orders for new ships: the major yards around the world already have contracts to build over 90 new cruise liners, and only a lack of capacity prevents them accepting more. These ships are larger, providing fabulous accommodation, hospitality and entertainment for 6500 passengers. In turn, economies of scale will drive lower costs, widening the market still further. We are also seeing new target audiences emerging, such as increasingly wealthy citizens of China who can fly in and enjoy six Mediterranean countries in seven days.

Our ports group is not the only part of our company that enjoyed a successful year: in our energy group, in October 2017, Global Investment Holdings started power generation from biomass resources in its Aydın and Şanlıurfa power plants with a 17.2 MW total installed capacity. These two biomass power plants will be subject to Renewable Energy Resources Support Mechanism (YEKDEM), selling electricity at an incentivized 13.3 dollar-cent/kWh level. Global Investment Holdings aims to continue acting as an industry pioneer, spearheading the development of biomass projects in various locations across Turkey to achieve a substantial installed capacity, reaching 125MW with an investment of c.USD-250mn within the next three years.

GIH's Tres Energy subsidiary provides cogeneration and trigeneration solutions in energy production and energy management to end-users, allowing for higher energy efficiency and diversity, as well as greater savings. Our total energy supply is 58.3MW, of which 50MW is actively being used as of December 2017. Meanwhile, we also have 2 solar energy investment projects totalling 14MW, which we are aiming to increase to 100MW in unlicensed production capacity. We're also pursuing plans to bid on large scale government tenders, as may be announced in the near future.

Furthermore, Naturelgaz, of which GIH owns 94.4%, is performing parallel to our expectations, if not exceeding them. In January of 2018, sales of CNG were above, and operating costs were below initial projections, signalling a favourable trajectory for the rest of the fiscal year. Currently, Naturelgaz operates the largest distribution network of CNG in Turkey, as well as the largest reserve infrastructure. CNG is an economically viable, safe, and clean fuel that we distribute to places where there is a lack of pipelines for natural gas and its use cases range from large industrial operations, to small businesses, even villas and apartments, answering natural gas needs. We are especially proud of our accomplishments in the transportation sector: auto-CNG as a fuel is gaining adoption by the leading vehicle manufacturers of Turkey, as converting to CNG has proven to be not only environmentally stable, but a lot cheaper as well, savings from converting to the cost efficient fuel reaching upwards of 40%. With our 13 CNG stations across Turkey, we retain our lead in the sales and distribution markets of this cleaner, quieter, and cheaper source of energy, focusing on large and mid-sized vehicles and vehicle fleets used for commercial and logistical purposes. As the world's petrol reserves diminish, alternative energy sources such as natural gas will likely become more viable to use – a trend that we can definitely see even today. Thankfully, Turkey is geographically situated at the epicentre of the world's largest gas reserves from Russia to Iraq, which provides a bountiful opportunity to establish vast networks of this clean, alternative fuel.

As for real estate, I am personally very proud to see our investments come into fruition. We are finally able to witness our Van Shopping Mall filled to the brim with customers, and the "Lifestyle Centre" concept of the mall seems to have struck a cord with the local community. For the first time, there are children in Van who can go to the movies, and I could not be happier it is our mall that is bringing these new experiences to the beautiful city. We have already held numerous events that have garnered positive responses, from concerts of popular Turkish musicians, to exhibitions of works by disabled artists, and public reception seems to be at an all-time high. Similarly, Sümerpark mall in Denizli also seems to have become somewhat of a staple in the southwestern city, one of many projects in the area that are contributing to its economic development. It is truly a satisfying experience to see first hand, and to know that one's work is contributing to the changing fabric of a society, for the better.

As for our finance group, in June 2017, Global Investment Holdings successfully completed a capital increase process where Centricus (F.A.B Partners LP) subscribed and acquired a 30.7% stake in the company. The strategic partnership with Centricus, an asset management advisory firm backed by large global investors, is expected to further accelerate Global Investment Holdings growth in Turkey as well the rest of the world. In this context, the Group will focus on its new strategy to develop regional and global enterprise only in selected core businesses, which are infrastructure (ports), clean energy, and asset management.

Actus Asset Management, of which GIH owns 90%, is also proving to be a very wise investment, synergizing well with our overall investment strategies: we like to invest long-term, and in a similar vein, we think there is a lot to be gained from investing in infrastructure. Currently, we are predicting Actus to become the largest independent portfolio management company in Turkey, aiming at a $1 billion investment portfolio over the course of the next 12 months, largely made up of long-term infrastructure projects. Initial targets include opportunities such as toll roads, bridges, hospitals – the likes of which the Turkish government has been heavily supporting for the past few years.

Following the successful IPO of the port business, coupled with the cash commitment from Centricus, the group enjoyed a significant improvement in our debt position. Consolidated Net Debt has decreased from TL 1,991 million at 2016-year end to TL 1,431million in 2017. Likewise, holding stand-alone Net Debt position of TL 499 million decreased almost entirely to TL 89 million, which will significantly reduce net interest expenses going forward. JCR Eurasia Rating, in its periodic review, also upgraded GIH and its Cash Flows of Bond Issues to BBB+ on the Long Term National Local Scale, and to A-2 on the Short Term National Local Scale.

Some years are particularly memorable, and 2017 has been such a year for Global Investment Holding. A year of multiple records and successes, 2017 serves as an inflection point for Global Investment Holdings and its subsidiaries, while share price more than doubled in USD terms. We are at a stage where we know what we want to do, and how to do it, and are constantly evaluating the markets to make our next move - when conditions both in our country, and around the world, allow for it. Our true measure of success is the value we create in the long term, and the strength of our market leadership. In that effort, we are grateful to our shareholders for their support and encouragement and to each other for our hard work.

MEHMET KUTMAN

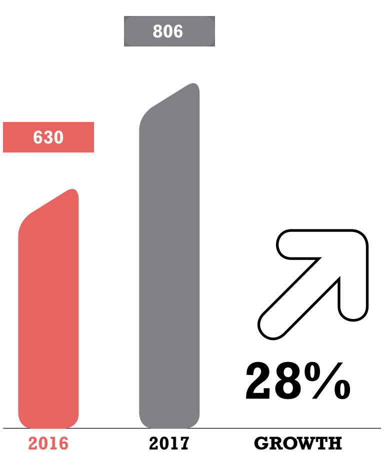
CHAIRMAN

Global Investment Holdings
Group in Summary

Global Investment Holdings' flagship company, Global Ports Holding, is the largest independent cruise port operator in the world.

With interests in a range of burgeoning business sectors and traditional non-bank financial service providers, Global Investment Holdings has evolved into a dynamic investment vehicle.

TURNOVER
(TL MILLION)



Global Investment Holdings (GIH) is a diversified conglomerate with investments in multiple industries: ports infrastructure, real estate, energy, and financial services. With interests in a range of burgeoning business sectors and traditional non-bank financial service providers, Global Investment Holdings has evolved into a dynamic investment vehicle. Its current portfolio offers high growth with 'first mover' advantages. At end-2017, GIH reported total assets of TL 4.4 billion and shareholders' equity of TL 1.6 billion.

NEW STRATEGIC FOCUS: PORTS, CLEAN ENERGY & ASSET MANAGEMENT

Going forward, the Group's new strategy is to develop regional and global enterprises only in selected core businesses: infrastructure (ports), clean energy and asset management. This focus will allow GIH to target its resources more efficiently and expand more rapidly in these strategic, high growth areas.

Global Ports Holding Plc IPO & London Stock Exchange listing: Additional international growth ahead

Global Investment Holdings' flagship company, Global Ports Holding, is the largest independent cruise port operator in the world. In May 2017, GPH realized its initial public offering (IPO) on London Stock Exchange in line with its growth strategy. Global Ports Holding received gross proceeds of GBP 58 million which will be used to develop and expand the company's cruise business.

Having established itself with ports across the Mediterranean, Atlantic and Asia-Pacific, Global Ports Holding is now targeting the Americas and Asia as it continues to expand and diversify its geographic footprint. As the sole global cruise port consolidator, there is significant opportunity for GPH to replicate its Mediterranean network in the world's largest cruise market – the Caribbean.

STRATEGIC PARTNERSHIP WITH CENTRICUS: AN EXPANDING ASSET MANAGEMENT BUSINESS

In June 2017, Global Investment Holdings successfully completed a capital increase transaction where Centricus subscribed and acquired a 30.7% stake in the company. The strategic partnership with Centricus, an asset management firm backed by large global investors, is expected to ramp up Global Investment Holdings growth in Turkey as well globally.

Centricus is an asset management firm backed by large global strategic investors.

The investment by Centricus affirms the trust in the future of Turkey and Global Investment Holdings. This TL

245 million capital injection will further accelerate Global Investment Holding's growth in Turkey as well the rest of the world as a global investor in infrastructure and energy.

SIGNIFICANT IMPROVEMENT IN TOTAL DEBT & EQUITY POSITION: SOUND FUNDAMENTALS

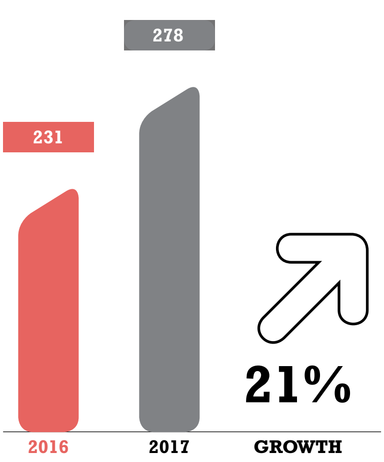
Combining Global Ports Holding's IPO in London, the TL 245 million cash commitment from Centricus and solid operating profit via robust EBITDA generation, total equity increased on a consolidated basis from TL 913 million in 2016 to TL 1,595 million representing a 75% increase. Meanwhile, consolidated Net Debt has decreased from TL 1,991 million at 2016-year end to TL 1,431 million in 2017. Likewise, holding stand-alone Net Debt position of TL 499 million decreased almost entirely to TL 89 million, which will significantly reduce net interest expenses in the following quarters.

Global Investment Holdings
Group in Summary

Global Investment Holdings has a well-earned reputation of success thanks to the numerous investments it has pioneered in diverse industries since its founding.

GIH plans to boost its current 75.5 MW installed capacity in distributed renewable power generation to 400 MW by 2020.

EBITDA (TL MILLION)



CLEAN ENERGY / POWERGENERATION CAPACITY: 400 MW BY 2020

Global Investment Holdings prioritized clean energy and infrastructure investments due to their great importance and huge potential in the near future. In 2017, the Company proudly opened the first power plant in Turkey that produces energy from biomass, a new method of electricity production not used by many players in the Turkish market. We are also one of few companies that combine biomass collection and power plant operations under a single roof.

Currently, we are actively seeking to further expand our growing clean energy portfolio. In 2018, our total licensed capacity in clean energy will reach 135 MW, and we will start investing in at least two projects in Africa.

We also aim to expand further in clean energy by selectively participating in major renewable tenders, such as the recently announced YEKA Wind and the future YEKA Solar projects.

Global Investment Holding targets to establish a diversified and a balanced power generation portfolio, both in terms of resource as well as geography. The Company is also evaluating development and/or acquisition of further renewable energy projects in a variety of regions – Africa, Eastern Europe, and Asia and elsewhere globally – by leveraging on local relationships of its ports arm.

GIH plans to boost its current 75.5 MW installed capacity in distributed renewable power generation to 400 MW by 2020.

CREDIT & CORPORATE GOVERNANCE RATINGS UPGRADED: A GROWING GLOBAL REPUTATION

Global Investment Holdings is a growing, highly reputable global company. The Company's solid reputation was affirmed by JCR Eurasia Rating during the year. In its periodic review in September 2017, JCR upgraded Global Investment Holdings and its Cash Flows of Bond Issues to 'BBB+ (Trk)' on the Long Term National Local Scale and to 'A-2 (Trk)' on the Short Term National Local Scale.

In addition, Global Investment Holdings' Corporate Governance Rating was upgraded to 9.05 (out of 10.00) from 8.99 as of November 2017, indicating that the Company achieved substantial compliance with CMB's Corporate Governance Principles. Since our founding, we have remained committed to good corporate governance, which is a key component of our success.

EFFECTIVE RISK ASSESSMENT APPROACH

Global Investment Holdings has a well-earned reputation of success thanks to the numerous investments it has pioneered in diverse industries since its founding. The Group's effective risk assessment approach, lean structure and entrepreneurial corporate culture are the core factors that set it apart.

Founded in 1990, Global Securities quickly rose to become Turkey's leading independent brokerage and investment banking firm. The company has played a major role in developing Turkey's capital markets since that time.

In late 2004, Global Securities transformed into an investment portfolio company, capitalizing on its ability to grow investments. Holding majority interests in a wide range of emerging sectors as well as traditional, non-banking financial service providers, Global Investment Holdings has evolved into the dynamic investment vehicle it is today. Its current portfolio offers high growth with 'first mover' advantages Global Investment Holdings trades on Borsa Istanbul under the ticker GLYHO.

EXPANDING ITS INVESTMENTS ABROAD

Global Investment Holdings has effectively identified attractive investment opportunities in rapidly growing sectors of Turkey's economy since its restructuring in late 2004. It has also successfully expanded its investment holdings abroad since 2013. The Group focuses on sectors with high-growth potential and early-stage businesses.

Extensive investment experience and strong ties with international businesses give Global Investment Holdings a competitive edge. The Group is adept at identifying investment targets and assessing the risk of new ventures. Unlike core business-oriented conglomerates and holding companies, Global Investment Holdings is not bound by geographic or sector limitations. The Group has expanded its portfolio with this innovative approach and continues to build on its proven track record of successful exits.

Global Investment Holdings' core business areas are: Port Infrastructure (operating cruise ship terminals and commercial seaports); Power (renewable power generation including biomass and solar); and Finance (asset management).

MAXIMIZING SHAREHOLDER VALUE

The Company maximizes shareholder value and returns by building a diversified portfolio of investments in sectors with high growth and return potential. The Group seeks investments with barriers to entry – geographic, technical, "first-mover," or similar – that offer a sustainable competitive advantage.

Prospective business opportunities must have future growth potential and an attractive rate of return. This allows the Company to maximize profits in certain investments with only short-term relevance to the current investment portfolio.

Executing a timely exit is central to maximizing shareholder value. The timing of the exit is determined by systematic monitoring of the investment portfolio and the market.

Global Investment Holdings implements best corporate practices by fostering decision making at all levels. An independent and lean organizational structure, both at the operational and Group level, allows decisions to be made rapidly. This lean structure also enables senior management to closely monitor and quickly respond to operational performance across the Group and the ever changing business environment.

Under general strategic and risk management guidance, as well as the overall corporate and financial strategies of Global Investment Holdings Group, business units and operating subsidiaries operate principally on an independent basis. Professional management teams of specific qualifications and skills are in place to assess sector-specific dynamics and challenges across all Group operations.

Global Investment Holdings Group

PORT INFRASTRUCTURE

World's largest cruise port operator with 13 cruise + two commercial ports in seven countries

~ 7 million pax annually with dominant presence in the Mediterranean

Listed on the London Stock Exchange
(USD 600 million market cap)

Atlantic
Lisbon Cruise Port

Western Mediterranean
Barcelona Cruise Port
Cagliari Cruise Port
Catania Cruise Port
Valletta Cruise Port
Malága Cruise Port

Adriatic
Bar Cruise Port*
Ravenna Cruise Port
Venice Cruise Port

Eastern Mediterranean
Ege Port, Kuşadası
Antalya Cruise Port*
Bodrum Cruise Port

Asia
Singapore Cruise Port

POWER

Two biomass plants with 17.2 MW installed capacity and an additional 108 MW coming up by 2020

> Two solar PP projects with 14 MW under development

> Co/Tri-generation with 58.3 MW installed capacity

> Electricity – wholesale & retail

GAS

> CNG Distribution

> Turkey's leading off-grid natural gas distributor
with 18.3% market share.
13 CNG stations with 148 million Sm^3 sales volume

> Gas Trading and LNG

* Mainly commercial ports with some minor cruise activities.

MINING

One of Turkey's leading players in industrial minerals with ~ 630 thousand tons volume of Feldspar.

REAL ESTATE

Group's total condolidated GLA: c.141k m^2

• Retail GLA: c.93.5k m^2

• Other GLA (office, car park, commercial): c.47.6k m^2

FINANCE

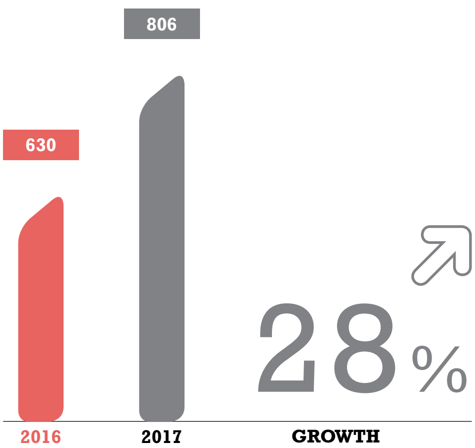
>Asset Management
Serving multinational and Turkish institutional investors with an innovative product portfolio (AUM: TL 645 million)

>Brokerage
A pioneer in Turkey

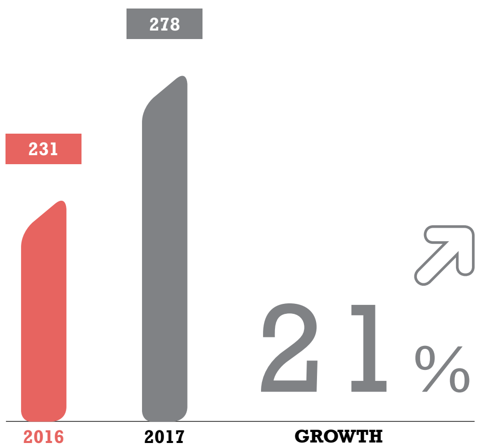
Consolidated Financial Highlights

Global Investment Holdings reached to successful financial and operational results in 2017, drawing on its robust capital structure and rooted-expertise and experiences.

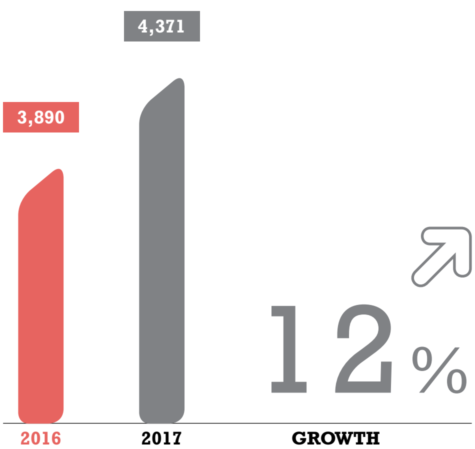
TURNOVER
(TL MILLION)



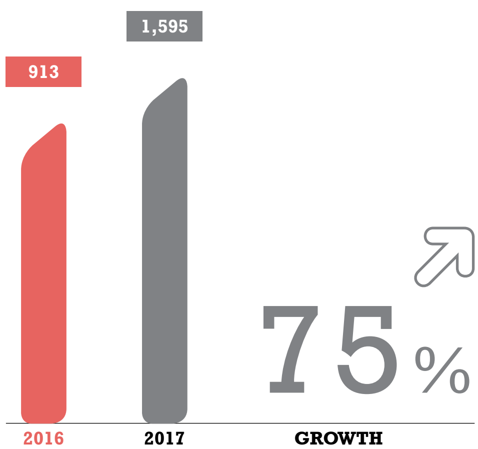
EBITDA
(TL MILLION)



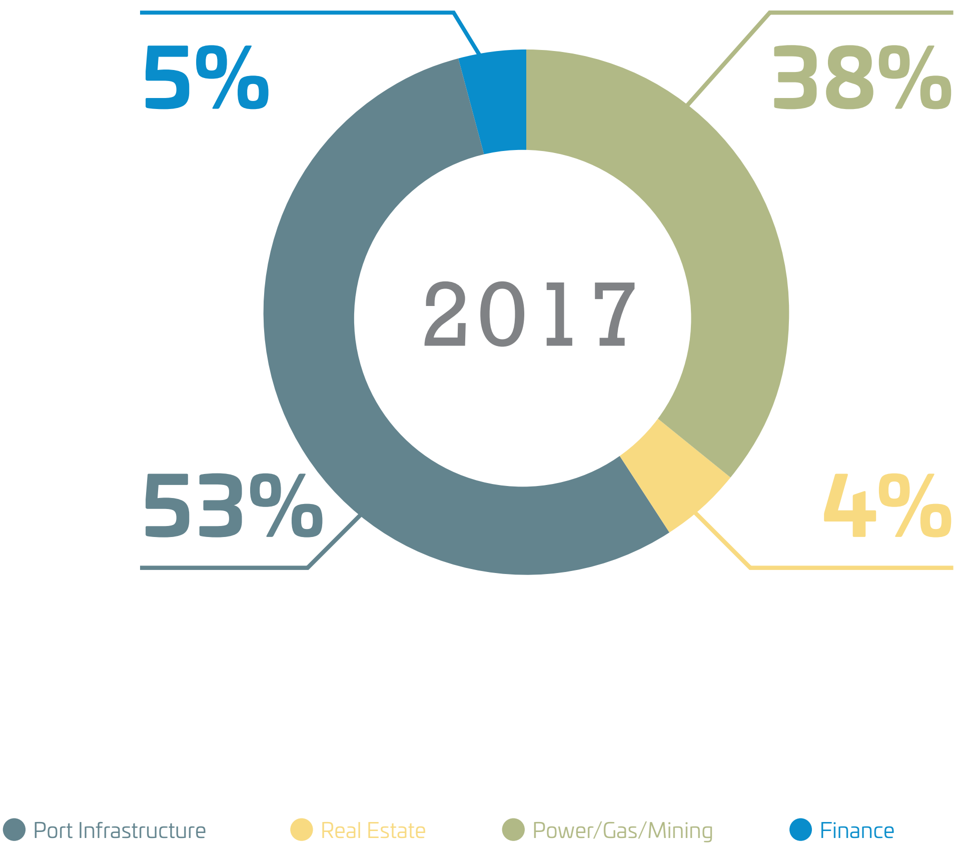
TOTAL ASSETS
(TL MILLION)



EQUITY
(TL MILLION)



GROSS TURNOVER (%)



Key Financial Indicators

Global Investment Holdings maintained its sustainable financial performance as well as realising profitable projects and investments in its focus areas in 2017.

Consolidated Balance Sheet (TL million)	2016	2017
Current Assets	629	941
Non-Current Assets	3,262	3,430
Total Assets	3,890	4,371
Short-Term Liabilities	1,033	729
Long-Term Liabilities	1,945	2,047
Total Shareholders' Equity	913	1,595
Total Liabilities and Shareholders' Equity	3,890	4,371

Consolidated Income Statement (TL million)	2016	2017
Turnover	630	806
Gross Profit	220	242
Operating EBITDA	231	278
Profit/(Loss) Before Tax	(141)	(404)
Net Profit/(Loss) for the Period	(130)	(329)

Sustainability

Global Investment Holdings' sustainability approach is composed of ethical principles, environmental sustainability, human rights, workplace safety, supplier relations, and corporate citizenship.

OUR SUSTAINABILITY APPROACH

For 27 years, Global Investment Holdings has grown in tandem with the Turkish capital markets. The Company's diversified and expanding portfolio coupled with a forward-looking investment approach are hallmarks of excellence. Global Investment Holdings' deep experience in investment banking has benefited its growth in burgeoning sectors with significant growth potential, including port infrastructure, power/gas/mining, real estate and finance.

The Company's primary objective in all its operations across sectors is to achieve sustainable growth and create widely shared value. Our diversified investment portfolio meets the needs of the ever-changing business environment and the diverse requirements of sectors and geographic regions. Our investment approach does not measure success simply in terms of profitability. We evaluate our investments with a forward-looking perspective using multidimensional metrics. By capitalizing on the competitive advantages of our effective risk and market analysis tools, we embed sustainability and good corporate governance in all our investments.

Under our sustainability approach, we carefully evaluate the impact of our operations on the environment, people and on society as a whole. We are committed to eliminating any adverse impact from our business activities. We seek to create a dynamic that is beneficial to all stakeholders, while sharing the resulting value.

Global Investment Holdings' sustainability approach is composed of ethical principles, environmental sustainability, human rights, workplace safety, supplier relations, and corporate citizenship. These components are an integral part of our business and bolster our financial success.

In addition to the general sustainability approach that guides all aspects of our business, we develop complementary approaches specially tailored for each industry in which we operate. Sustainability issues are prioritized in a way most effective for each specific sector. For example, at our mining and energy enterprises, the effects of our operations on climate change, local communities and employee health are top priorities. Meanwhile at our ports, biodiversity and workplace safety are among the top-ranked issues.

Over time, we have steadily ramped up our sustainability efforts. We established a Sustainability Committee for each business unit to oversee all pertinent social, environmental and governmental related issues. We are committed to improving our sustainability strategy with the support and contributions of our stakeholders. We publicly share our performance via annual sustainability reports. In addition, we solicit stakeholder feedback on sustainability-related topics by organizing stakeholder panels each year.

OUR ENVIRONMENTAL IMPACT

At Global Investment Holdings, we conduct our business activities with the aim of decreasing our environmental impact and managing these impacts in a responsible manner. In line with our Environment Policy framework, we focus on reducing the use of energy and water in our offices as well as greenhouse gas emissions by recycling and limiting waste at its source. We expect our subsidiaries to manage their operations with a similar approach by implementing our environmental policy and management system along with industry-specific adjustments. We regularly make environmental impact assessments prior to creating new operational areas.

MEDITERRANEAN CONSERVATION SOCIETY

Global Investment Holdings is aware of the potential impact on biodiversity of the various sectors we operate, es-

Sustainability

Global Investment Holdings is included in BIST Sustainability Index assessment in 2018.

pecially in its port operations. In order to limit the impact of our activities on biodiversity to a minimum level, we are continuing our efforts to develop natural life protection projects. Global Investment Holdings donated to the Sand Shark (Carcharhinus Plumbeaus) and Breeding Ground Protection Project (Boncuk Bay) led by the Mediterranean Conservation Association, which is considered a Special Environmental Protection Area, in the Gökova Gulf.

WORK LIFE

Global Investment Holdings operates according to its strong conviction that employee education and personal experiences play a leading role in the success of the Company and its subsidiaries.

Our approach to human resources (HR) management is based on promoting and strengthening the synergy within the company by increasing employee motivation, satisfaction and engagement.

COMMUNITY RELATIONS

Global Investment Holdings and its affiliate companies manage their employee, subcontractor, supplier, customer and local community relations in line with the Holding's objective of Rising while creating difference, with the intention of creating a positive impact to their stakeholders' lives.

Playing a leading role in the development of capital markets and emerging industries, the Holdings and its affiliate companies have always adopted acting in line with basic human rights and creating shared value with practices that go beyond legislation as a principle in their operations since the establishment of the Company as part of its social responsibility approach.

Global Investment Holdings is included in BIST Sustainability Index assessment in 2018.

The BIST Sustainability Index is based on results of the November to October performance period. To be included in the index, companies should perform over the prescribed threshold for each criteria group. To incentivize companies for an ever-improving sustainability performance, Borsa Istanbul is expected to raise the thresholds gradually in the future.

EXPECTED CONTRIBUTION FROM THE INDEX:

The BIST Sustainability Index provides a competitive advantage to Turkish companies managing their enterprise risks and opportunities effectively.

This investible index is in place to attract capital for companies committed to sustainability. The Index reflects the listed companies' approach to key sustainability issues. These include global warming, natural resource use, health, security and employment. The Index allows an independent assessment of the companies' operations and decisions related to sustainability issues.

The BIST Sustainability Index allows companies to compare their sustainability performance with local and global counterparts. The Index serves as a benchmarking platform for companies to evaluate their performance, adopt new targets or advance. In addition, the Index lets enterprises to develop their risk management abilities for corporate transparency, accountability and sustainability. This in turn gives companies a way to gain a competitive edge. Inclusion in the Index adds to a company's visibility, reputation and prestige.

The Index facilitates company access to global clients, capital, and lower-cost finance. This effort creates a vehicle that allows investors to select and invest in companies that adopt principles of sustainability and sound corporate governance. Today, socially responsible investing is preferred mainly by institutional investors. The BIST Sustainability Index encourages the founding of such funds, while facilitating Index-constituent companies in capturing a larger share from these funds. At the same time, the Index offers a new financial asset category for all investors.

Ratings

JCR Eurasia Rating upgraded Global Investment Holdings ("GIH" or "the Group") and its Cash Flow of Bond Issues to 'BBB+ (Trk)' on the Long Term National Local Scale.

CORPORATE GOVERNANCE RATINGS

	2016	2017
Overall Rating	**8.99**	**9.05**
Shareholders (25%)	91.11	92.70
Public Disclosure & Transparency (25%)	91.18	92.01
Stakeholders (15%)	90.93	90.93
Board of Directors (35%)	87.74	87.74

CORPORATE GOVERNANCE RATING RISES TO 9.05...

Pursuant to the Capital Markets Board ("CMB")'s Communiqué on "Rating Activities and Rating Agencies in Capital Markets," Global Investment Holdings' Corporate Governance Rating was reviewed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. (Kobirate International Credit and Corporate Governance Rating: "Kobirate").

Global Investment Holdings' Corporate Governance Rating was upgraded to 9.05 (out of 10.00), up from 8.99. This score indicates that the Company has achieved substantial compliance with CMB's Corporate Governance Principles.

The corporate governance rating is assigned in line with the Capital Markets Board's "Corporate Governance Principles," which cover four main categories: Shareholders, Public Disclosure & Transparency, Stakeholders, and Board of Directors. Thanks to the emphasis that GIH places on corporate governance principles, and the Company's commitment to continuously and dynamically managing them, it has steadily advanced in this area.

CREDIT RATINGS

JCR Eurasia Rating upgraded Global Investment Holdings ("GIH" or "the Group") and its Cash Flow of Bond Issues to 'BBB+ (Trk)' on the Long Term National Local Scale and to 'A-2 (Trk)' on the Short Term National Local Scale.

JCR Eurasia Rating assessed GIH in an investment-level category on the national and international scales. It upgraded the Group's ratings on the Long Term National Scale from 'BBB (Trk)' to 'BBB+ (Trk)' and the Short Term National Scale from 'A-3 (Trk)' to 'A-2 (Trk)' in its periodic review. The outlook for both ratings is 'Stable.' JCR Eurasia Rating also affirmed the Long Term International Foreign and Local Currency Ratings as 'BBB-'.

Other notes and details of the ratings are provided below.

Long Term International Foreign Currency : BBB- / (Stable Outlook)

Long Term International Local Currency : BBB - / (Stable Outlook)

Long Term National Local Rating : BBB+ (Trk) / (Stable Outlook)

Long Term National Issue Rating: BBB + (Trk)

Short Term International Foreign Currency : A-3 / (Stable Outlook)

Short Term International Local Currency : A-3 / (Stable Outlook)

Short Term National Local Rating: A-2 (Trk) / (Stable Outlook)

Short Term National Issue Rating : A-2 (Trk)

Sponsor Support : 2

Stand Alone : B

Port Infrastructure
Global Ports Holding at a Glance

A business with a global network

IN 2017, GPH'S CRUISE PORT BUSINESS WELCOMED MORE THAN 2,603 CALLS BY CRUISE SHIPS AND 7M PASSENGERS.

15 Ports in 7 Countries

GPH's portfolio consists of strategically located network of 15 ports in 7 countries, serving the needs of the world's cruise lines, ferries and megayachts.

WHAT WE DO

Global Ports Holding (GPH) is the world's largest independent cruise port operator, and the owner of two strategically located commercial ports.

The company was established in 2004 as the infrastructure investment vehicle of Global Investment Holdings (GIH). In 2017, we successfully launched an oversubscribed IPO, and GPH Plc is now listed on the London Stock Exchange.

OUR CRUISE PORT BUSINESS

GPH owns a strategically located network of 13 ports in 7 countries, serving the needs of the world's cruise lines, ferries and megayachts. We are the sole global consolidator of cruise ports, with operations focused on the Mediterranean – the second largest cruise market in the world – as well as the Atlantic and Asia-Pacific regions.

Our assets range from major cruise hubs such as Barcelona and Venice, to high-traffic core ports such as Valletta and Cagliari, to the vibrant and fast-growing Singapore Cruise Port.

In 2017, GPH's cruise port business welcomed more than 2,603 calls by cruise ships and 7.0m passengers. It generated 43% of the company's revenue and 40% of its segmental EBITDA. 26% was derived from ancillary sources such as retail outlets and advertising.

OUR COMMERCIAL BUSINESS

GPH operates two growing commercial ports, in Turkey and Montenegro. Together, they handled around 249,397 TEU and 1,628,940 tonnes of cargo in 2017.

GPH operates a high-capacity commercial port in Port Akdeniz, Antalya, on southern Turkey's Mediterranean coast, with export traffic constituting 88% of its current flows.

We also own a majority interest in the operating company of the cargo terminal at the Port of Adria in Bar, Montenegro, that provides an important link in the chain of intermodal transport in the Balkan region. GPH has recently completed a significant investment programme at the port, substantially increasing container capabilities and broadening the market.

In 2017, the commercial port operations generated 57% of the company's revenue and 60% of its segmental EBITDA.

GPH OPERATES TWO GROWING COMMERCIAL PORTS, IN TURKEY AND MONTENEGRO. TOGETHER, THEY HANDLED AROUND 249,397 TEU AND 1,628,940 TONNES OF THROUGHPUT IN 2017.

GLOBAL PORTS HOLDING

Port Infrastructure

2017: HIGHLIGHTS

It was an exciting year, financially, strategically and reputationally, as we made excellent progress in consolidating our position as the world's largest independent cruise port operator.

Highlights from the year included:

- Revenues of US$ 116.4m
- Adjusted EBITDA of US$ 75.3m
- Becoming a listed company on the London Stock Exchange – the first Plc of Turkish origin
- Successful integration, and increased passenger numbers and revenues, of 2016's acquisitions: Cagliari, Catania and Ravenna (Italy)
- GPH wins four major awards from Cruise Insight at Seatrade Cruise Global:

  > Barcelona Cruise Port - "Best Turnaround Port Operations 2017"

  > Valletta Cruise Port - "Best Terminal Operator 2017"

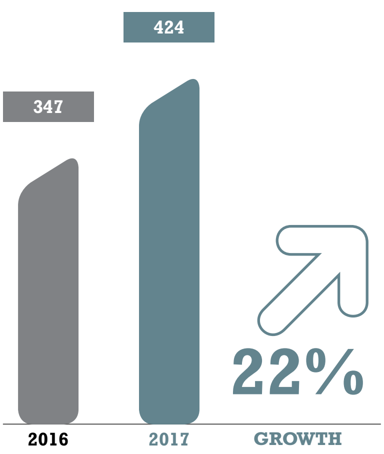
  > Singapore Cruise Port - "Best Turnaround Destination 2017"

  > Venice Cruise Port - "Best Turnaround Destination 2017"

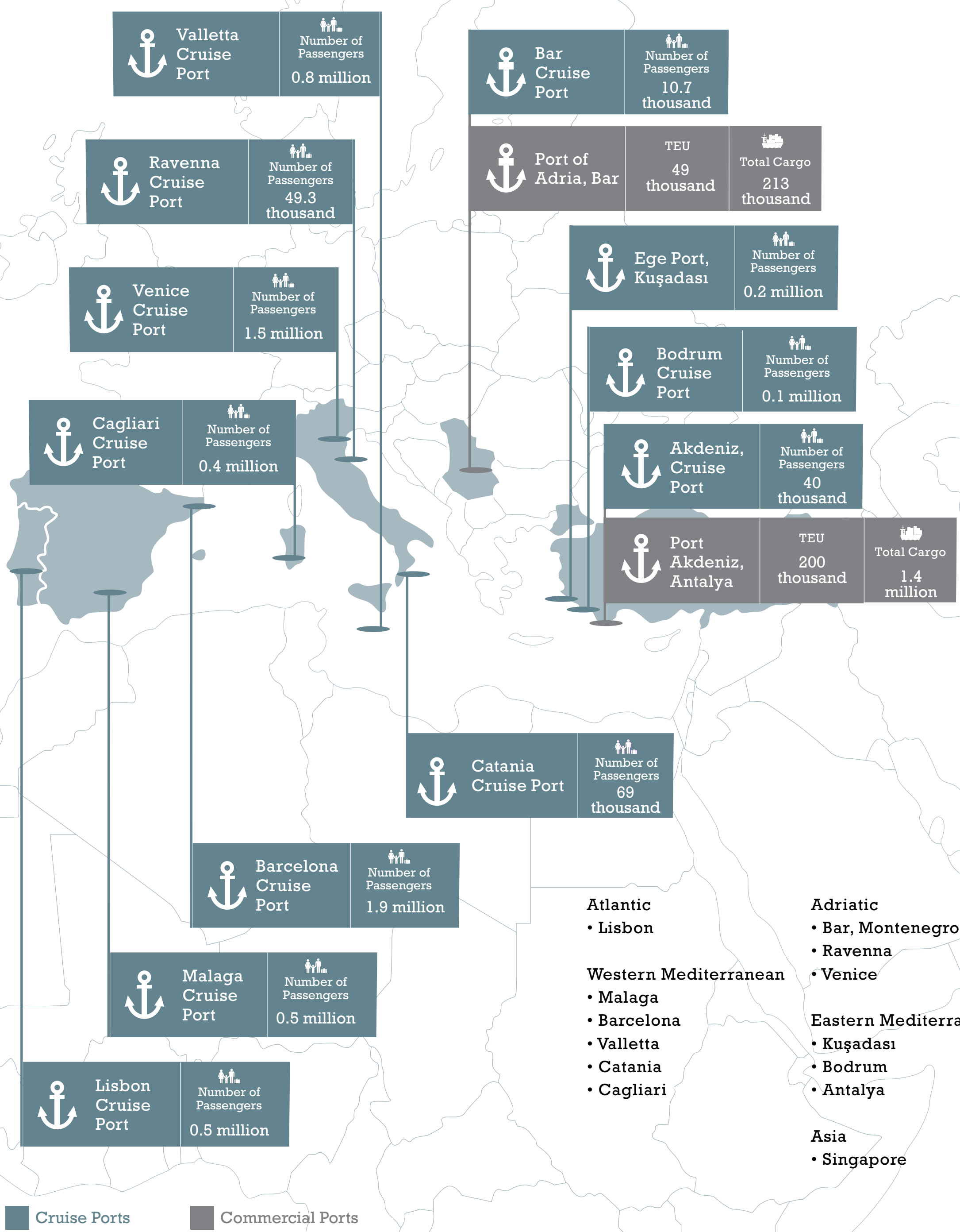
- Lisbon port wins "Europe's Leading Cruise Port" at the World Travel Awards
- State of the art, 24m Lisbon terminal inaugurated November 2017
- Capex programme at Port of Adria triples container handling capabilities
- Complete redesign and refurbishment of the Scala Nouva retail village in Ege Port, our original cruise port

GPH aims to drive significant organic and inorganic growth by expanding the number of ports it operates and improving its cross-selling of value-added activities to both cruise operators and passengers.

TURNOVER (GPH)
(TL MILLION)



Port Infrastructure
A Portfolio Mapped for Success



Atlantic
- Lisbon

Western Mediterranean
- Malaga
- Barcelona
- Valletta
- Catania
- Cagliari

Adriatic
- Bar, Montenegro
- Ravenna
- Venice

Eastern Mediterranean
- Kuşadası
- Bodrum
- Antalya

Asia
- Singapore

MILESTONES

2004 GPH established (commenced operations in Ege Port, Kuşadası in 2003)

2006 Acquired 40% stake in Port Akdeniz, Antalya

2008 Acquired 60% stake in Bodrum Cruise Port

2010 Acquired remaining stake in Port Akdeniz, Antalya (59.8%)

2013 > Acquired a minority stake in Creuers (Barcelona, Malaga and Singapore Cruise Ports)

> Acquired a 62% stake in Port of Adria, Bar, commercial port

2014 > Acquired remaining stake in Creuers (GPH stake 62%)

> Signed a concession agreement for Lisbon Cruise Terminals (GPH's effective stake: 46%)

2015 > Acquired a 55.6% stake in Valletta Cruise Port

> European Bank for Reconstruction and Development (EBRD) acquired 10.84% stake in GPH

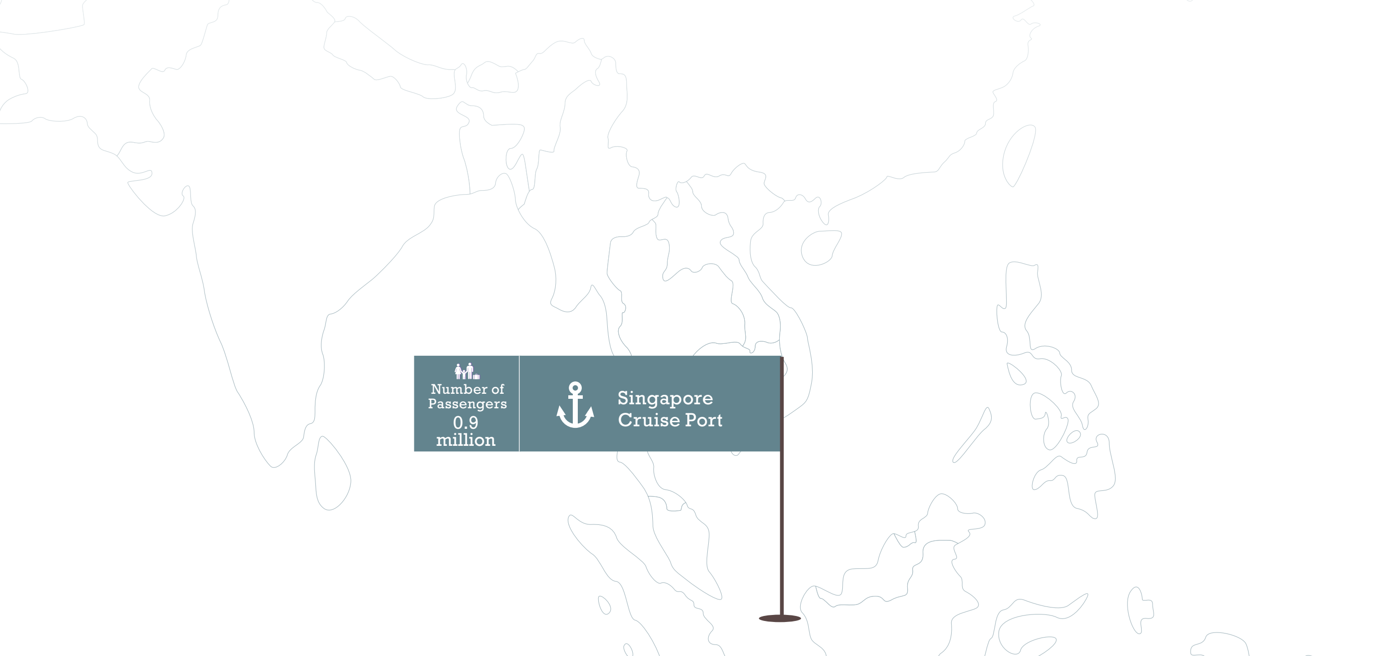
2016 > Acquired 44.5% stake in Venice Cruise Port as part of a strong consortium together with Costa Crociere, MSC Cruises and Royal Caribbean Cruises

> Acquired 53.7% indirect stake in Ravenna Cruise Port

> Acquired 62.2% indirect stake in Catania Cruise Port

> Acquired 70.9% indirect stake in Cagliari Cruise Port

2017 Global Ports Holding Plc made its debut on the London Stock Exchange



Port Infrastructure
Industry Sector Reports and Outlook

The rising tide of the cruise industry: Over 11 million more passengers in the next decade

THE REMARKABLE GROWTH OF CRUISE TOURISM OVER THE LAST 25 YEARS HAS HAD MANY DRIVERS.

THE CRUISE SECTOR

The remarkable growth of cruise tourism over the last 25 years has had many drivers.

Holiday time is limited and precious, and cruising can take passengers to 7 countries in 8 days. Cruise products are seeing unprecedented change, attracting thousands of younger passengers aboard for the first time. Cruising also means instant relaxation, while others are squeezing into planes or navigating the highways. For many, of course, there is also the timeless allure of the sea.

Whatever their reasons for choosing a cruise, the facts are clear: from 2009 to 2017, worldwide cruise traffic rose from 17.8 million passengers to 25.8 million passengers, a CAGR of 4.7%. In 2017, this translated into estimated sales revenues of US$ 37.8 billion. Key drivers include the globalisation of cruising as a holiday option; low penetration in the main source markets; and new ships and products for wider demographic groups.

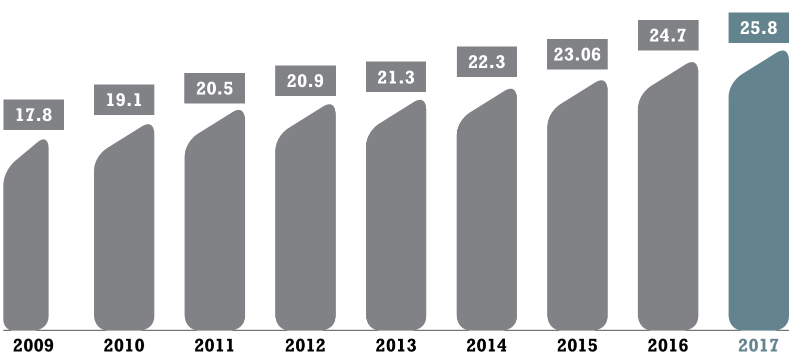
This bullish trend is also set to continue, with global projections of 27.2 million passengers in 2018[1]. Shipyards are also working at full capacity to build new vessels, as the industry looks to replenish and expand its fleets. And for an industry that still accounts for just 2% of global tourism[2], the capacity and potential for growth is vast. These are therefore exciting times for ports, whose revenues are directly driven by passenger traffic.

[1] CLIA 2018 Cruise Industry Outlook
[2] UNWTO Tourism Highlights 2017 report

27.2 million passengers

This bullish trend is also set to continue, with global projections of 27.2 million passengers in 2018.

2009-2017 PASSENGER TRAFFIC SNAPSHOT.
GLOBAL OCEAN CRUISE PASSENGERS (MILLIONS)



Source: CLIA - State of the Industry 2018

WHERE CRUISERS COME FROM

Historically, North America has been the major source market and 'the home of the cruise'. Based on latest print, the United States, with 11.5 million passengers, was the largest source country by far, accounting for just under half (47%) of all global cruise passengers.

Nevertheless, over the past decade other markets have experienced extraordinary growth. A total of 21.9 million passengers (85% of the global market) were sourced from the top 10 countries, and from all major global regions.

After the US, the next two countries, China and Germany, accounted for 17% of global passengers with a total of 4.1 million passengers. The United Kingdom contributed 1.9 million and Australia 1.3 million, representing 13%. Some markets also witnessed rapid positive change. China saw the biggest jump at 113%. In the same period, Germany experienced their highest year-on-year growth 11% and the UK 5.6%.

These findings tell two clear stories: firstly, that the cruise industry is offering a product that appeals to ever-increasing numbers of holidaymakers, and secondly that the allure of cruising is crossing boundaries, oceans and ages to become a truly global industry.

In line with projections of strong performances from the source markets mentioned above, the industry expects to achieve over 11 million more passengers in the next decade[1].

Although we see the global passenger mix remaining skewed towards North America, the bulk of the growth is likely to come from European and Asian markets. If Europe matches North America's market penetration over the next decade, this will equate to 11 million more passengers a year; some four million more than in 2017. We also expect Asia to exceed seven million.

Even so, it's worth remembering that the significant growth to date, and future projections, still represents low levels of market penetration. There is major growth potential in the cruise sector for many decades to come.

The chart below shows customer concentration by country: the top ten customer markets account for 85% of all cruise passengers. The charts also reveal penetration in the leading cruise markets by country. The rise in the popularity of cruise tourism in certain markets with low levels of penetration indicates the potential for future growth.

[1] Cruise Industry News.

After the US, the next two countries, China and Germany, accounted for 17% of global passengers with a total of 4.1 million passengers.

Cruise Market Source Penetration

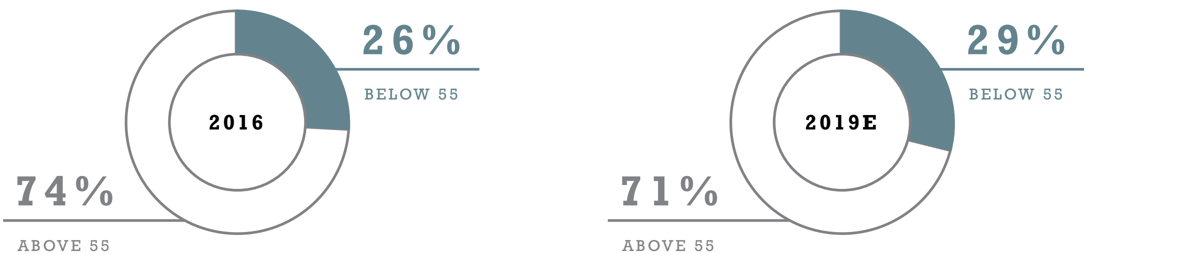
	%	cruise pax (m)	population (m)	penetration (%)
United States	46.6	11.5	323.1	3.6
China	9	2.1	1,378.7	0.2
Germany	8	2.0	82.7	2.4
UK	8	1.9	65.6	2.9
Australia	5	1.3	24.1	5.3
Canada	3	0.8	36.3	2.1
Italy	3	0.8	60.6	1.2
France	2	0.6	66.9	0.9
Brazil	2	0.5	207.6	0.2
Spain	2	0.5	46.4	1.1

Source: GDP Per Capita: World Bank databank, BREA The Global Economic Contribution of Cruise Tourism 2016 for CLIA

Port Infrastructure
Industry Sector Reports and Outlook

The average annual growth rate is expected to reach around 4.7% year-on-year, with the biggest global leap expected in 2020 when a 7.5% capacity increase is projected.

CRUISE PASSENGER AGE DEMOGRAPHICS (%)



Source: Seatrade Insiders, Cruise Industry News, EIU, LIA, Cruise Market Watch, Med Cruise

A CHANGING DEMOGRAPHIC

The traditional image of a cruise passenger is someone of retirement age, and fairly well-off. While that demographic continues to be a mainstay of cruise demand, passenger profiles are changing rapidly. New ships, brands, concepts, food, design, and live and digital entertainment are attracting a much younger profile aboard, including families. At the same time, cruising is no longer the preserve of the wealthy: cruise lines increasingly market to a range of income groups, growing the target market even further.

"AND I NAME THIS SHIP..."

Cruise lines now have a continuous programme of renewal and expansion to meet the rising rate of demand they are generating. So the fleet of 365 cruise vessels deployed around the globe in 2017 will grow to 461 in the next decade, serving a rise in passenger numbers from 25.8 million to 37.9 million (double-occupancy basis).

The average annual growth rate is expected to reach around 4.7% year-on-year, with the biggest global leap expected in 2020 when a 7.5% capacity increase is projected.

According to Cruise Industry News, the Europe market is set to grow at a 10.2%, from 6.8 million in 2017 to 7.5 million in 2018, and the Asia-Pacific market to grow at 9% to 5.2 million, while the America's pace is lower, at 4.5%, to reach 14.3 million PAX by 2018. As a result, there is a global projection of 27.2 million passengers in 2018 (5.4% growth vs 2017).

The industry is set fair to continue on this growth trajectory for ten years or more. Around the world's shipyards, they have order books for 97 new vessels, representing a total investment of US$ 60bn.

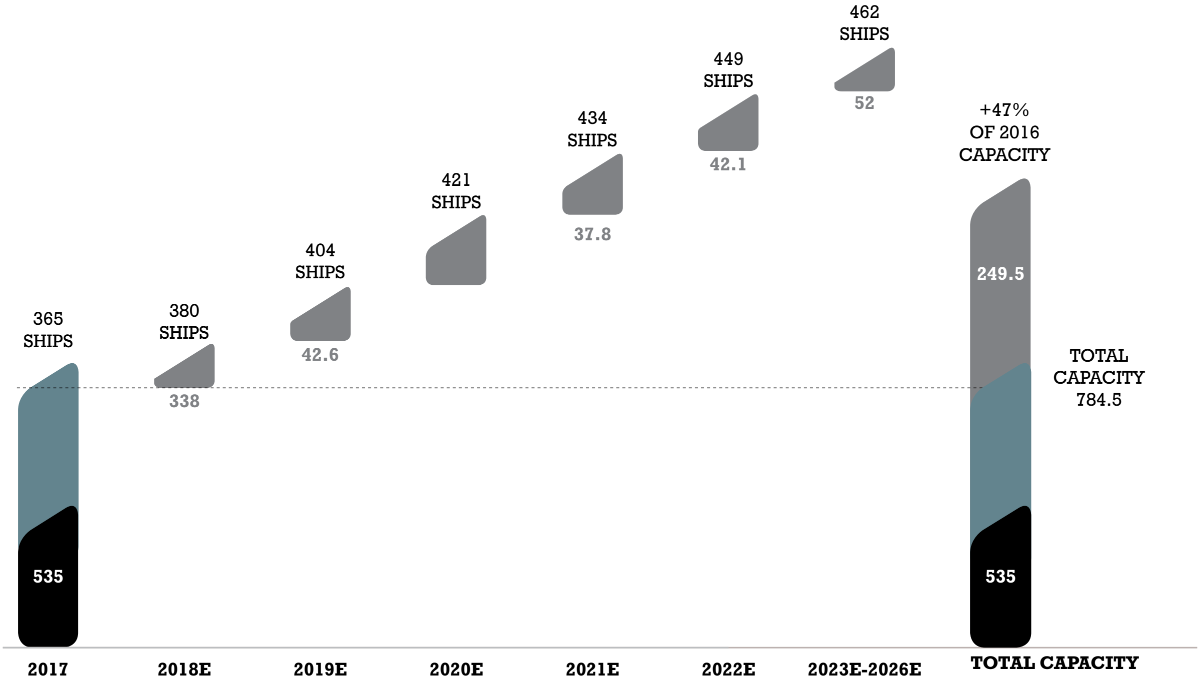
Indeed, 2017 signalled a major statement of intent as the industry saw one of the busiest years in a decade with 10 new ship launches, ranging from 300- to 4,500-passenger vessels. Total berths deployed also surpassed the 500,000 milestone. Across every KPI, the cruise trajectory is only going one way.

Although new ships are being built with sizes and services to serve specific markets, there has been a clear trend towards larger ships with higher capacities. The world's shipyards are constructing new cruise ships of between 130,000 and 230,000 gross register tons (GRT), with capacities of up to 6,000 passengers. GRT, as well as the number of passengers per ship, has doubled in the space of just 15 years.

The underlying driver is economy of scale: larger vessels can offer a lower cost per passenger, and so widen the market by repositioning cruising as an economical holiday.

Alongside this general trend towards bigger ships, market segmentation needs ships of varying sizes, with amenities and itineraries designed to attract a specific target. In particular, the number of luxury vessels has flourished as the major cruise lines and brands build their presence in contemporary, premium and speciality cruises.

HIGHLY VISIBLE INDUSTRY EXPANSION
GLOBAL ORDER BOOK TOTAL SHIP CAPACITY ('000 PAX)



Source: Cruise Activities in Medcruise Port Statistics—MedCruise Report (Global Deployment Shares)

Port Infrastructure
Industry Sector Reports and Outlook

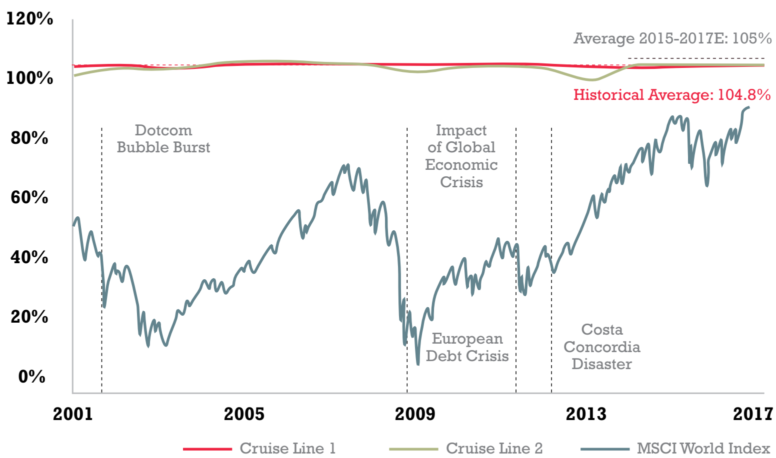
Regardless of individual market shares and swings, one constant has emerged: the cruise industry is becoming ever-more global.

THE LINES BEHIND THE BRANDS

All cruise lines strive to maximise occupancy levels, regardless of vessel size, due to the business model's high fixed costs. Even in volatile economic conditions, the industry has proved to be particularly resilient, with dynamic pricing driving consistently high occupancy rates of 100-105%.

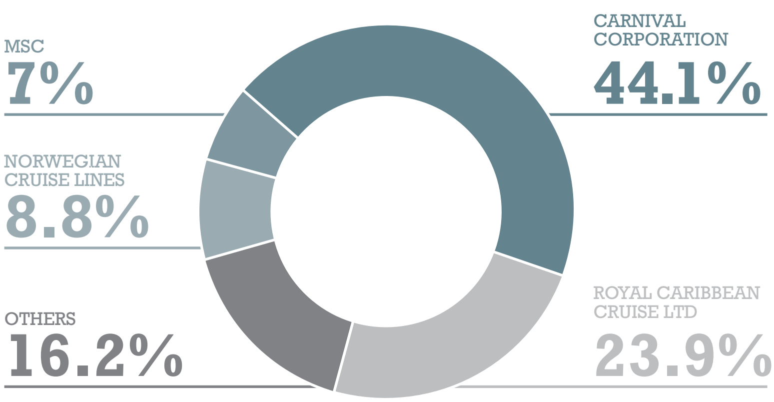
Although cruising is marketed by more than 50 different brands, the industry is ultimately concentrated into three principal groups: Carnival Corporation (44% of passengers worldwide), Royal Caribbean Cruise (Ltd & Plc, 24%), and Norwegian Cruise Lines (9%). These corporations, together with MSC (7%), control 84% of the worldwide share of passengers, and 53% of the worldwide fleet.

TWO MAJOR CRUISE LINES' OCCUPANCY RATES



Source: Seatrade Insider, Cruise Industry News 2017-2018 State of the Industry Annual Report, Industry Data, EIU, CLIA UK&Ireland, CLIA Europe, Cruise Market Watch 2017, Association of Mediterranean Cruise Ports, Wall Street Research

MARKET SHARE OF CRUISE LINES BY WORLDWIDE PASSENGERS 2017



Source: 2017-2018 State of the Industry Annual Report; Cruise Industry News

All cruise lines strive to maximise occupancy levels, regardless of vessel size, due to the business model's high fixed costs.

THE WORLD'S FAVOURITE CRUISE DESTINATIONS

The popularity and market shares of cruise destinations are driven by a variety of factors, ranging from simple sentiment to the more practical issues of seasonality and climate, proximity to source markets, and the willingness of cruise lines to develop new markets.

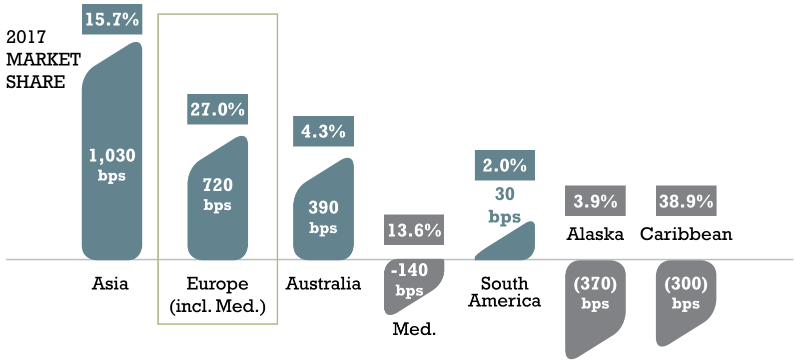
The Caribbean has been the cradle of the cruise industry, and is its undisputed champion: in 2017 it took an unrivalled 38.9% of global passenger capacity. This was followed by the Asia /Pacific (15.7%), Mediterranean (13.6%), Northern Europe (9.0%), Australasia (4.3%), Alaska (3.9%), South America (2.0%) and other regions (12.6%).

The beauty of the cruise line model is that its assets are mobile, and they can be deployed wherever revenue potential is highest. The profitability of an itinerary depends on many factors: among others, fuel costs, geopolitical issues, ticket prices, onboard spend, environmental regulations, and local fees.

When we examine changes and trends in ship deployments during the past decade, we see that the Caribbean, despite its market leadership, has been losing market share, while the new millennium saw Europe become the centre of the cruise business. Now, it's the turn of Asia to gain momentum; indeed, the Mediterranean, Asia and Australia have been the front-runners in gaining market share over the past ten years.

Within the cruise sector, the Mediterranean has been the main focus of Europe's growth, becoming the world's second most visited cruise destination area after the Caribbean. The chart above shows the growth in world market share in the cruise industry by region since 2006, highlighting the Med's history of outperformance.

GLOBAL CRUISE MARKET SHARE DEVELOPMENT SINCE 2006



Source: Cruise Activities in Medcruise Port Statistics-MedCruise Report (Global Deployment Shares)

For the future, the European region, and especially the Mediterranean, will continue to be a strategic area due to its proximity to an expanding source market, and the attraction of its destinations. The Caribbean could potentially experience substantial growth depending on the new opening of Cuba. Cruise lines are eager to offer itineraries that include the Caribbean islands, and would change existing ship deployments were Cuba finally to open for business.

Alaska has good future prospects for the cruise business and will reach record levels in 2018. However, China, the focus of most cruise lines in recent years, will see a decrease in capacity in 2018, driven by geopolitical issues, too many ships, pricing and distribution challenges.

Regardless of individual market shares and swings, one constant has emerged: the cruise industry is becoming ever-more global. This helps to stimulate demand in the source markets, and ultimately benefits all cruise regions. The industry makes an important contribution to local economies, and is the catalyst for a significant multiplier effect that ripples out across local jobs, services and wealth.

With the industry's clear evidence of growth and robust health, it is not surprising to see many cities and ports interested in enhancing and upgrading their facilities to meet cruise lines demands, and indeed upgrade their appeal as a possible new destination. From the cruise lines' point of view, new and larger ships need improved facilities and different itineraries. Port infrastructure is therefore fundamental to their decision-making in designing new itineraries.

GPH AND CRUISING IN 2018

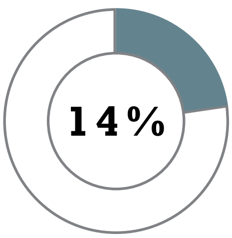
> Current trading in our non-Turkish cruise ports remains strong. The weakness in Turkish cruise ports is expected to continue into 2018, although passengers and revenue are expected to stabilise. However, we anticipate some initial signs of recovery with a number of cruise lines indicating they will start to include our Turkish ports in their plans in 2018.

> We have made continued progress in the cruise port M&A pipeline. The Group is confident about deal activity in 2018, both inside and outside Europe.

> For existing assets, we see attractive organic opportunities to pursue bolt-on ancillary revenues through passenger land-side deals.

Port Infrastructure
Barcelona Cruise Port

Barcelona Cruise Port enjoyed an excellent and productive year, and indeed climbed to the top of the Mediterranean's charts.



Barcelona became the No. 1 Mediterranean homeport with a

14% increase

in its turnaround passenger base.

As a repeated nominee, every year since 2006, for 'Europe's Best Destination' in the World Travel Awards, Barcelona needs little introduction.

Few cities on earth have such a concentration of beautiful answers to travellers' wish-lists: climate, art, gastronomy, architecture, culture, nightlife, sport, fashion, antiquity, contemporary style, beaches – and a football team with an almost religious following.

Combine all this with a superb cruising experience that delivers you to our modern, welcoming port and the centre of the action, and Spain's second city lacks for nothing.

GPH AND BARCELONA CRUISE PORT

Founded in 1999, Creuers del Port de Barcelona S.A. ('Creuers') operates five public cruise terminals at the Port of Barcelona.

GPH holds a 62% stake in Creuers through Barcelona Port Investment (BPI), which was founded in partnership with Royal Caribbean Cruises Ltd (RCCL), one of the world's leading cruise line operators. Creuers holds 27-year port operational rights for four cruise terminals at Barcelona Cruise Port; an annual operating licence contract for a fifth cruise terminal; an 80% stake in the port operating rights for Malaga Cruise Port; 10% in Lisbon Cruise Port; and a 40% stake in Singapore Cruise Port.

2017: BARCELONA CRUISE PORT EXCELS

The port enjoyed an excellent and productive year, and indeed climbed to the top of the Mediterranean's charts:

> Barcelona became the No. 1 Mediterranean homeport[1] with a 14% increase in its turnaround passenger base.

> Winner of Best Turnaround Port Operations 2017 (Cruise Insight awards)

> Annual throughput rose to 2.8 million passengers – a fivefold increase since the start of the millennium.

> Savings of 5% and increased EBITDA margin due mainly to a cost reduction programme on outsourced services.

The port also introduced initiatives to give passengers the services they need to enjoy the city, as soon as they arrive. This included new Guest Information Centres, sales of hop-on-hop-off tickets, a shuttle boat, and the installation of a multi-operator antenna system to deliver high-quality 4G mobile phone coverage for data and calls.

The port also took delivery of its first electric vehicle, to reduce CO_2 emissions within the port area.

[1] Medcruise Statistics

FOUNDED IN 1999, CREUERS DEL PORT DE BARCELONA S.A. ('CREUERS') OPERATES FIVE PUBLIC CRUISE TERMINALS AT THE PORT OF BARCELONA.

Port Infrastructure
Barcelona Cruise Port

Barcelona is Europe's largest cruise port, and the fourth largest in the world.

THE PORT'S KEY ASSETS

Barcelona is Europe's largest cruise port, and the fourth largest in the world.

For cruise lines, the port means flexibility; thanks to upgrades we can accommodate the world's largest ships. For passengers, it means convenience and ease of access, with the city centre just 2.5 km away, and the international airport 12 km, from their terminal.

GPH's Creuers business operates five public cruise terminals: Terminals A, B, C at Adossat Pier, and Terminals North & South at the World Trade Centre. Across these five facilities we hosted 1.8 million passengers in 2017, comprising 1.2 million homeport passengers and 0.6 million in transit.

In recent times the port has received a series of accolades, including Best Turnaround Port Operations, Most Efficient Operator, Most Improved Port Facilities and Most Responsive Port awards. Underpinning its smooth running is a priority on highly trained staff, excellent collaboration with the port authorities and security forces, and a strict adherence to both the International Ship and Port Facility Security (ISPS) Code, and EU regulations.

“INTERNATIONALLY RECOGNIZED CRUISE PORT”

THE FOCUS IN 2018

In addition to the ‘business as usual’ demands, we will adapt to changing conditions in 2018. One example: during the coming year the largest cruise ship in the world, Symphony of the Seas, will homeport in Barcelona. This will bring the need to modify passenger flows in order to improve the guest experience.

We will also advance our environmental programme, switching entirely to all-electric port vehicles, installing photovoltaic technology to generate a proportion of our electricity, analysing cold ironing plant to provide shore connection to cruise ships and working closely with local authorities to introduce an LNG supply.

Commercially, we will move towards offering new services such as port and ground agency and stevedoring, rather than outsourcing them. We will also focus on realising the major potential our terminals offer for greater retail and advertising revenues.

For passengers, we will develop a new guest experience in all our terminals, with unique information points to attend to their needs and offer exclusive services.

BARCELONA CRUISE PORT	
GPH acquisition date	2013-2014
End of concession	2026 (WTC wharf), 2030 (Adossat wharf)*

* The extension of the current concession is 2050 and 2053 respectively. The process is ongoing.

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	523	1,779
2016	546	1,834
2017	569	1,883

Source: Cruise Activities in Medcruise Port Statistics—MedCruise Report (Global Deployment Shares)

Creuers (including Barcelona & Malaga Cruise Port)		
Key financials (US$ Thousand)	Revenue	EBITDA*
2015	24,691	16,187
2016	27,113	18,032
2017	27,375	17,558

* EBITDA figures indicate only operational results, excluded non-recurring, non-operational revenues and expenses

MAXIMUM SHIP DIMENSIONS FOR BERTH

Length: No Limit
Width: No Limit
Draught: Up to 8 m (Barcelona Pier)
Up to 12 m (Adossat Pier)

QUAYS/BERTHS

Total berths: 6
Total berthing lines length: 2,350m
Quays depth: Up to 8 m (Barcelona), up to 12 m (Adossat Pier)
Ship capacity: 6

DISTANCES/TRANSPORTATION

City centre: 2.5 km
Airport: 12 km

GENERAL INFORMATION

Region: Western Mediterranean
Terminal: 5
Bus capacity: 78
Turnaround port: Yes

BARCELONA CRUISE PORT

Port Infrastructure
Málaga Cruise Port

Record traffic and excellent revenues at the gateway to Andalusia

When Global Ports Holding acquired Creuers del Port de Barcelona in 2014, we acquired a controlling 80% stake in Málaga Cruise Port, the operating concession.

As your cruise liner approaches our 3000 year-old port of Málaga, you are greeted by two mighty hilltop forts that preside over the city: the Alcazaba and Gibralfaro, dating back to Moorish rule. They are a beautiful and inspiring reminder that Málaga is one of Spain's jewels: a city rich in history, legend, architecture and, more recently, chic contemporary style.

Málaga is also the gateway to the riches of Andalusia, and it is small wonder that over half a million people passed through our port in 2017.

GPH AND MALAGA CRUISE PORT

Established in 2008 as part of Creuers del Port de Barcelona, Málaga Cruise Port manages all three cruise terminals of the Port of Malaga.

When Global Ports Holding acquired Creuers del Port de Barcelona in 2014, we acquired a controlling 80% stake in Málaga Cruise Port, the operating concession.

2017: A RECORD YEAR FOR THE PORT

A buoyant cruise line market, coupled with our own increasing efficiencies and improvements, led to unprecedented success during the reporting year:

> Turnaround traffic was up 52% year-on-year

> Total traffic was up 15%

> Ancillary revenues (new rentals, events…) was up 32%.

Our continuous quest to improve the customer experience included establishing Guest Information Centres in our terminals. These provide local insights and recommendations, given by local people, to help travellers really make the most of their time in Málaga.

We improved connectivity, introducing free Wi-Fi and boosting mobile phone coverage. We also enhanced our welcome, recognising that we are not just a transportation hub; for arriving passengers, we are their first experience of Málaga.

THE PORT'S KEY ASSETS

Málaga Cruise Port has the strategic location that cruise lines and their passengers need. It connects with routes to the Atlantic and the Mediterranean and is only 15 minutes from Málaga International Airport.

The City of Málaga is fully attuned to the importance of its ports and has invested heavily in infrastructure across its three terminals, including state of the art baggage-handling and passenger services.

With cruise piers totalling 1350 metres, the port can welcome cruise ships of any size, from anywhere, with full turnaround and transit services at each

terminal. There is also a retail shopping centre for duty free goods and souvenirs.

Unique in the Mediterranean, Terminal A has two boarding bridges, designed for the new generation of ships. All three terminals also meet the latest requirements of safety and security, and each fully complies with the International Ship and Port Facility Security Code (ISPS Code).

OUR FOCUS IN 2018

We will target another record breaking year in Málaga in 2018, as well as making further improvements in:

> retail, either through running the operation directly, or by outsourcing through carefully chosen partners to enhance the offering of local products and services

> developing parking upgrade plans to submit to the Port Authority

> generating more homeport traffic, targeting the UK and German markets

> building on our ISO 14001 environmental certification, awarded in 2012.

MÁLAGA CRUISE PORT	
GPH Acquisition Date	2013-2014
End of Concession	2050 (Levante), 2054 (Palmeral)*

* Current concession end is 2038 (Levante) and 2041 (Palmeral). The extension process is ongoing.

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	234	418
2016	250	443
2017	299	509

Source: Cruise Activities in Medcruise Port Statistics—MedCruise Report (Global Deployment Shares)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: No limit
Width: No limit
Draught: Max 17 m

QUAYS/BERTHS

Total berths: 5
Total berthing lines length: 1,350 m
Quays depth: 10-17 m
Ship capacity: 6-7

DISTANCES/ TRANSPORTATION

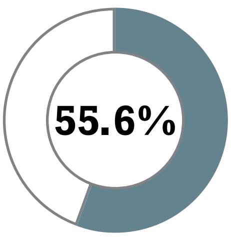
City centre: 3 km
Airport: 13 km

GENERAL INFORMATION

Region: Western Mediterranean
Terminal: 3
Bus capacity: 78
Turnaround port: Yes

Port Infrastructure
Valletta Cruise Port

A record-breaking year for the “top-rated” port.



In 2015, Global Ports Holding completed the acquisition of a 55.6% stake in Valletta Cruise Port (VCP).

With one of the most scenic backdrops of any European port, our Valletta Cruise Port (VCP) ushers passengers into Malta’s historical and cultural experience from the moment they dock.

They are greeted by the award-winning Valletta Waterfront, originally built by the Knights of Malta in the 16th century. Its array of beautiful old maritime structures have been regenerated to offer fabulous eating, drinking, shopping and duty-free merchandise.

With its Western Mediterranean location, VCP is the only licensed cruise and ferry port in Malta, a major port of call and a growing homeport.

GPH AND VALLETTA CRUISE PORT

In 2015, Global Ports Holding completed the acquisition of a 55.6% stake in Valletta Cruise Port (VCP).

VCP took over the cruise and ferry terminal in 2001 after winning a 65-year concession from the Government of Malta, and is engaged in port operations and the leasing of office, catering and retail outlets.

The concession includes a 65-year lease of 48,000 m^2 of land and buildings adjacent to the quays. VCP, through its 90% subsidiary Travel Shopping, also runs the port’s duty-free operations. The company is currently assessing a second-phase investment to develop the remaining pockets of land, which will add an additional 12,000 m^2 office and retail development within the concession territory.

2017: A RECORD YEAR FOR THE PORT

2017 was a year of progress, innovations - and a record number of around 780,000 passenger movements. During the year VCP:

> Broke through the 700,000 passenger-mark for the first time

> Was awarded ‘Top-rated Mediterranean Cruise Destination 2017’ by Cruise Critic

> Was awarded the ‘Best Terminal Operator’ Award by Cruise Insight for the second consecutive year

> Became a signatory to the UNWTO Private Sector Commitment to the Global Code of Ethics for Tourism, a frame of reference for responsible and sustainable tourism development as endorsed by the United Nations General Assembly in 2001.

> Enhanced the passenger experience by introducing customer care executives and additional security personnel and screening technology

> Generated valuable new revenues from advertising space and better utilisation of unexploited areas within the concession area

WITH ITS WESTERN MEDITERRANEAN LOCATION, VCP IS THE ONLY LICENSED CRUISE AND FERRY PORT IN MALTA, A MAJOR PORT OF CALL AND A GROWING HOMEPORT.

Port Infrastructure
Valletta Cruise Port

Valletta Cruise Port is within walking proximity from the UNESCO World Heritage City of Valletta, which boasts a myriad of attractions: palaces, churches, theatres, gardens and more.

> Completed Phase 1 of a new environmental risk management system, following ISO14001:2015 standards

KEY STRENGTHS OF THE PORT

VCP offers a compelling combination of location, practicality and versality.

Malta sits at the heart of European cruising, offering cruise lines and their passengers multiple options for almost any itinerary in the Eastern or Western Mediterranean. Of course, Malta itself is reason enough for a visit, with this compact island's history and culture easily accessible for either a brief day or an extended stopover.

The port is built around a natural deep-water harbour, and can accommodate the cruise industry's largest ships and support them with 24/7 services. Its quays are ISPS-compliant, and can handle three vessels simultaneously.

The main terminal is housed in the historic Magazino Hall, and together with two further facilities can process several hundred passengers an hour with simultaneous onboard registration and check-in. VCP is also perfectly set up for turnaround operations, with Malta International Airport just 10 minutes away.

Valletta Cruise Port is within walking proximity from the UNESCO World Heritage City of Valletta, which boasts a myriad of attractions: palaces, churches, theatres, gardens and more.

VCP WILL ALSO CONTINUE TO DRAW ON, AND CONTRIBUTE TO, KNOWLEDGE WITH THE WIDER GPH PORT FAMILY.

THE FOCUS FOR 2018

Following on from its award in 2017, VCP will maintain its high profile in the industry by hosting the prestigious MedCruise General Assembly in May 2018. This is also the year when Valletta itself enters the international spotlight as the European Capital of Culture.

Meanwhile, we will continue to elevate the passenger experience by establishing a Guest Information Centre, and to work with local businesses to create enticing ideas that benefit both our passengers and the port.

VCP will also continue to draw on, and contribute to, knowledge with the wider GPH port family. Just one example is an investment in a reverse osmosis system, inspired by the revenues being generated by GPH's Lisbon and Ege ports in providing potable water to cruise ships.

We will also continue to work with the Government of Malta on a joint investment to extend and improve berths for larger cruise ships.

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: 360 m
Width: No limit
Draught: 12 m

QUAYS/BERTHS

Total berths: 6
Total berthing lines length: 1,327 m
Quays depth: 11 m

DISTANCES/ TRANSPORTATION

City centre: 1.5 km
Airport: 6 km

GENERAL INFORMATION

Region: Western Mediterranean
Terminals: 3
Bus capacity: 50+
Turnaround port: Yes

VALLETTA CRUISE PORT	
GPH Acquisition Date	2015
End of Concession	2066

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	307	668
2016	317	683
2017	342	778

Key Financials (US$ Thousand)	Revenue	EBITDA*
2015	10,241	4,472
2016	11,838	5,859
2017	12,916	6,826

* EBITDA figures indicate only operational results, excluded non-recurring, non-operational revenues and expenses.

Port Infrastructure
Ege Port, Kuşadası

Investing and upgrading, ready for the upturn

72.5%
Stake

In July 2003, as a result of a privatisation, the operation rights of the Port of Kuşadası were transferred to Global Ports Holding. RCCL holds a 72.5% stake.

Global Ports Holding's first cruise port acquisition, in 2003, is also Turkey's busiest.

After more than 14 years in our care, the thriving port of Kuşadası provides full services for cruise ships, ferries and super yachts. This beach resort town on the Western Aegean is also the gateway to numerous historic sites; not least, the ruins of the ancient city of Ephesus and the house of the Blessed Virgin Mary.

GPH AND EGE PORT, KUŞADASI

In July 2003, as a result of a privatisation, the operation rights of the Port of Kuşadası were transferred to Global Ports Holding. RCCL holds a 27.5% stake

A CHALLENGING YEAR FOR THE EASTERN MEDITERRANEAN

Geopolitical issues in 2017 continued to impact cruise tourism in the Eastern Mediterranean, and at Ege Port, Kuşadası passenger numbers were inevitably depressed. The overall decline of 53% across GPH's Turkish ports was in line with the country's ports as a whole.

More positively, there is no doubt that the cruise lines are committed to restoring business as usual, due to the attractiveness of Kuşadası as the gateway to Ephesus. Meanwhile, we continued to invest in, upgrade and refresh this flagship port during the year.

ACTIVITIES INCLUDED:

> A complete refurbishment of the port's Scala Nuova Village. Its 39 retail outlets, across a total leasable area of nearly 3000 m², has the atmosphere of a quaint Aegean village and offers authentic local shopping and warm Turkish hospitality. A concert to mark the opening attracted 5,000 people.

> Establishing the Guest Information Centre, which has improved the passenger experience with easy access to information, local insights, bookings and related services.

> Generating ancillary revenues from display advertising space of €32,500

> Renewal of our 'Green Port' status, following a fresh environmental audit in 2017. In 2015, the port was the first in Turkey to achieve the required standard.

> Successful annual survey of our ISO 9001-14001-18001 (45001) standards, held continuously since 2005

THE PORT'S KEY ASSETS

Ege Port, Kuşadası attracts more cruise traffic than any other in Turkey; a testament to the investment, design and know-how that has created this major port.

EGE PORT, KUŞADASI ATTRACTS MORE CRUISE TRAFFIC THAN ANY OTHER IN TURKEY; A TESTAMENT TO THE INVESTMENT, DESIGN AND KNOW-HOW THAT HAS CREATED THIS MAJOR PORT.

Port Infrastructure
Ege Port, Kuşadası

Ege Port, Kuşadası was the first cruise port in Turkey to qualify as compliant with the International Ship and Port Facility Security (ISPS) Code in 2004.

Its comprehensive services to cruise ships, ferries and superyachts include pilotage, tugging, line-handling, berthing, security, fresh water supply, waste collection, passenger terminal services, and diving and bunkering services. The port is also unique among the GPH portfolio in offering marine services, which make a significant contribution to revenues.

In 2011, the port's two piers were extended to a total pier length of 1,297 metres, making the port large enough to welcome Oasis-class ships. With these two finger-piers, the port can berth up to four large vessels (or indeed four smaller and two large vessels) simultaneously. It features two roll-on/roll off ramps, as well as a quay to service ferries and superyachts.

Ege Port, Kuşadası was the first cruise port in Turkey to qualify as compliant with the International Ship and Port Facility Security (ISPS) Code in 2004. The port has also held ISO 9001 Quality Management, 14001 Environmental Management and 18001 (45001) OHSAS certificates since 2005, in addition to a 'Green Port' accreditation gained in 2015.

THE GIC WILL CONTINUE TO EXPAND ITS RANGE OF PRODUCTS AND SERVICES, WITH AN EMPHASIS ON LOCAL AUTHENTICITY.

OUR FOCUS IN 2018

In September 2017, the state tourism ministry announced an incentive programme to attract cruise lines back to Turkey, and our priority is to work with those customers to restore normal schedules and passenger volumes.

In addition, the GIC will continue to expand its range of products and services, with an emphasis on local authenticity. We will also look to optimise revenues in the Scala Nuova village with eight new outlets; introduce major food & beverage brands; and launch a joint venture to enlarge the duty free operation in the Arrival Hall.

EGE PORT - KUŞADASI	
GPH acquisition date	2003
End of concession*	2033

*The necessary legal process is still ongoing for potential extension of Ege Port's concession period until 2052.

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	513	567.3
2016	278	374.5
2017	130	118.9

Source: Cruise Activities in Medcruise Port Statistics - MedCruise Report (Global Deployment Shares)

Ferry Traffic	# of Calls	# of PAX (thousand)
2015	608	70.4
2016	607	57.8
2017	477	69.9

Key Financials (US$ Thousand)	Cruise Revenue	Cruise EBITDA*
2015	17,347	14,189
2016	11,650	8,976
2017	4,819	2,954

* EBITDA figures indicate only operational results, excluded non-recurring, non-operational revenues and expenses.

MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: 370 m
Width: No restrictions
Draught: 10 m

QUAYS/BERTHS
Total berths: 8
Total berthing lines length: 1,297 m
Quays depth: 9-19 m

DISTANCES/TRANSPORTATION
City centre: 50 m
Airport: 80 km

GENERAL INFORMATION
Region: Eastern Mediterranean
Terminal: 1
Bus capacity: 75
Turnaround port: Yes

EGE PORT KUŞADASI

Port Infrastructure
Bodrum Cruise Port

The gateway to one of the Wonders of the World

ISO 9001
Compliance
Bodrum Cruise Port
is complied with
ISO 9001 Quality
Standards.

60%
Stake

There is no mystery behind Bodrum's popularity as a destination: its proudly preserved history and old- alike.

Its credentials as a premier destination are further strengthened by an area rich in historical interest, including the site of King Mausolus' Mausoleum – one of the Seven Wonders of the world elegance becomes increasingly special in an age of change.

This heritage, together with a fabulous climate, shoreside restaurants and glorious beaches, attracts more than a million visitors every year to this Aegean idyll, including cruise visitors and Turkish residents Ancient World – a Roman amphitheatre and the Museum of Underwater Archaeology.

GPH AND BODRUM CRUISE PORT

Bodrum Cruise Port was originally tendered by the State Railways, Ports and Airports Construction Administration in September 2003 through a build-operate-transfer (BOT) agreement.

In April 2007, GPH acquired a 60% stake in the port's operator. The other shareholders in Bodrum Cruise Port are Setur Turistik Servis A.Ş., a duty-free operator owned by the Koç Group of Turkey (10%), and Yüksel Çağlar, a local entrepreneur (30%).

2017: CHALLENGING EXTERNAL CONDITIONS

In common with our other Eastern Mediterranean ports, the continuing instability and political climate in the region impacted passenger numbers passing through the port in 2017.

Regardless, good progress was made in a variety of operational improvements, including:

> **Establishing the Guest Information Centre** has improved the passenger experience through offering local insights, concierge services and a variety of rental and retail products

> **New ancillary revenue** potential has been realised (€20,000 in this first year) through monetising advertising space, indoors and outdoors.

> **The port retained its 'Green Port' status,** first awarded in 2015 and recertified in 2017 following a detailed renewal audit.

> **ISO 9001 – 14001 – 18001 (45001):** the port's compliance with the quality, environmental and occupational health/safety management standards, held continuously since 2015, was also successfully renewed in 2017.

THE PORT'S KEY ASSETS

With its excellent port facilities – the result of a programme of significant capex – Bodrum trebled the number of cruise lines it served between 2008 and 2017.

Today it meets the needs of cruise ships, ferries and mega yachts, both around the Bodrum peninsula and between Turkey and the Greek island of Kos. Its

finger pier, extended from 240 metres to 350 metres, means that even the largest ships in the market can berth here. The port's 24,000 square metres can accommodate two large (or four smaller) cruise ships simultaneously, and in addition to quays for smaller yachts, the port also offers three roll-on/roll-off ramps for ferries.

The terminal building houses a duty-free shopping area, an office, travel and ferry agencies, and a restaurant. Connections are also excellent: the port is a stroll from the city centre, and Milas International Airport is only 36 km away.

OUR FOCUS FOR 2018

Bodrum Cruise Port continues to work closely with the cruise lines to return to business as usual and to understand any further steps we can take to help accelerate normal volumes.

Further work will also focus on boosting revenues and improving the passenger experience by reorganising the exit route to the city centre with kiosks featuring local produce, crafts and art.

The port will also be protecting, and building on, its environmental credentials with further employee training in pollution-avoidance techniques and drills in emergency response readiness.

BODRUM CRUISE PORT	
GPH acquisition date	2007
End of concession*	2019

*Council of State reversed a lower court's judgment in a case to extend the concession until 2052 (currently 2033). Subsequently, management expects that the lower court will decide in favour of Ege Ports in a new decision

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	93	70.0
2016	44	61.3
2017	24	30.9

Source: Cruise Activities in Medcruise Port Statistics - MedCruise Report (Global Deployment Shares)

Ferry Traffic	# of CALLS	# of PAX (thousand)
2015	587	104
2016	522	67.5
2017	682	92.3

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: 350 m
Width: No restrictions
Draught: 9 m

QUAYS/BERTHS

Total berths: 4
Total berthing lines length: 680 m
Quays depth: 8-22 m
Ship capacity: 4

DISTANCES/ TRANSPORTATION

City centre: 2 km
Airport: 36 km

GENERAL INFORMATION

Region: Eastern Mediterranean
Terminal: 1
Bus capacity: 75
Turnaround port: Yes

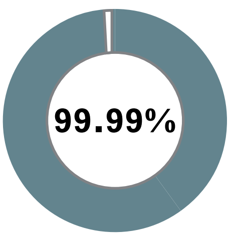
BODRUM CRUISE PORT

Port Infrastructure
Antalya Cruise Port

Turkey's favourite destination has a cruise port to match

11 million visitors

Antalya has become the most sought-after holiday destination in Turkey, attracting more than 11 million visitors each year.



Stake in Port Akdeniz, Antalya

Some port cities are not only gateways but destinations in their own right. Antalya has become the most sought-after holiday destination in Turkey, attracting more than 11 million visitors each year.

With its sumptuous Turquoise Coast location – the focus of a million camera lenses every summer – our Antalya Cruise Port in Port Akdeniz delivers passengers from deck to beach with seamless ease.

Against the backdrop of the Taurus mountains, the Kaleiçi old town district of winding lanes and fine Ottoman residences recalls a proud and ancient past. Indeed, the port's origins as a naval base date back to the first century BC, and today the old city clusters around it.

GPH AND ANTALYA CRUISE PORT

GPH acquired a 40% stake in Port Akdeniz, Antalya in 2006 and subsequently increased its share to 100% in July 2010. In order to sustain a steady increase in both commercial and cruise operations, GPH has made significant investments in the capacity of the port.

2017: A CHALLENGING TOURISM CLIMATE

The geopolitical issues affecting the Eastern Mediterranean have been well documented, and the adverse climate that affected our cruise business in 2016 continued into 2017.

The company is working with our cruise line customers and local tourism to restore normal operations to this hugely desirable city and its surrounding locality. In readiness, we continued to invest and upgrade during the year, with improvements ranging from complimentary Wi-Fi for passengers to the construction of rest areas and accommodation for employees. We also improved the visual aesthetics of the port with landscaping projects, and installed road traffic signalling for better passenger and vehicle safety.

As passenger numbers return, they can look forward to excellent service. Surveys during the year showed that:

> 86% of passengers were satisfied with our baggage operations

> 88% were positive about their interactions with our people

> 87% approved of the terminal's cleanliness.

THE PORT'S KEY ASSETS

Antalya is a major Mediterranean homeport, with separate quays and terminals for cruise, container and bulk cargo operations, and a 250-berth yachting marina. The various activities cover a total marine area of approximately 215,420 m^2.

ANTALYA IS A MAJOR MEDITERRANEAN HOMEPORT, WITH SEPARATE QUAYS AND TERMINALS FOR CRUISE, CONTAINER AND BULK CARGO OPERATIONS, AND A 250-BERTH YACHTING MARINA.

Port Infrastructure
Antalya Cruise Port

Located just 20 km from the city centre, 30 km from the airport and 3.2 km from the nearest beach, Antalya Cruise Port is equipped to satisfy the head and the heart of cruise lines and passengers alike.

The cruise port offers three piers totalling 510 metres in length, and welcomes passengers into a 1,830 m² passenger terminal. There is also 990 m² luggage store at the terminal building. In recent years the port achieved considerable and rapid success as a turnaround hub, first with Aida Cruises and later with TUI, boosting passenger numbers from around 13,800 in 2010 to approximately 200,000 just five years later.

The cruise lines can rely on comprehensive port services including pilotage, tugging, mooring, sheltering, security, fresh water supply and waste collection, and luggage operations.

Located just 20 km from the city centre, 30 km from the airport and 3.2 km from the nearest beach, Antalya Cruise Port is equipped to satisfy the head and the heart of cruise lines and passengers alike.

AS A PREVIOUS NOMINEE FOR 'PORT OF THE YEAR', ANTALYA IS ONE OF THE MEDITERRANEAN'S FINEST FACILITIES AND DOES FULL JUSTICE TO ITS SPECTACULAR SURROUNDINGS.

MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: 340 m
Width: No restrictions
Draught: 9.5 m

QUAYS/BERTHS
Total berths: 3
Total berthing lines length: 510 m
Quays depth: 10 m

DISTANCES/ TRANSPORTATION
City centre: 20 km
Airport: 30 km

GENERAL INFORMATION
Region: Eastern Mediterranean
Terminal: 1
Bus capacity: 35
Turnaround port: Yes

OUR FOCUS FOR 2018

As a previous nominee for 'Port of the Year', Antalya is one of the Mediterranean's finest facilities and does full justice to its spectacular surroundings. In September 2017, the state tourism ministry announced an incentive programme to attract cruise lines back to Turkey. Our priority in 2018 is to work with those customers and tourism agencies to restore confidence, and return to normal schedules and passenger volumes.

ANTALYA CRUISE PORT	
Acquisition Date	2006
End of Concession*	2028

*The necessary legal process is still ongoing for potential extension of the concession period for Port Akdeniz (Antalya Cruise Port) to 2047

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	55	168
2016	16	46
2017	16	40

Port Infrastructure
Bar Cruise Port

A new cruise destination, starting to make waves

11 Calls for 2018

Pullmantur had already committed to 11 calls in Bar Cruise Port for its 2018 programme.

Bar Cruise Port, Montenegro, is an example of GPH's ability to think creatively and strategically. Through our experience of operating a major commercial port in Bar, we quickly appreciated that this beautiful location and surrounding region was also tailor-made for cruise business.

The city of Bar was built almost entirely after World War II in a contemporary architectural style featuring wide boulevards. It offers an array of varied shore excursions, and is close to main tourist attractions such as the fabulous beaches at Ulcinj, the Lake Skadar wine tours and the impressive Šip€anik cellar, and the Lov€en National Park. The old fortified coastal town of Kotor is just an hour's drive away, and with its panoramic route it is an alluring tourist product.

With Bar's wealth of attractive features, GPH initiated a development project, working with local government, tourism agencies and the major cruise lines to lay the foundations of a new cruise destination. This demands both a seamless welcome at the port and an inspiring all-round experience inland. We are continuing to work on new product and event concepts with existing and new partners, investing jointly to create a compelling tourist offering.

It is still early days, but we made good progress in 2017 in cultivating this fresh opportunity.

GPH AND BAR CRUISE PORT

Global Ports Holding acquired the operating rights of the Port of Adria through privatisation in 2013. GPH owns a majority stake in the port, and the acquisition marked GPH's first overseas acquisition investment.

2017: RAISING OUR CRUISE PROFILE

The first cruise ship arrived in 2014, marking the beginning of the development of Bar as a cruising destination in the Adriatic. Momentum started to grow: in 2016 we welcomed seven ships of the British company Marella Cruises (formerly Thomson Cruises), while 2017 brought nine cruise ships with around 11,500 passengers. Significantly, this included new ship and companies such as Croisi Mer, Phoenix Reisen, and Norwegian Cruise Line. In 2018, we expect more than 16 ships and a further growth in passenger numbers.

During 2017 we focused on business development, inviting the major cruise lines to visit Bar Cruise Port to see the infrastructure and region for themselves. Interest was high, with Pullmantur, Carnival, TUI and MSC each accepting our invitation. At the time of writing, Pullmantur had already committed to 11 calls for its 2018 programme. We also presented our case at the major cruise fairs and conferences worldwi-

DURING 2017 WE FOCUSED ON BUSINESS DEVELOPMENT, INVITING THE MAJOR CRUISE LINES TO VISIT BAR CRUISE PORT TO SEE THE INFRASTRUCTURE AND REGION FOR THEMSELVES.

Port Infrastructure
Bar Cruise Port

With two quays of 290 and 200 metres, the port can also accommodate cruise liners of over 300 metres.

de, and continue to work with the city to develop the cruise product.

The year also saw progress in improving retailing, parking and shuttle bus transport to the city centre.

THE PORT'S KEY ASSETS

Located in the Port of Adria, Montenegro's main seaport, our relatively new cruise entrant is ideally located to support cruise lines in delivering the very best of the Adriatic to their customers.

Close to the existing major cruise destinations of Dubrovnik and Kotor, our multipurpose port has separate harbours for container ships, general cargo vessels and cruise ships, and a pier length of 1,440 metres.

With two quays of 290 and 200 metres, the port can also accommodate cruise liners of over 300 metres.

OVER THE NEXT TWO YEARS WE ENVISAGE A FULLY-DEVELOPED NEW CRUISE TERMINAL.

THE FOCUS FOR 2018

The active marketing programme of Bar's cruise offering will continue, alongside activity with government and tourism agencies to develop the city's offering for cruise passengers. The port has formed an operational team, monitoring every area from transportation and tourist guides to local produce and souvenirs, to continue to increase the attractiveness of Bar and increase revenue.

Early signs have been very encouraging. Our research found that passengers are keen to enjoy local foods and drinks, which we also offer on the promenade. They also gave positive feedback about the hospitality and welcome of the local people, with 86% saying they would recommend Montenegro and Bar to a friend.

Over the next two years we envisage a fully-developed new cruise terminal, with passengers disembarking directly into a full retail experience complete with the best in local produce and international duty-free merchandise.

We also aim to gain ISPS certification and to continue to invest in leading-edge security.

BAR CRUISE PORT	
GPH acquisition date:	2013
End of concession*	2043

* The extension of the current concession is 2050 and 2053 respectively. The process is ongoing.

Cruise Traffic	# of Calls	# of PAX (thousand)
2016	7	8.7
2017	9	10.7

MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: 330 m
Width: No limit
Draught: Max 12 m

QUAYS/BERTHS
Total: 2 for cruise ships
Total berthing lines length: 490 m
Quays depth: 10.5-12 m
Ship capacity: 2

DISTANCES/TRANSPORTATION
City Centre: 1km
Airport: Podgorica 68 km/Tivat 56.9 km

GENERAL INFORMATION
Region: Adriatic
Terminals: No
Bus capacity: 80
Turnaround port: Yes

Port Infrastructure
Cagliari Cruise Port

A 68% upturn in passengers, in the heart of the western med

Cagliari Cruise Port received **434,569 passengers increase** of 68% compared to the previous year.

We couldn't agree more, and Global Ports Holding was delighted to bring Cagliari Cruise Port into the GPH network in 2016.

Sardinia is the second largest island in the Mediterranean, and a strategic central point between the Iberian, Italian and North African coasts. For cruise lines, Cagliari means fuel efficiency because it is located in the middle of the Western Mediterranean and central to many routes, including:
> Marseille / Palermo / Malta / Trapani
>Barcelona / Trapani / Malta
> Palma De Mallorca / Palermo / Messina
> Valencia / Palermo / Messina
> Alicante / Naples
> Malaga - Strait of Gibraltar / Civitavecchia / Naples
> Monte Carlo / Tunis

In the meantime, for cruise passengers Cagliari is a feast of Italian culture, artefacts, parks, beaches, archaeology and, of course, food and wine.

The summer season is long there, stretching from May well into October.

GPH AND CAGLIARI CRUISE PORT

Global Ports Holding has operated the port since 2016, when we obtained the majority of the indirect shares in Cagliari Cruise Ports, along with other Italian ports located in Catania and Ravenna.

2017: A YEAR OF INTEGRATION

The year was the first full twelve months of Cagliari operating inside the GPH family, and it was a period of sharing knowledge, standards and ways of working.

During 2017, the port:

> Introduced GPH's signature Guest information Centre (GIC) concept, which has simplified passengers' visits by being able to discover and book the services that interest them. In turn, this maximises the time they have on the island

> Received 430,000 passengers – and increase of 67% compared to the previous year

> New openings of stores, a pharmacy and outlets for carefully chosen local products have increased the time passengers spend in the terminal, and their spend

> Visual merchandising: The port has followed GPH's techniques and experience, attracting business and helping passengers to navigate retail choices

> New baggage-handling conveyors, tractors and carts have created a better experience for both passengers and staff.

IN THE MEANTIME, FOR CRUISE PASSENGERS CAGLIARI IS A FEAST OF ITALIAN CULTURE, ARTEFACTS, PARKS, BEACHES, ARCHAEOLOGY AND, OF COURSE, FOOD AND WINE.

Port Infrastructure
Cagliari Cruise Port

The Port of Cagliari sits at the heart of cruising in the Western Mediterranean, and within easy striking distance of key destinations.

THE PORT'S KEY ASSETS

The Port of Cagliari sits at the heart of cruising in the Western Mediterranean, and within easy striking distance of key destinations including Tunis (145 nautical miles), Trapani (175), Palermo (205), Civitavecchia (225), Port Mahon (250), Naples (260) and Livorno (300).

With its two berths of 480 and 450 metres in length, and a depth of 10 metres, the port offers one of the best cruise facilities in the Mediterranean and can welcome cruise ships of every size.

The port also boasts a new 1,000 m^2 cruise terminal, opened in 2016, welcoming passengers in spacious surroundings and with full baggage handling and retail options. Together with the port's proximity to Elmas International Airport (7 km), and the city centre just a 500 m stroll away, Cagliari's position as the homeport of South Sardinia is assured.

OUR FOCUS IN 2018

The port will continue to combine its unique local knowledge with learning and experiences gained from other GPH assets.

ENVIRONMENTALLY, WE WILL INSTALL SOLAR PANELS ON THE CAR PARKING SHELTERS, AND EXTEND EXISTING GREEN MEASURES.

We are discussing with the port authority how to improve embarking passengers' experience of security checks, and will be reflecting feedback by extending the range of services we offer in the GIC.

Environmentally, we will install solar panels on the car parking shelters, and extend existing green measures including electric car transportation for staff and an electric bike rental outlet.

CAGLIARI CRUISE PORT	
GPH Acquisition Date	2016
End of Concession	2027*

*Application for 10-year extension currently under review by the Port Authority

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	97	263
2016	108	258
2017	164	435

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: No limit
Width: No limit
Draught: 10m

QUAYS/BERTHS

Total berths: 2
Total berthing lines lenght: 1,000m
Quay depth: 10m
Ship capacity: 4

DISTANCES/ TRANSPORTATION

City Centre: 500 m
Airport: 7 km

GENERAL INFORMATION

Region: Western Mediterranean
Terminals: 1
Bus capacity: 54-90-160
Turnaround Port: Yes

CAGLIARI CRUISE PORT

Port Infrastructure
Catania Cruise Port

The gateway to Sicily

Global Ports Holding acquired the majority of shares in Catania Cruise Terminal Srl in 2016.

2026

End of Concession

Sicily and cruising are perfect partners.

Sail into Catania and you're at the gateway of a vibrant city, as well as six former island provinces and a host of day trip choices. And passengers embarking have all the options of the main cruise network of the Med, with destinations including Malta, Napoli and the Piraeus area. Even the weather is on your side: this far south, passengers cruise all year. It seldom rains for more than 45 days each year, and sizzling summers give way to mild months between October and March.

Presiding over the region, just an hour from the city and 3350m into the sky, is the awe-inspiring presence of Mount Etna, the highest active volcano in Europe. Thousands visit it safely every year.

GPH AND CATANIA CRUISE PORT

Global Ports Holding acquired the majority of shares in Catania Cruise Terminal Srl in 2016, along with other Italian ports located in Ravenna and Cagliari.

JOINING THE GPH NETWORK

The year continued a period of transition as the Port of Catania shared learning, ideas and working practices with GPH. Main activities included:

> Arranging exclusive discounts for passengers who show the GPH brand at local shops and attractions

> Implementing a Guest Information Centre (GIC) with guidance, help and booking arrangements to help passengers maximise their stay.

THE PORT'S KEY ASSETS

The Port of Catania boasts capacity, convenience and an historic area that is dedicated to yachts, cruise ships and fishing boats. (Containers, ferries and cargo are handled at a separate terminal.)

The port is directly integrated into the city of Catania, with its population of nearly one million, and is a key point of the waterfront area.

It has three main cruise docks and two further optional accommodations with a berthing capacity of up to five ships. It offers quays of up to 1,600 metres (main and optional) with a minimum depth of 10 metres, positioning it to accommodate even the latest generation of cruise liners.

Shore logistics are also excellent: the cruise terminal is located on Sporgente Centrale quay, a short stroll from the city centre and railway station, and a 10-minute drive to the Vincenzo Bellini Airport (9 million passengers in 2017).

This proximity, as well as the wealth of historic attractions, nightlife and hotels, opens up numerous options for pre- and post-cruise packages throughout the year.

The port also offers a large area for transportation, with a designated shore excursion location and parking for coaches and taxis.

OUR FOCUS IN 2018

The port will continue to develop new revenue streams that are derived from passenger feedback; for example, the GIC has identified a clear demand for more transport options when passengers come ashore.

Packages under development range from rentals of pocket Wi-Fi to photographic and food & wine experiences.

During 2018 we will also improve the retail area inside our terminal; create closer logistical links with the airport; and install solar panels to generate our own electricity.

CATANIA CRUISE PORT	
GPH acquisition date	2016
End of concession	2026

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	64	81.9
2016	69	99.8
2017	43	69

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: No limit
Width: No limit
Draught: 10 m

QUAYS/BERTHS

Total berths: 3 + 2
Total berthing lines length: 1,600 m
Quays depth: 10 m

DISTANCES/ TRANSPORTATION

City centre: 500 m
Airport: 5.3 km

GENERAL INFORMATION

Region: Western Mediterranean
Terminals: 1
Bus capacity: 50
Turnaround port: Yes

CATANIA CRUISE PORT

Port Infrastructure
Ravenna Cruise Port

A secret no more...
Italy's north-eastern cruise port...

50,000

Mark for the First Time

Cruise ship visits climbed from 44 to 52 year-on-year, with passenger numbers hitting the 50,000-mark for the first time.

2026

End of Concession

At GPH we are proud of our continuing ability to spot nascent ports that show potential, develop them with the local authorities, and then market them successfully to major cruise lines looking for fresh and interesting ports of call.

Ravenna, on Italy's North-East coast, is one example, standing as the only cruise and commercial port in the Emilia-Romagna region. The location is a perfect coming-together of the head and the heart: sound logistics, excellent access, and a city steeped in history, art, mosaics and no less than eight UNESCO world heritage sites.

Since its debut as a cruise terminal in 2011, the port has welcomed more than 300 cruise ships and 350,000 passengers over the last six years. As we generate mounting awareness and industry interest, we see this as just the beginning.

GPH AND RAVENNA CRUISE PORT

GPH welcomed Ravenna into our portfolio in 2016, when we acquired a majority holding in Ravenna Terminal Passeggeri.

2017: BUILDING THE PROFILE

During the reporting year, Ravenna generated increased calls and passenger traffic for the third year in a row. Cruise ship visits climbed from 44 to 52 year-on-year, with passenger numbers hitting the 50,000-mark for the first time.

Meanwhile, the port continued to market itself successfully; this included a familiarisation visit by TUI that resulted in a commitment for a series of calls during its 2019 programme. Excellent relationships with the local authorities led to several projects to improve security, information services and sustainable transportation in the form of a fleet of bicycles.

THE PORT'S KEY STRENGTHS

Visiting ships are now greeted at the port's entrance by a new 300-metre pier, with two berths able to accommodate liners of up to 330 metres long, with a draft of 8.8m. On shore, a 600 m^2 terminal houses customs and immigration for in-transit ships

Connections and amenities are excellent. The terminal itself neighbours a yacht marina, beaches and a pine forest on the lovely Porto Corsini waterfront, and the ancient city itself is only 14km away. Ravenna is also the only port in the Mediterranean that gives easy access to the prized destinations of both Florence and Venice.

For the cruise lines, Ravenna means a host of destination possibilities, and the most fuel-efficient routes including Italy, Slovenia, Croatia, Montenegro, Albania and Greece.

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: 330 m
Width: 42 m
Draught: 8.80 m

QUAYS/BERTHS

Total berths: 2
Total berthing lines length: 600 m
Quays depth: 10 m
Ship capacity: 2-3

DISTANCES/ TRANSPORTATION

City centre: 14 km
Airports: 90 km (Bologna); 80 km (Rimini)

GENERAL INFORMATION

Region: Adriatic
Terminals: 1
Bus capacity: 50
Turnaround port: Yes

THE FOCUS IN 2018

The capital of the Emilia-Romagna region is no longer a well-kept secret. Ravenna's allure as a cruise destination is on the ascendancy, and new attractions such as the FICO Eataly World – the world's largest agri-food park, and just an hour away – will fuel that popularity.

Ravenna Cruise Port will continue be intensively marketed to the major cruise lines during 2018. The coordination and cooperation of the Airport of Bologna, fellow group member Venice Terminal Passeggeri, and the strong partnership we have formed with the City of Ravenna, the Chamber of Commerce and the Port Authority, augurs well as we work together to make Ravenna a major player in the Mediterranean cruise network.

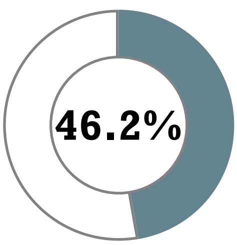
CATANIA CRUISE PORT	
GPH acquisition date	2016
End of concession	2026

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	38	44.6
2015	35	40.0
2016	44	45.6
2017	47	50.1

Port Infrastructure
Lisbon Cruise Port

Voted Europe's leading cruise port, 2017

This contemporary and vibrant new facility ensures that Portugal's capital city boasts the port it deserves.



Stake in Lisbon Cruise Port

Winning awards even before it had opened, our new leading-edge Jardim do Tabaco Cruise Terminal at Lisbon crowned an excellent year for the Port of Lisbon.

This contemporary and vibrant new facility ensures that Portugal's capital city boasts the port it deserves, and that the 500,000 passengers who visit each year enjoy an unrivalled introduction and welcome.

The port and the destination have won numerous awards. In 2017 alone, the World Travel Awards honoured Lisbon with Europe's Leading Cruise Port; Europe's Leading Cruise Destination; World Best City Break Destination; and Portugal as Best World Destination 2017.

GPH AND LISBON CRUISE PORT

Lisbon Cruise Port (LCP) is a privately-owned company that holds exclusive operational rights for the cruise terminals of the Port of Lisbon. Established by Global Ports Holding Grupo Sousa, SA-Investimentos SGPS, LDA, Royal Caribbean Cruises Ltd and Creuers del Port de Barcelona, LCP commenced operations in August 2014.

GPH holds a 46.2% stake in Lisbon Cruise Port, of which 40% is held directly and 6.2% indirectly through GPH's 62% stake in BPI's 100% holding in Creuers Del Port de Barcelona.

2017: A CONSTRUCTIVE YEAR

The reporting year was a landmark in the evolution of the Port of Lisbon.

> **The new €24m passenger terminal inaugurated.** From the earliest stages of the two-year project, GPH contributed operational knowledge and advice, working closely with one of Portugal's most eminent architects. The terminal was inaugurated in November 2017.

> **Uninterrupted business as usual.** The project was accomplished on-time and on-budget, while operating the existing facilities with no compromise in standards to our cruise line customers or passengers.

> **Strong EBITDA margins.** A combination of a balanced increase in rates, providing a value for money experience to the cruise lines, as well as ancillary revenue (advertising media space, equipment rental, ships' supplies, berthing of commercial vessels…) increased 2017's EBITDA margins by 57% compared with 2015, and 8% over 2016.

THE PORT'S KEY ASSETS

The port has long been a prime port of call for cruise ships, for the rich experience on shore and the sheer ease of logistics. There are 1,490 metres of quay dedicated to cruise ships, depths of up to 15.5 metres, and two passenger terminals to welcome them.

GPH HOLDS A 46.2% STAKE IN LISBON CRUISE PORT, OF WHICH 40% IS HELD DIRECTLY AND 6.2% INDIRECTLY THROUGH GPH'S 62% STAKE IN BPI'S 100% HOLDING IN CREUERS DEL PORT DE BARCELONA.

Port Infrastructure
Lisbon Cruise Port

The Port of Lisbon has been awarded the honour of hosting the prestigious Seatrade Cruise Med event in 2018.

The magnificent new terminal comprises 13,800 m^2 of space, operated over three storeys. At its heart is the concept that the terminal is a seamless extension of the cruise ships berthed outside, with easy embarking/disembarking and free-flowing movement. Its terrace is a panoramic celebration of the city.

Connections are excellent: Lisbon is an important port of call for cruises between the Atlantic Coast and Europe, the western Mediterranean and the north of Europe, the Atlantic Isles and the north of Africa, together with transatlantic voyages.

Lisbon International Airport is a 15-minute drive, with its 500 direct weekly flights used by 22 million passengers annually.

THE FOCUS FOR 2018

The Port of Lisbon has been awarded the honour of hosting the prestigious Seatrade Cruise Med event in 2018, an excellent showcase of our assets and abilities to key industry stakeholders.

In addition, the port aims to address a range of projects, to:

> achieve Green Port and ISO 14001 certification

THE MAGNIFICENT NEW TERMINAL COMPRISES 13,800 M² OF SPACE, OPERATED OVER THREE STOREYS.

> implement environmentally-friendly LNG bunkering for cruise ships (expected by the end of 2019)

> assist cruise ships to operate casinos during overnight stays

> develop a new retail area of over 3,000 m²

> launch a new Guest Information Centre

> construct a helipad, and a 150 metre-high static balloon to provide 360° views of the magnificent old city of Lisbon.

LISBON CRUISE PORT	
GPH acquisition date	2014
End of concession*	2049

* The extension of the current concession is 2050 and 2053 respectively. The process is ongoing.

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	306	512,128
2016	311	522,497
2017	330	521,043

PORTUGAL LISBON

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: No limit
Width: No limit
Draught: Max 12m

QUAYS/BERTHS

Total berths: 3-5
Total berthing line length: 1,425m (with a possible further 900m)
Quay depths: 8.3 - 12m

DISTANCE / TRANSPORTATION

City centre: 500m
Airport: 11km

GENERAL INFORMATION

Region: Atlantic
Terminals: 2
Bus Capacity: 80
Turnaround port: Yes

LISBON CRUISE PORT

Port Infrastructure
Venice Cruise Port

One of the world's great homeports, in one of europe's finest cities.

918
calls

In 2017, Venice Cruise Port recorded 918 calls and 1,546,337 cruise passengers.

In keeping with our strategy of building a presence in the major cruise destinations of the world, GPH has a financial interest in the port of Venice.

One of Europe's most vibrant homeports, Venezia Terminal Passeggeri (VTP) has been the focus of constant investment and improvement since it was founded by the Venice Port Authority in 1997.

In the ensuing 20 years, nearly €70m has been invested in infrastructure.

GPH AND VENICE CRUISE PORT

In 2016, GPH joined a consortium to take a stake in Venezia Terminal Passeggeri (VTP) S.p.A., adding the most important gateway for cruising into the Adriatic and the Eastern Mediterranean to our portfolio.

2017: ANOTHER BUSY YEAR

In 2017, the port recorded 918 calls and 1,546,337 cruise passengers, thanks to the deployment of over 70 cruise ships from the major cruise lines.

THE PORT'S KEY ASSETS

Venice can fairly claim to be unique – there is nowhere quite like it – and this old city's network of canals has been casting its spell over travellers for centuries.

Every year, the port facility managed by VTP attracts over 40 cruise brands thanks to its infrastructure capacity, the non-stop improvement of operating efficiency, and the steady innovation in safety and security. Cruise ships up to 340 m LOA are welcomed by no less than ten multifunctional terminals and six dedicated quays across Marittima, Santa Marta and St. Basilio.

The emphasis is on services and amenities that give an excellent experience to both homeport and in-transit passengers, together with the convenience of having everything close at hand: the terminal is located near a 4km causeway that links the city with the mainland. There are excellent road, rail and air connections, and the riches of the city are just a short stroll, or boat/taxi ride, away.

Aside from cruises, other leisure vessels enjoy VTP's facilities: river cruise ships, yearly deployed on the route Venice lagoon-Po River, hydrofoils with seasonal connections to/from Istrian Peninsula, and super yachts.

THE OUTLOOK IN 2018

The 2018 season is expected to be consistent with 2017, with 466 calls already scheduled and an estimated 1,428,000 cruisers expected to pass through the port.

MAXIMUM SHIP DIMENSIONS

Length: 340 m
Width: No limit
Draught: Up to 9.1 m
Turning basin: Up to 340 m

QUAYS/BERTHS

Total berths: 7 (6 for cruise ships)
Total berthing lines length: 3,450 m
Ship capacity: 12

DISTANCES/ TRANSPORTATION

City centre: 1 km from P. le Roma
Airport: 13 km

GENERAL INFORMATION

Region: Adriatic
Terminals: 10
Bus capacity: 40
Parking capacity: 2,300
Turnaround port: Yes

EVERY YEAR, THE PORT FACILITY MANAGED BY VTP ATTRACTS OVER 40 CRUISE BRANDS THANKS TO ITS INFRASTRUCTURE CAPACITY.

VENICE CRUISE PORT	
GPH acquisition date	2016
End of concession*	2024

* The extension of the current concession is 2050 and 2053 respectively. The process is ongoing.

Cruise Traffic	# of Calls	# of PAX (thousand)
2015	521	1,582
2016	985	1,967
2017	918	1,546

Port Infrastructure
Marina Bay Cruise Centre, Singapore

GPH is proud to have an interest in Singapore, which is currently our sole non-Mediterranean port.

28,000
m² Terminal Area

The terminal's 28,000 m² covered area (the size of three football fields) can handle up to 6,800 passengers at once, with space and comfort.

A 10 Year Concession...

It was in 1819 that Sir Stamford Raffles set up a tax-free trading port that would be instrumental in building the prosperity of Singapore. Today, the cruise port continues to play a key role in the economy.

GPH is proud to have an interest in Singapore, which is currently our sole non-Mediterranean port. In the Asia-Pacific region, Singapore is second only to Bangkok in terms of tourist visits, and ranks No. 1 when it comes to visitors' spending.

The city is an alluring cocktail of chic shopping, the arts, extraordinary plant-clad 'green' skyscrapers, street food and a melting pot of Malay, Chinese and Indian influences.

We are delighted to help the world enjoy it.

GPH AND MARINA BAY CRUISE CENTRE SINGAPORE

Singapore's cruise port is the Marina Bay Cruise Centre Singapore (MBCCS).

As part of GPH's acquisition of Creuers del Port de Barcelona in 2014, we hold a 40% stake in SATS Creuers, the terminal operator for MBCCS. The remaining 60% stake is held by SATS Ltd., Asia's leading service provider to the aviation industry, and a supplier of non-aviation catering.

SATS Creuers holds a 10-year concession, with the option to renew the agreement for an additional term of five years at the discretion of the Singapore Tourism Board.

THE PORT'S KEY STRENGTHS

The MBCCS provides a magnificent introduction to the city: passengers disembark at Marina South, straight into the heart of Singapore's premier waterfront and lifestyle district.

Indeed, the MBCCS terminal is itself an architectural icon, designed to complement other landmark projects such as the Marina Bay Integrated Resort, the Singapore Flyer, and the Gardens by the Bay.

The terminal's 28,000 m² covered area (the size of three football fields) can handle up to 6,800 passengers at once, with space and comfort.

Even the world's largest ships of 220,000 GRT or more can navigate the port with ease, thanks to its deep waters, large turning basin and no height restrictions. Its two piers reach up to 360 metres, and as one of the largest cruise terminals in Asia, MBCCS can accommodate the turnaround operations of two megaships simultaneously.

THE MBCCS PROVIDES A MAGNIFICENT INTRODUCTION TO THE CITY: PASSENGERS DISEMBARK AT MARINA SOUTH, STRAIGHT INTO THE HEART OF SINGAPORE'S PREMIER WATERFRONT AND LIFESTYLE DISTRICT.

Port Infrastructure
Marina Bay Cruise Centre, Singapore

For passengers making a flying visit or return home, the terminal is just 20 minutes' drive from the ultra-modern Changi International Airport.

For passengers making a flying visit or return home, the terminal is just 20 minutes' drive from the ultra-modern Changi International Airport, which also links directly with the highway and is five kilometres from midtown. MBCCS also features the world's first seamless Cruise-Fly service, where passengers can check in for their flights at the terminal and leave their luggage before taking in the sights of the city.

MBCCS ALSO FEATURES THE WORLD'S FIRST SEAMLESS CRUISE-FLY SERVICE, WHERE PASSENGERS CAN CHECK IN FOR THEIR FLIGHTS AT THE TERMINAL.

MARINA BAY CRUISE CENTRE, SINGAPORE	
GPH Acquisition Date	2014
End of Concession*	2022

*The extension process is ongoing. The concession can be extended for 5+5 years by mutual agreement of parties until 2033.

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: Max 360 m at Berth 2
Width: N/A
Draught: 11.5 m at Berth 2

QUAYS/BERTHS

Total berths: 2
Total berthing lines length: 695 m
Quays depth: 11.3-11.5 m
Ship capacity: 2

DISTANCES/ TRANSPORTATION

City centre: 2 km
Airport: 15 km

GENERAL INFORMATION

Region: Southeast Asia
Terminal: 1
Bus Capacity: 30
Turnaround Port: Yes

Port Infrastructure
The Commercial Sector

Around 90% of global trade by volume, and more than 70% by value, crosses an ocean

50,000 merchant ships

Worldwide there are more than 50,000 merchant ships, manned by more than one million seafarers, carrying vital cargo, with seaborne volumes reflecting global economic growth.

KEEPING THE WORLD SUPPLIED

The world's sea lanes are the conduits of trade, growth and development. Almost everything we use, build, drive, eat, manufacture or invent is enabled, directly or indirectly, by a vessel and a port. Around 90% of global trade by volume, and more than 70% by value, crosses an ocean.

Worldwide there are more than 50,000 merchant ships, manned by more than one million seafarers, carrying vital cargo, with seaborne volumes reflecting global economic growth.

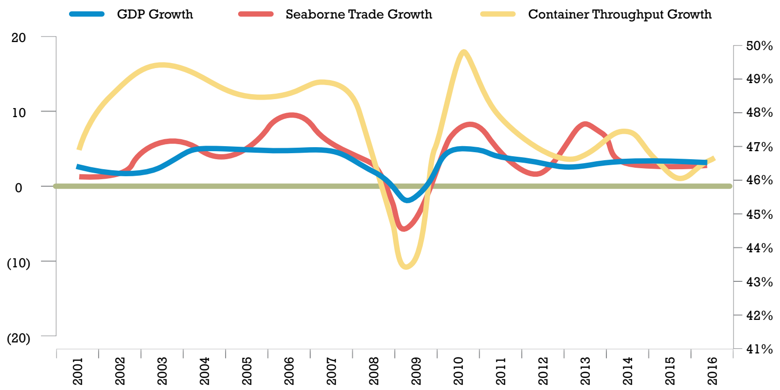
Recent trends in maritime trade and transportation

World seaborne trade has grown significantly over the last three decades, thanks in part to maritime transport being one of the most cost-effective means of transporting goods internationally. Merchandise trade has also benefited from the liberalisation of international trade policies, the emergence of new trading partners and access to new markets, facilitated by growing trade and co-operation agreements.

Many manufacturers have also off-shored their operations to countries with lower production costs; in turn, this means that increasing volumes of intermediate and finished goods are more likely to need transportation to their country of final purchase. The opening of major economies, and in particular China, has been a catalyst for more trade.

In the UNCTAD forecasts, projections for the medium-term point to continued expansion, with volumes growing at an estimated compound annual growth rate of 3.2% between 2017 and 2022. Volumes are set to expand across all segments, with containerised trade and major dry bulk commodities trade recording the fastest growth.

CONTAINER TRADE DEVELOPMENT



Source: Databank World Bank, UNCTAD Review of Maritime Transport 2017

Global container demand

Cyclical and structural factors have contributed to global container demand growth rising at 2-3 times that of global GDP over the past three decades. This reflects economic growth and longer supply chains: GDP only includes the monetary value of finished goods, whereas container volume includes the movement of raw materials, components and semi-finished goods, plus the repositioning of empty containers.

Key developments in the container market:

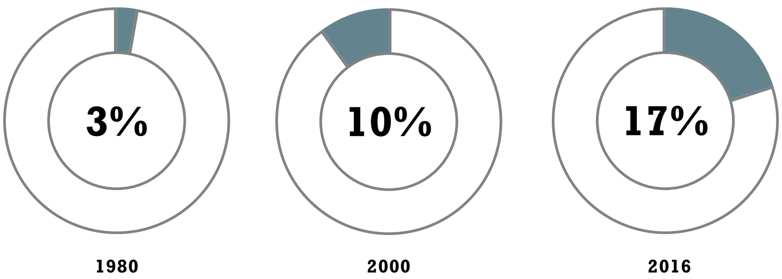
> Increasing sizes of container ship, offering greater fuel efficiency and economies of scale

> A rise of "mega alliances" between the world's largest container lines, looking to sharpen competitive advantages from lower port and shipping costs, and to help them move towards investment in larger container ships

> The South Asia-Middle East region is expected to experience the highest growth in container trade for the next decade

> Asia continues to lead the global demand for container port services.

CONTAINERISED TRADE AS PERCENTAGE OF SEABORNE TRADE



Source: UNCTAD Review of Maritime Transport 2017

Maritime transportation in Turkey

A key strength of the Turkish maritime transport industry is that it sits at the very heart of trade between Europe, Asia and the Middle East. The country's geostrategic location, between the Mediterranean and the Black Sea, features an accessible 8,333 kilometre-long coastline, with clear advantages for global seaborne trade.

Economic projections are confident: Turkey's GDP is forecast to grow in line with other emerging markets, and is growing faster than the EU-27 region. With its heavy reliance on maritime trade, Turkey offers a supportive environment for commercial ports.

Indeed, between 2000-2017 Turkey saw a CAGR in container growth of 11.0 in contrast to the world average of 3.7%, fuelled by privatisation and general economic expansion. And there is more to come: Turkey was relatively late to the party in container operations, and there is considerable opportunity still to tap.

Two drivers of growth will continue to be exports of marble and agricultural produce. The country is rich in marble resources located on the Alpine-Himalayan belt, and China has been a keen customer: exports there grew by 62% between 2005 to 2017. In addition, Turkey's growing agricultural sector (already representing 7% of GDP) aims to rank among the top five producers globally by 2023. Exporters in this market are increasingly moving away from trucks to refrigerated containers as their transportation of choice.

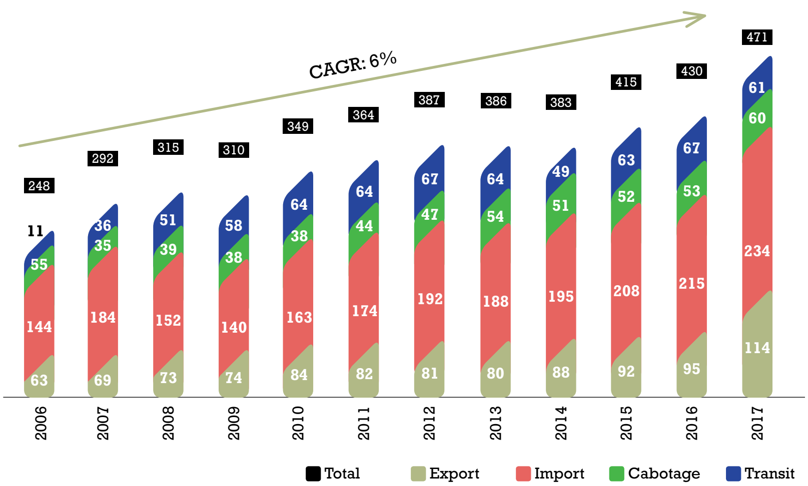
A further demand is coming from the construction industry. Turkey has an abundance of the resources needed to manufacture cement and clinker, and the growing construction markets of China, the Middle East, North Africa, the western Mediterranean and the Black Sea all need to be served.

Port Infrastructure
The Commercial Sector

Two drivers of growth will continue to be exports of marble and agricultural produce.

We are confident both about the growth of the sector in 2018 and our ability to maximise the opportunities it presents.

CARGO HANDLING AT TURKISH PORTS



Source: Turkish Ministry of Transport, Maritime Affairs and Communications, Maritime Statistics.

The commercial sector outlook for GPH

GPH owns two commercial ports: the Port of Adria in Bar, Montenegro (and Port Akdeniz, Antalya, Turkey.

Together, they contributed more than half of the company's revenues in 2017, and we are confident both about the growth of the sector in 2018 and our ability to maximise the opportunities it presents.

> Port Akdeniz: Following strong trading in Q4 2017, we expect resilient demand for exports from the port to continue into 2018, supporting continued growth in commercial revenues.

> Port of Adria: the completed capex investment programme is expected to attract additional volumes and customers, driving potential double-digit growth in revenue.

FOLLOWING STRONG TRADING IN Q4 2017, WE EXPECT RESILIENT DEMAND FOR EXPORTS FROM PORT AKDENİZ TO CONTINUE INTO 2018, SUPPORTING CONTINUED GROWTH IN COMMERCIAL REVENUES.

Port Infrastructure
Port Akdeniz, Antalya

Moving minerals on an industrial scale

€ 500,000

More than € 500,000 forklift and stacker equipment investment was realised in Port Akdeniz, Antalya.

30 Year
Operating Concession

There are ports around the world that are characterised by the natural resources around them, and Port Akdeniz, Antalya, is certainly one.

With the area's wealth of minerals - chromium ore, marble, barite and aluminium - the region surrounding Antalya has given rise to two large cement factories and more than 500 marble quarries (around Burdur, Isparta, Afyon, Denizli, Konya and Muğla). In turn, Port Akdeniz has become a strategic gateway to diverse global markets for exporters of cement, clinker, aluminium, marble and chromium.

A thriving agricultural sector, enabled by the area's highly fertile soil and temperate climate, also exports via the port.

Alongside this vibrant mix of dry bulk and general cargo, GPH operates Antalya Cruise Port.

GPH AND PORT AKDENİZ

Global Ports Holding became the sole owner and operator of Port Akdeniz, Antalya, in July 2010.

We hold a 30-year operating concession that terminates in 2028.

2017: A THIRD YEAR AT NO. 1

Despite the market contracting significantly in recent years due to geopolitical issues, Port Akdeniz has been successful in growing its cargo tonnage by offering supportive actions, in particular for exporters. As a result, we have led the market for three consecutive years.

Port Akdeniz moved more than 1.4 million tonnes of cargo in 2017, compared with 1.3 million the previous year. Highlights included:

> Container volumes up 16%, driven by a 18% increase (TEU) in block marble

> A significant increase in containerised exports of MDF panels, PVC profile, barite and fertilizer exports

> General bulk and bulk cargo: a significant increase of 49.2% in sling cement exports

> The highest wheat imports in the port's history

> Forage imports received by the port for the first time

> First-time white goods imports from Samsung

> The restarting of manganese exports.

The year also saw investment of more than € 500,000 in forklift and stacker equipment; a new warehousing agreement with one of the major fertiliser companies; the launch of new on-site storage and marble cutting services; and the launch of marketing campaigns to drive container volumes and raise the profile of the port to forwarders.

CONTAINER VOLUMES UP 17%, DRIVEN BY A 19% INCREASE (TEU) IN BLOCK MARBLE.

PORT AKDENIZ ANTALYA

Port Infrastructure
Port Akdeniz, Antalya

THE PORT'S KEY ASSETS

Port Akdeniz is a major force in the import/export of seaborne cargo in its region. Indeed, it is the largest and best-equipped port along the 700 km Turkish Aegean Mediterranean coast that stretches from Izmir in the west to Mersin in the east.

The port has a 1,600 m main breakwater and a 650 m side breakwater, and offers the flexibility eight active piers, ranging from 140 to 290 metres. Covering a total area of 215,420 m^2, the infrastructure has the capacity to handle 5 million tons of dry bulk and general cargo, and 500,000 TEU per year. It is also ready to benefit from the sustained rise in containerisation at Turkish ports, were there is significant room for future growth.

On shore, its operations are supported by a 1,260 m^2 indoor facility for temporary storage service in the bonded area.

The port also sits on the doorstep of many of its customers: just 25 km away is an Organized Industrial Zone, which hosts multiple exporting companies in sectors such as PVC, wood and plastic manufacturing, machinery and heavy manufacturing, cement, mining and food production.

Further afield, upgraded national connections will also provide further opportunities, following the Government's announcement to link Antalya with the country's high-speed rail network. This is scheduled to be complete in 2023, coinciding with the 100th anniversary of the Turkish Republic.

THE FOCUS FOR 2018

After very strong exports of block marble in recent years, which have accounted for up to 84% of our container export traffic, we anticipate an easing in demand in 2018.

Offsetting this may be an increase in exports in bulk cement, as well as imports in coal to serve the energy needs of the cement production industry. We also expect to see increased imports required by a major fertiliser company, as well as higher forage imports for a feed manufacturer.

The port's agenda for 2018 includes:

> The launch of warehouse rental services (occupying 6,729 m^2) and increasing fertilizer imports
> Feasibility studies to restart perishable exports
> Increase the number of container lines
> New logistic services
> Encouraging mineral loads
> An alternative development project for cruise piers, areas and the terminal

Port Akdeniz is a major force in the import/export of seaborne cargo in its region.

Key Financials (US$ Thousand)	2015	2016	2017
Revenue	49,925	53,351	58,549
EBITDA	37,459	41,288	46,436

OPERATIONAL FIGURES	2015	2016	2017
General Cargo (Tons)	603,430	551,929	743,630
Dry Bulk Cargo (Tons)	492,257	767,312	672,104
Container (TEU)	178,471	172,039	200,115

PORT AKDENIZ ANTALYA

Port Infrastructure
Port of Adria, Bar

Investment up, volumes up, capabilities up

750,000 TEU

It is capable of serving the global maritime transportation industry with an annual capacity of 750,000 TEU and 6 million tonnes of general cargo.

GPH is proud to operate the commercial business of the Port of Adria, alongside a separate cruise facility that we have pioneered in recent years.

At one time the port was the key maritime asset of the former Yugoslavia, and today it continues to be the principal port and a vital node for trade serving Serbia, as well as neighbouring countries.

This non-EU port is strategically located in the Adriatic region. In this area of exceptional charm and tourist appeal, GPH operates both commercial and cruise terminals with efficiency and sensitivity.

GPH AND THE PORT OF ADRIA

The port was privatised in 2013, opening the door to participation by outside interests. The opportunity marked Global Ports Holding's first overseas investment, and indeed the first-ever Turkish acquisition of a controlling stake in an overseas port operation. GPH owns 63.79% of shares of JSC" Port of Adria" Bar, which operates as a cargo and cruise terminal.

2017: INVESTMENTS ENABLE RECORD PRODUCTIVITY

The reporting year marked the completion of significant investments in our infrastructure and capabilities. In particular, we added a universal mobile crane and a container crane (Liebherr P137 WS L – Super). This has made our port capable of accepting and operating on two container ships, while tripling overall productivity.

In accordance with our business strategy, the company also opened a branch office in Belgrade, Serbia, at the beginning of the year. This has raised our profile in the market, attracting new partners and encouraging the routing of cargo through Bar. These actions have led to a greatly improved perception of the port and a major uplift in cargo throughput.

During the year we achieved:

> total cargo throughput +47% year on year

> throughput of containers in TEU units +18%

> throughput of general cargo +160%

> a TEU throughput record set in October 2017, with 5,059 TEU.

Financially, effective cost control measures achieved a US$ 200,000 saving, with spend falling to $ 5.8 million.

THE PORT'S KEY ASSETS

This multi-purpose port offers a quay length of 1,440 metres, with dedicated terminals for container ships, general cargo ships and cruise ships. The port covers a total area of 518,790 m^2 and has

GPH IS PROUD TO OPERATE THE COMMERCIAL BUSINESS OF THE PORT OF ADRIA, ALONGSIDE A SEPARATE CRUISE FACILITY THAT WE HAVE PIONEERED IN RECENT YEARS.

PORT OF ADRIA

Port Infrastructure
Port of Adria, Bar

the flexibility of nine berths. It is capable of serving the global maritime transportation industry with an annual capacity of 750,000 TEU and 6 million tonnes of general cargo.

The port is excellently connected, integrated into the Belgrade-Bar railway and the road traffic network. The entire port area also comes under the Free Zone regime, making it exempt from customs duties, taxes and other charges.

The vision of the port is to play an expanding and critical role in the region's trade, becoming a key gateway for Serbian, Bosnian, Kosovo and Macedonian cargo. A new highway project, with connections to key corridors, is now being constructed and will pave the way for growing volumes in the next few years.

Meanwhile, a continuous programme of investment in IT, safety & security and training is ensuring that customers of the port receive the quality of service they deserve.

OUR FOCUS IN 2018

With a major programme of capex now completed, and associated bank loans repaid, we look forward to reaping the benefits in 2018.

We anticipate a significant increase in EBITDA (of over 100%) through increased volumes, efficiencies and cost controls. In particular, we are looking forward to:

> new container line arrivals: Cosco, Medkont and Arkas

> RO-RO terminal investment

> a block container train to Sremska Mitrovica

> serving diverse projects including a windmill project and a sugar distribution centre

> handling more cement and minerals cargoes.

We will also intensify activities in the areas of quality management, OHS (occupational health and safety) and environmental management in order to apply for IMS (Integrated Management System) Certification in 2018.

Operational figures (thousand)	2015	2016	2017
Container (TEU)	39	42	49
General cargo (tons)	365	82	214

Key financials (US$ thousand)	2015	2016	2017
Revenue	8,528	7,883	7,541
EBITDA*	2,246	2,728	1,855

* EBITDA figures indicate only operational results, excluded non-recurring, non-operational revenues and expenses.

We anticipate a significant increase in EBITDA (of over 100%) through increased volumes, efficiencies and cost controls.

PORT OF ADRIA

Power

Turkey is one of the fastest growing energy markets in the world.

CAGR of 5.4%

Turkish gross electricity consumption has recorded CAGR of 5.4% in 2017.

26 GW New Capacity...

MARKET OUTLOOK

Turkey is a high growth market... Turkey is one of the fastest growing energy markets in the world, due to its population, urbanization, industrialization and economic growth over the last 15 years.

Turkey has low per capita consumption... Turkey ranks first in Europe in the growth rate of electricity demand. Consumption growth is driven by robust GDP expansion, industrial sector growth, population expansion, urbanization and demographic changes. Despite relatively high electricity consumption growth rates over the last decade, electricity consumption per capita in Turkey remains one-third below the OECD average.

Turkey has lower electricity consumption per USD 1,000 GDP... Turkey's electricity consumption per USD 1,000 GDP is about 27% lower than the OECD average, while, the average electricity prices paid by both industrials and households are roughly 30% less than the EU average, indicating significant room for market development and expansion.

Turkish gross electricity consumption has recorded CAGR of 5.4% (1.2x of GDP CAGR of 4.1%) over the last 15 years, climbing to 292,645 GWh in 2017.

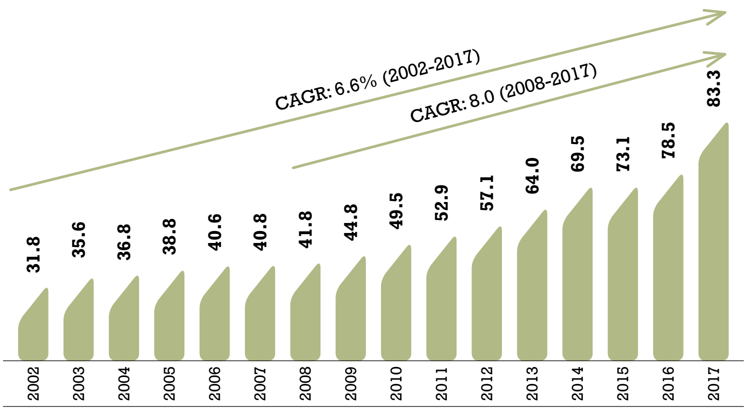
New capacity investments have expanded...
Private producers have ramped up new capacity investments significantly since 2008. This is driven by supply security concerns based on demand projections, the availability of long-term financing and government incentives. Turkey's installed capacity has registered a CAGR of 8.0% since 2008, with demand grew at 4.4%. In the last five years, a total of 26 GW in new capacity was commissioned, about 31% of the current generation capacity of 83.3 GW. This implies a CAGR of 7.9% in generation capacity over the last five years.

Turkey's installed capacity rose to 83.3 GW as of end of 2017, indicating a net increase of 4,781 MW (after taking into account plant closures during the year), or 6.1% growth year-on-year. Some 66.5% of the total new capacity commissioned during the year was at renewable energy power plants, with 14.6% at coal fired power plants and 18.9% at gas power plants.

Solar power recorded the largest capacity increase in 2017, expanding 161%. Total installed capacity of unlicensed and licensed solar power plants climbed to 2,432 MW by year's end.

Installed capacity breakdown of Turkey by 2017 year-end was: 32.7% hydroelectric power, 32.6% natural gas, 22.1% coal, 7.8% wind, 2.9% solar energy, 1.2% geothermal energy, and 0.7% biomass energy resources.

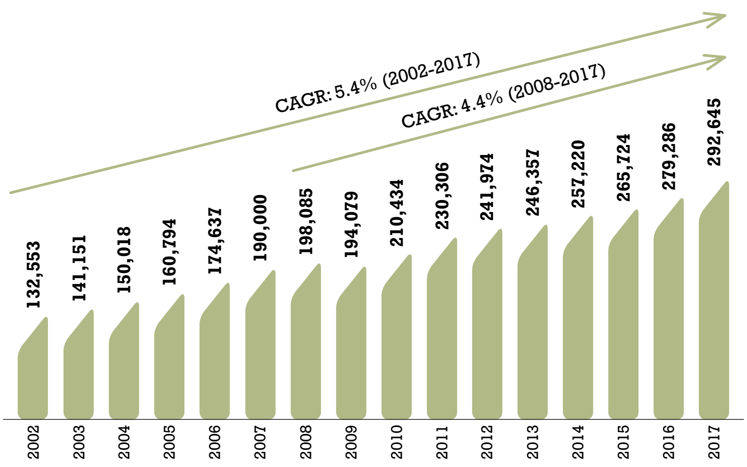
INSTALLED CAPACITY (GW)



Source: TEIAS

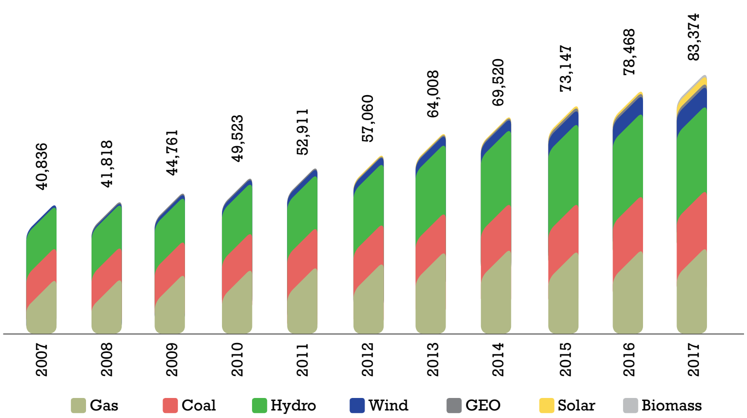
An increase of 4,781 MW and Turkey's installed capacity rose to 83.3 GW.

GROSS CONSUMPTION (GWH)



Electricity consumption was up **4.8% to 292,645 GWh**

HISTORICAL INSTALLED CAPACITY BREAKDOWN BY SOURCE

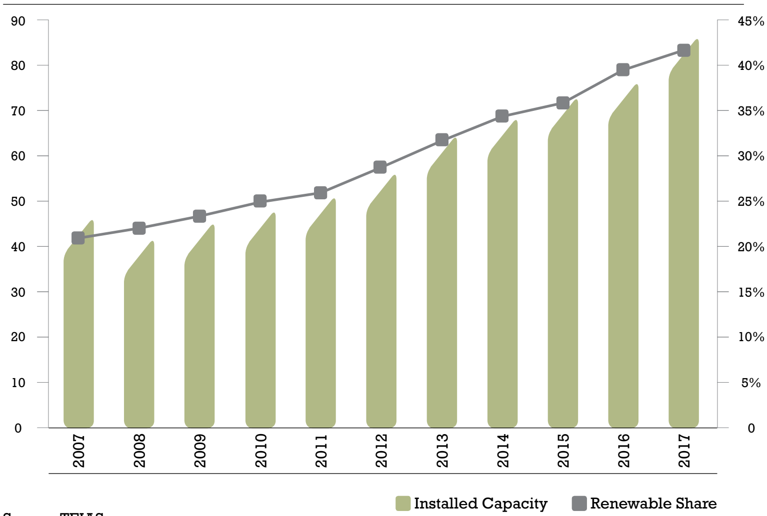


Source: TEIAS

Share of renewable in total installed capacity increased from 19% to 29% in the last ten years.

Power

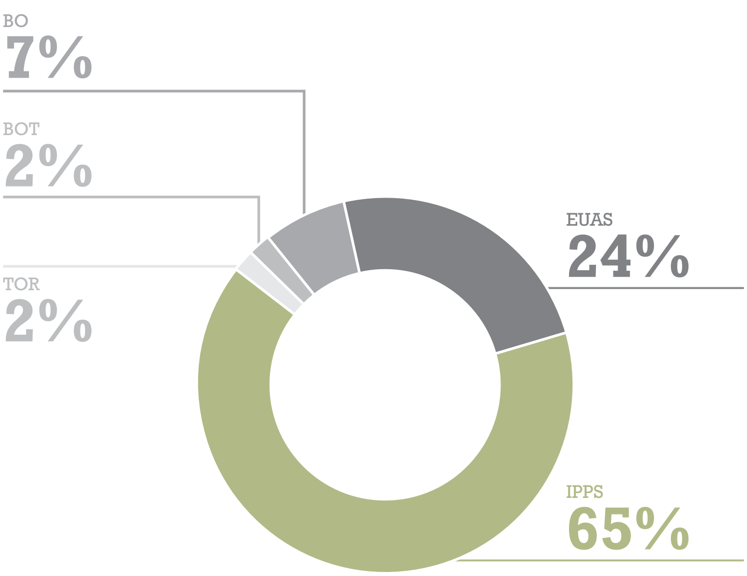
DEVELOPMENT OF RENEWABLES IN INSTALLED CAPACITY



Source: TEIAS

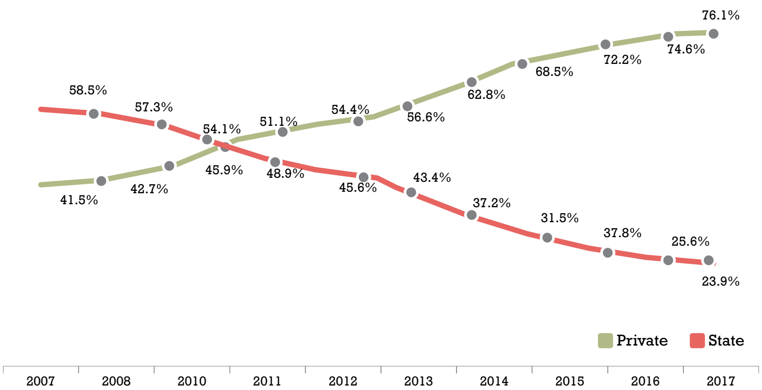
45%
share in total Installed Capacity

INSTALLED CAPACITY BY TYPE (MW, 2017)



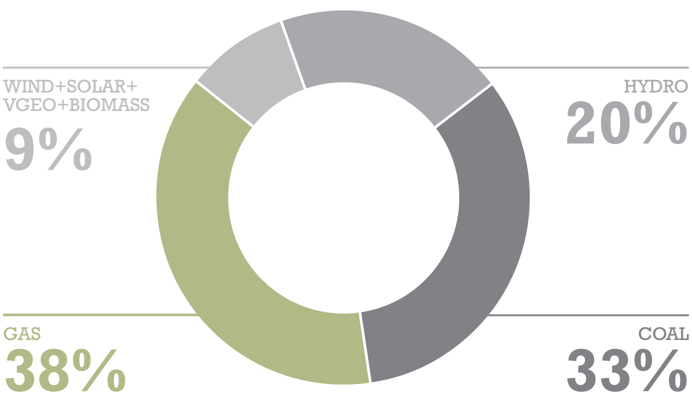
The share of government owned generation company, EUAS, in total installed capacity has down trended the last decade, falling to 24% in 2017.

HISTORICAL STATE/ PRIVATE CAPACITY BREAKDOWN



Source: TEIAS

GENERATION BREAKDOWN BY TYPE AND SOURCE (MWH, 2017)



Source: TEIAS

Government's share in total capacity is decreasing...

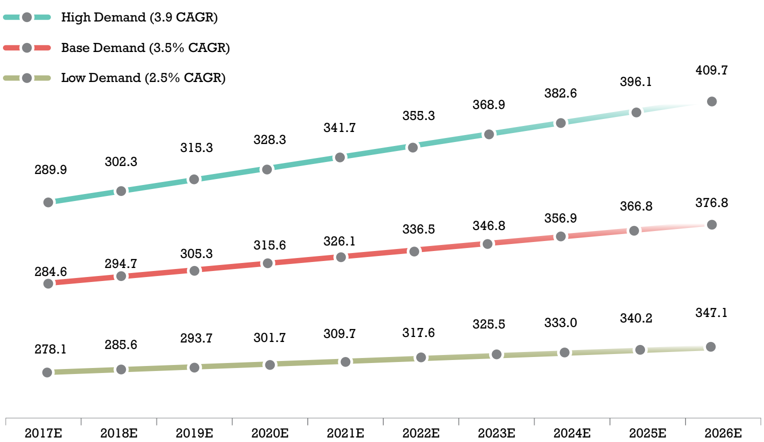
The share of government owned generation company, EUAS, in Turkey's total installed capacity has down trended the last decade, falling to 23.9% in 2017. Privatisation of generation assets and the increase in private producers' (IPP) investments are the main drivers of the decline. As a result, the share of IPPs rose to 64.9% in 2017. Meanwhile, contracted sales (BO-BOT-TOR) constitutes 11.2% of total installed capacity.

Turkish Electricity Transmission Company data shows that electricity consumption was up 4.8% to 292,645 GWh, while generation rose 6.9% to 293,216 GWh in 2017. Natural gas-fired power plant generation jumped 22% year-on-year, while hydroelectric power plant generation fell 14%.

This year, drought adversely impacted hydroelectric power plant production. Its share in total generation declined to 19.8% in 2017, down from 25% in 2016. Meanwhile, the cumulative share of other renewables – wind, geothermal solar and biomass – power generation ticked up from 8.7% to 9.6%. Government efforts to incentivize renewable electricity generation – coupled with higher oil and gas prices rendering it less feasible to invest in natural gas plants – extended the uptrend. Meanwhile, still some 37.9% and 33.3% of electricity generation came from gas fired and coal, plants respectively.

Power

DEMAND PROJECTIONS (TWH)

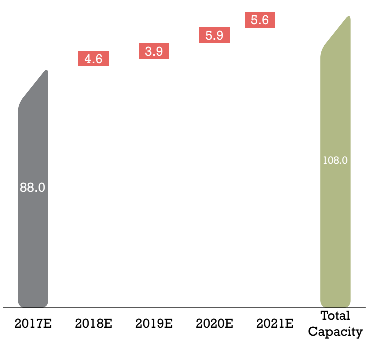


Source: TEIAS

Electricity demand projected to grow 3.2% per year through 2026...

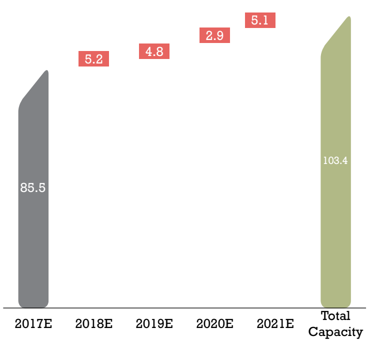
The Turkish Electricity Transmission Company (TEİAŞ)'s scenario analysis projects annual electricity demand to expand 3.2% to 376,786 GWh in its base case scenario until end-2026.

CAPACITY PROJECTIONS (GW) SCENARIO 1



Source: EMRA

CAPACITY PROJECTIONS (GW) SCENARIO 2



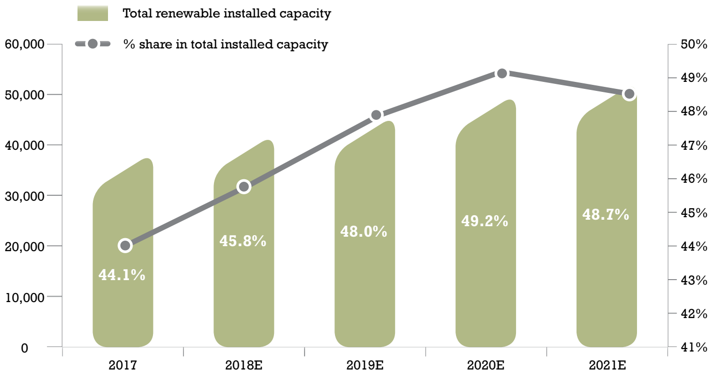
Source: EMRA

Strong investment pipeline ensures renewables to grow faster than non-renewables...

Energy Market Regulatory Authority (EMRA) runs two scenarios for installed capacity projections of Turkey, based on the completion rates of on-going constructions. 10% and 15% completion rates are used for scenarios and the plants are assumed to become online gradually until 2019.

Accordingly, EMRA estimates a total of 20GW and 18 GW new capacity to become online by the end of 2021 under scenario 1 and 2, respectively. Projected capacity increases imply a CAGR of 5.3% and 4.9% until 2021 under these scenarios 1 and 2.

RENEWABLE PROJECTION IN SCENARIO 1

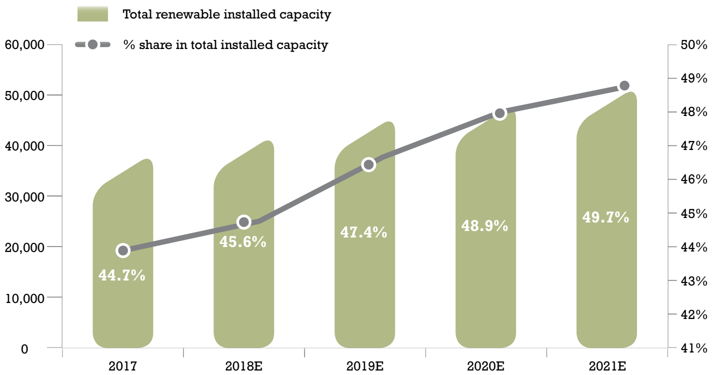


Source: EMRA

The majority of the new planned capacity is composed of renewables, a 69% share of the total investments; in addition, 85% of the investment is being undertaken by the private sector. After renewables at 69%, imported & local coal make up 18% and natural gas-fired power plants 13%.

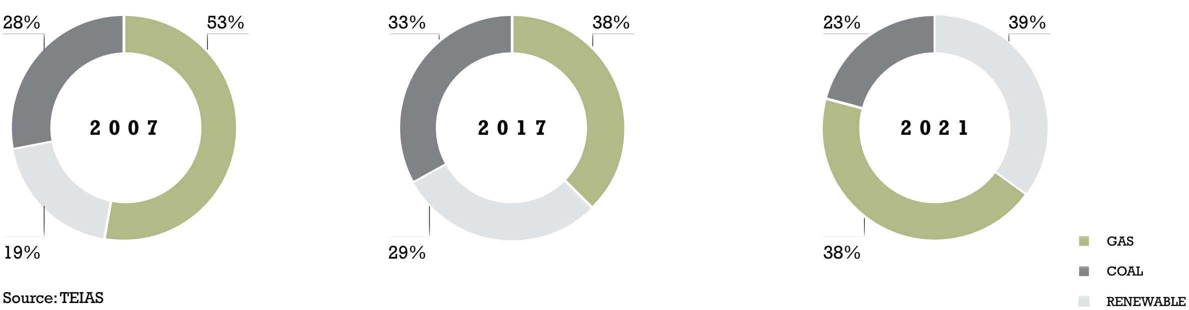
These new capacity projections indicate that there will be sufficient reserve margin to meet the demand in the same period.

RENEWABLE PROJECTION IN SCENARIO 2



Source: EMRA

CAPACITY PROJECTION BY SOURCE



Source: TEIAS

Power

GOVERNMENT'S MEDIUM AND LONG TERM TARGETS IN THE ENERGY SECTOR

The Energy Ministry formulated a road map (2015-2019 Strategic Plan, based on 2013 data) for energy as part of the government's ambitious strategic targets for 2023 – the centennial of the Turkish Republic. The two central themes of this strategy are security of energy supply and energy efficiency. Strong and reliable energy infrastructure and optimal resource diversity are the major goals of the first theme. Using energy in the most efficient way and improving the capacity for energy efficiency and savings (policymaking and monitoring, a regulatory framework with effective incentives, public awareness and new technologies) are the key goals of the second.

Reducing Turkey's dependence on natural gas...

Natural gas supply is a critical factor for Turkey, as 98.5% of the country's natural gas need imported. This also serves to widen the Turkish current account deficit. To alleviate the situation, the Ministry of Energy and Natural Resources has set strategic targets: reducing the usage of natural gas in power generation to below 38% by end- 2019 and under 30% by end-2023. The Ministry also aims to build natural gas storage capacity to meet 20% of the annual consumption. In addition, the government plans to shift to cheaper sources of natural gas, such as Northern Iraq and Israel, while lowering the country's reliance on Russia as the largest exporter of natural gas to Turkey.

Transforming existing domestic coal resources into electricity generation...

Turkey aims to fully utilise domestically excavated coal and boost that resource's share in total electricity generation to 60bn KWh by end-2019. To that end, the government plans to open large scale lignite fields to investment, including Afsin-Elbistan and Karapınar-Ayrancı. The introduction of new incentives for the investments – including the introduction of a feed-in-tariff mechanism, similar to that offered for renewable plants to improve the attractiveness of the projects and accelerate investments – is also planned.

Nuclear energy will be added to the generation portfolio...

Turkey's government plans to have two NPPs, aiming nuclear energy to account for 5% of the country's total electricity generation. The first NPP will be built in Akkuyu, on the Mediterranean coast, and the second one will be located in Sinop on the Black Sea coast

Use of domestic renewable energy resources...

The government targets to gradually increase the share of renewables in the generation mix to over 45GW by 2019 and to 61GW by 2023. The objective is to add 34 GW of hydropower, 20 GW of wind energy, 5 GW of solar energy, 1 GW of geothermal and 1 GW of biomass. Turkey also aims to meet 10% of energy need of its transport sector by renewable resources.

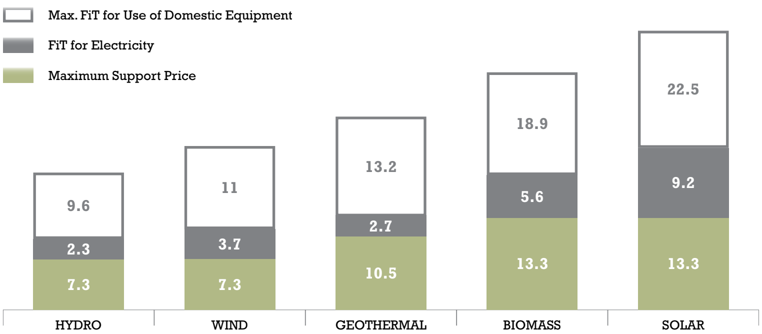
In 2023, the forecasted gross electricity production is 91,800 GWh from hydropower, 50,000 GWh from wind power, 5,100 GWh from geothermal, 8,000 GWh from solar power and 4,533 GWh from biomass. The gross electricity production using renewable energy sources will total nearly 159,433 GWh. This quantity is 37% of the projected electricity consumption in 2023 (424 TWh).

In support of this strategy, the government incentivizes renewable energy sourced power plants commissioned between 2005-2020 through guaranteed prices (feed-in-tariff) for a period of 10 years.

Unlicensed Generation...

Real and legal entities that are generating electricity from renewable resources with maximum installed capacity of 1 MW can operate without an EMRA license and still enjoy applicable feed-in prices. Within this framework, distribution companies have an obligation to purchase this energy produced from unlicensed plants in accordance with Renewable Energy Support Mechanism.

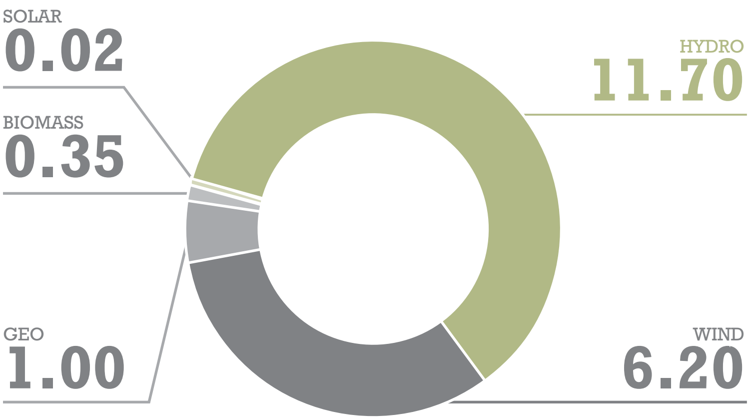
FEED-IN TARIFF ($CENT/KWH)*



(*) Plants that become operational by 2020 will be eligible to benefit from the FIT for a period of 10 years following their commercial operation date. Source: Energy Market Regulatory Authority (EMRA)

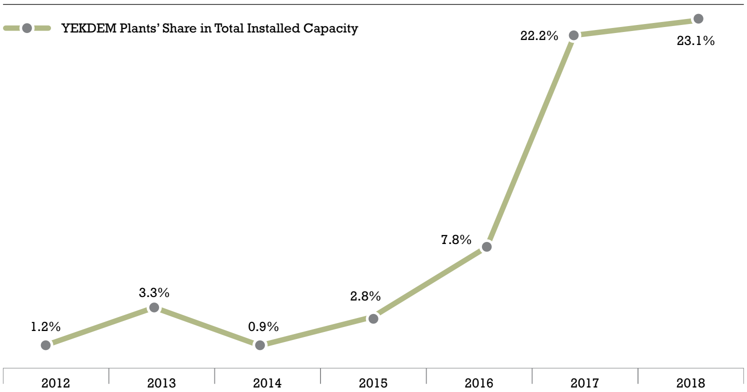
Source: EMRA

FEED-IN-TARIFF CAPACITY (GW, 2018)



Source: EMRA

YEKDEM PLANTS' SHARE IN TOTAL INSTALLED CAPACITY



Source: EMRA

A total of 19 GW installed capacity will benefit from the feed-in-tariff mechanism in 2018. Hydro plants with a total of 11.7 GW capacity account for the lion's share while wind power plants make up a total of 6.2 GW.

Feed-in-tariff...

Turkey's parliament passed the Renewable Energy Law in 2005, and amended the law in 2010 to provide enhanced support. The Renewable Energy Law offers incentives for renewable energy sourced power plants commissioned between 2005-2020 through guaranteed purchase prices (feed-in-tariff) for a period of 10 years. Additional price incentives are also available for the use of local equipment in these plants applicable for first five years. As a result, the approved feed-in tariffs for hydro and wind (USD 73/MWh) were comparable to the MCP, market clearing price while tariff for geothermal (USD 105/MWh) and tariffs for biomass and solar (USD 133/MWh) were significantly higher than MCP.

Power
Biomass

Global Investment Holdings commenced generating power from biomass resources at its Aydın and Şanlıurfa power plants. Using agricultural residues and livestock manure in power generation, these two facilities – with a total installed capacity of 17.2 MW – are expected to power 45 thousand households.

50 million tons

The Renewable Energy General Directorate estimates the nation's annual biomass potential totals 50 million tons.

5,000 MW

Biomass Power Capacity...

As a major agricultural producer, Turkey's non-food crops, farm residues and waste present significant untapped potential in biomass energy. The Renewable Energy General Directorate estimates the nation's annual biomass potential totals 50 million tons. Turkey has the potential to install more than 5,000 MW of biomass based power capacity. Biomass based power generation in the country is a newly emerging field, accounting for less than 1% of total electricity generation today.

Global Investment Holdings aims to capitalize on this significant potential. As an early entrant, the Company plans to operate in power generation based on the nationwide availability of such abundant biomass resources.

Producing energy from biomass is relatively new in Turkey. However, it is expected to increase in importance in the near future. Harnessing biomass energy will reduce the country's dependence on imported non-renewable resources such as natural gas. It is also expected to make agricultural activity more efficient.

Biomass can be obtained from a variety of agricultural residues. These include, but are not limited to: corn and cotton stalk, sunflowers, wheat, rice husks and hazelnuts, all of which have high calorific value. Biomass in the form of manure can also be obtained from livestock farms.

Unlike widespread applications in more developed countries, these resources have no common economic use in Turkey. Farmers or producers either remove and burn the residue, despite legal prohibitions and damage to soil efficiency, or mix the residue with soil, incurring additional costs. Livestock farms face greater difficulties and higher costs with respect to complying with environmental regulations and handling animal waste.

Biomass resources have a relatively high calorific value – ranging up to 4,000 kcal/kg – in comparison to alternative fuel types that can be produced locally, such as lignite. However, establishing a sustainable and economic supply chain, in addition to storing biomass in large volumes, are critically important, and affect power plant feasibility.

The Renewable Energy Law sets the purchasing price for the electricity produced by a biomass power plant at USD 0.133/kWh for the first 10 years of production. An additional tariff incentive of up to USD 0.056/kWh is applicable for the first five years of operation if certain specified parts of those biomass power plants are manufactured within Turkey.

In 2017, Global Investment Holdings started power generation from biomass resources in its Aydin and Şanlıurfa power plants with 17.2MW installed capacity where the company has

IN 2017, GLOBAL INVESTMENT HOLDINGS STARTED POWER GENERATION FROM BIOMASS RESOURCES IN ITS AYDIN AND ŞANLIURFA POWER PLANTS WITH 17.2MW INSTALLED CAPACITY WHERE THE COMPANY HAS THE FIRST MOVER ADVANTAGE.

Power
Biomass

Global Investment Holdings, pursuant to its strategy related to biomass supply security, has entered into long-term contractual agreements with both private and state-owned farms.

125 MW capacity

Global Investment Holdings plans to further expand the installed biomass capacity to 125 MW by 2020.

the first mover advantage. Biomass method for electricity generation involves the process of combustion and steam cycle technology using agricultural (mainly cotton and corn) residues, animal manure, and forestry residues where this method of electricity production is not adopted by many players in the Turkish market.

These two biomass power plants will be subject to Renewable Energy Resources Support Mechanism (YEKDEM), selling electricity at a subsidized 13.3 dollar-cent/kWh level.

The feed-in tariff (13.3 US cent/kwh) for the first 10 years of operation provided through the YEKDEM, which GIH's projects will benefit is available only for projects completed until the end of 2020 and unlikely to be extended at same rates afterwards. Biomass collection operations it established with a large and specialty equipment park operating for more than two years, coupled with expiry of high feed-in tariff in 36 months time create barriers to entry for other investors in close proximity to existing and planned plant locations of GIH.

The locations of the facilities are close to important supply areas where biomass is collected from diversified sources with own equipment and personnel in addition to selected subcontractors.

We are also one of the very few companies that combine biomass collection activity and power plant operation under one single roof.

Turkey's largest biomass power plant to transform cotton stalks and residue into energy – with 12 MW installed capacity – was commissioned in Söke, Aydın province in Turkey's Aegean region. The facility is expected to generate about 80 million kWh of electricity per year, meeting the electricity requirement of about 30 thousand households.

Additionally, another biomass power plant – with an installed capacity of 5.2 MW – was commissioned in Şanlıurfa province in southeast Turkey. The facility, a pioneer in Turkey's Southeast Anatolia region, was established to transform agricultural biomass and livestock manure into energy. The plant is expected to generate about 35 million kWh of electricity annually, accommodating the electricity requirement of 15 thousand households.

Global Investment Holdings (Söke) plans to further expand the capacity of the Aegean region facility to 24 MW in 2018, upon completion of the necessary permissions.

By converting residues and waste from agricultural fields, forests, and livestock into energy, Global Investment Holdings aims to reduce Turkey's dependence on energy imports and contribute to the national economy. The Company's efforts will also provide significant regional employment opportunities. These clean and domestic resources, which are collected and

converted from the field in an environmentally conscious manner, are a type of renewable energy.

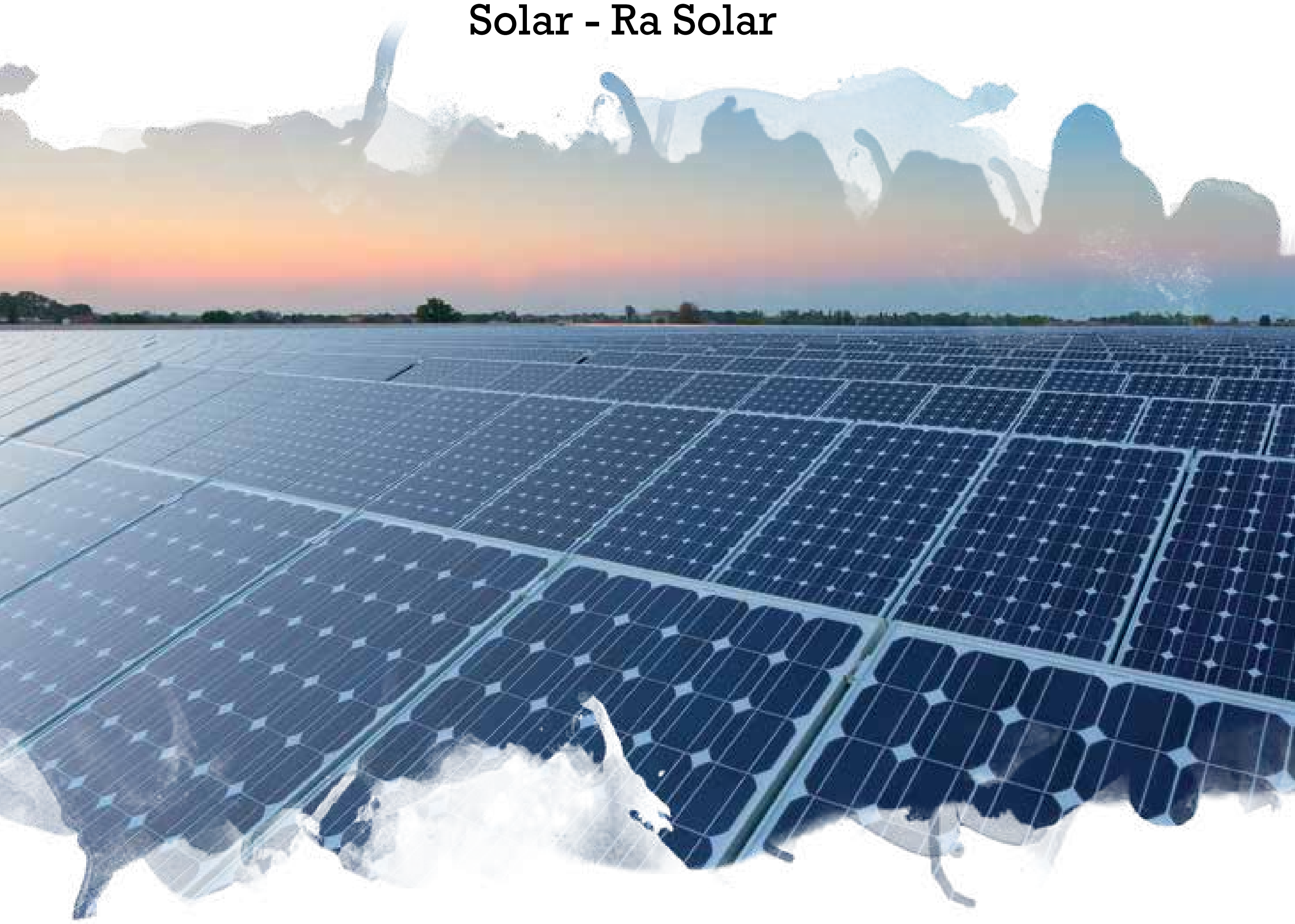
Global Investment Holdings, pursuant to its strategy related to biomass supply security, has entered into long-term contractual agreements with both private and state-owned farms. The scope of the contracts include the rights to access and collect, or receive, biomass from the respective facility or farm. The duration of the existing agreements may be extended up to 35 years.

Global Investment Holdings successfully established biomass collection operations, including special equipment and vehicle investments. To date, the Company has collected more than 150,000 tons of biomass at two storage locations. Global Investment Holdings plans to continue expanding its activities in biomass collection to ensure the feasibility and sustainability of its power plants. Global Investment Holdings is one of very few companies that combine biomass collection and power plant operation under one single roof.

Global Investment Holdings will continue serving as an industry pioneer, spearheading the development of biomass projects in various locations across Turkey to achieve a substantial installed capacity.

Global Investment Holdings will continue serving as an industry pioneer, spearheading the development of biomass projects in various locations across Turkey.

Power
Solar - Ra Solar



9 MW solar plant in Mardin

In January 2015, Ra Solar won the tender held by the Turkish Electricity Transmission Company (TEİAŞ) to build a 9 MW solar plant in Mardin, in southeastern Turkey.

In January 2015, Ra Solar won the tender held by the Turkish Electricity Transmission Company (TEİAŞ) to build a 9 MW solar plant in Mardin, in southeastern Turkey. Ra Solar plans to commence generation at the Mardin facility in 2018 after plant construction is complete.

Turkey benefits from an advantageous geographic position in terms of solar radiation. Assessments of solar energy potential, made by EIE and based on data measured by the State Meteorological Services, indicate that the country has an annual average of nearly 2,640 hours of solar radiation. Turkey is considered one of the three most suitable areas worldwide for solar energy, after Morocco and the USA.

Ra Solar focuses on developing solar projects in Turkey in part due to the terms and conditions outlined by the government, and in keeping with Turkey's geostrategic assets.

Turkey has set certain targets for the nation's centennial celebrations in 2023. One national target is to initiate a major renewable energy and energy efficiency program. This initiative will draw on Turkey's favourable geographic conditions for generating wind, solar and geothermal power. The program aims to boost the nation's clean energy share to 30% of its total power supply by 2023.

GLOBAL INVESTMENT HOLDINGS CONTINUES TO DEVELOP ADDITIONAL PROJECTS IN ACCORDANCE WITH BOTH LICENSED AND UNLICENSED REGULATIONS IN TURKEY.

On 3 January 2011, the Turkish Grand National Assembly amended the law pertaining to renewable energy and governing energy generation from renewable resources. As a result, renewable energy plants are subject to guaranteed electricity sales prices of between USD 0.073 and USD 0.133 per kWh.

Companies that use solar power will receive the greatest support, with a Treasury-guaranteed tariff rate of USD 0.133 per kWh for 10 years. The law also provides additional support for enterprises with generation facilities that use domestically manufactured equipment and components.

Ra Solar's aims to become one of Turkey's market leaders in solar power development and. plans to commence generation at the Mardin facility 2018, after plant construction is complete

Global Investment Holdings continues to develop additional projects in accordance with both licensed and unlicensed regulations in Turkey. GIH plans to achieve a significant solar power generation capacity within the next few years.

Power
Solar - Bar Solar

Global Investment Holdings made its first international power-generation investment by establishing Barsolar in Montenegro.

Global Investment Holdings made its first international power-generation investment by establishing Barsolar in Montenegro. Barsolar plans to develop a roof-top solar plant in Port of Adria, Bar.

Located on Montenegro's western coast on the Adriatic Sea, Bar is situated at the foot of Rumija Mountain. From Bar, a railway line connects central and northern Montenegro; the rail line extends further to Belgrade, the capital of neighbouring Serbia. Ferry lines connect the city with Bari on the Italian coast. Global Ports Holding, the main subsidiary of GIH that invests in port terminals around the world, has been operating Port of Adria since 2012 via a concession agreement granted until 2043.

The solar power plant will be constructed on warehouse roofs covering an area of more than 75,000 square meters at the port. The installed capacity of the plant is planned as 5 MW.

The Montenegro government supports renewable power generation based on a feed-in tariff mechanism, which provides the highest rate for roof-top solar power plants. Price guarantee through feed-in tariff at EUR 0.12/kwh for 12 years. Barsolar plans to complete construction of the facility by fourth quarter 2018. Once operational, Barsolar will own the largest solar power plant in Montenegro.

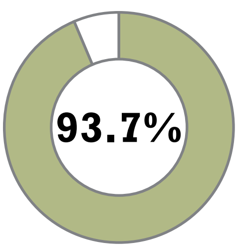
THE SOLAR POWER PLANT WILL BE CONSTRUCTED ON WAREHOUSE ROOFS COVERING AN AREA OF MORE THAN 75,000 SQUARE METERS AT THE PORT. THE INSTALLED CAPACITY OF THE PLANT IS PLANNED AS 5 MW.

Power

Co/Tri-Generation - Tres Energy

Established in 2012 and 93.7% owned by Global Investment Holdings, Tres Energy provides power supply and energy efficiency solutions to industrial and commercial customers.

Tres Energy effectively addresses these issues by offering unique solutions that optimize one of the core expenses of any business.



Stake

Turkey meets a significant share of its energy demand from imported energy resources. With power one of the biggest commodity expenses for the manufacturing and services sectors, energy reserves must be maximized while meeting current energy needs using fewer resources. As a result, both large and small enterprises should formulate a power strategy. Procurement and energy efficiency are fundamental pillars of any coherent power related strategy.

Tres Energy effectively addresses these issues by offering unique solutions that optimize one of the core expenses of any business. Even as the power sector evolves, energy efficiency and carbon emission policies will remain primary concerns for users. The need for energy efficiency will require all commercial consumers, especially those with more exposure to power costs, to develop and make new infrastructure related investments. The overall sustainable competitive advantage of a company depends on effectively managing these factors.

Established in 2012 and 93.7% owned by Global Investment Holdings, Tres Energy provides power supply and energy efficiency solutions to industrial and commercial customers. The company also builds and operates customized generation facilities. Tres Energy aims to create measurable added-value for customers that result in significant energy savings.

The company provides Turkish corporate energy consumers an advantage over their international competitors in terms of input costs: delivering uninterrupted access to high-quality power at competitive prices. This is achieved by adapting a performance-boosting business model, tested worldwide, to fit Turkey's commercial and legal framework.

POWER PLANTS

Tres Energy designs, constructs and operates small and mid-sized turnkey power plants for industrial and commercial customers. It provides power generation solutions based mainly on combined heat and power generation facilities (cogeneration/trigeneration). These customers use energy in a number of different forms such as electricity, heat and cooling.

Tres Energy identifies the optimal energy generation system and capacity specific for each customer. It delivers solutions based on alternative business structures, including build-operate models. The company completes power generation facilities without receiving customer funding, relieving clients of the financial burden of additional capital expenditure.. Tres Energy also secures savings for the customer's energy costs based on a long-term bilateral agreement.

TRES ENERGY IDENTIFIES THE OPTIMAL ENERGY GENERATION SYSTEM AND CAPACITY SPECIFIC FOR EACH CUSTOMER. IT DELIVERS SOLUTIONS BASED ON ALTERNATIVE BUSINESS STRUCTURES, INCLUDING BUILD-OPERATE MODELS.

Power
Co/Tri-Generation - Tres Energy

58.3 MW
Installed capacity

At present, Tres Energy has a total installed capacity of 58.3 MW.

Tres Energy has created a "one-stop-shop" that comprehensively covers its customers' energy needs. Drawing on its experienced workforce and robust financial structure, the company performs a free-of-charge energy analysis for enterprises. It can then install the cogeneration/trigeneration facilities that best respond to customer needs while undertaking all investment costs to provide high-quality, reliable and inexpensive energy. Tres Energy also operates these cogeneration/trigeneration facilities, thereby managing a customer's entire energy infrastructure.

58.3 MW GENERATION CAPACITY

At present, Tres Energy has a total installed capacity of 58.3 MW. Tres Energy also aims to finalize additional contracts with several industrial and commercial consumers, thus expanding its co-generation capacity throughout the country.

The company's build-operate contracts range in duration according to customer preferences, lasting up to 13 years excluding the construction period. Current customers operate in a range of industries, including ceramic tiles, forestry products, food processing and paper production. Large shopping

malls are among other commercial users. Prospective projects in the pipeline cover a variety of facilities and sectors such as hospitals, hotels, the textile industry, and other industrial and commercial areas.

Tres Energy plans to conclude additional contracts with prospective consumers in the near future, expanding its cogeneration capacity nationwide. Based on these projections, the company aims to have an installed capacity of over 250 MW in the medium-term.

In the upcoming years, Global Investment Holding targets to establish a diversified and a balanced power generation portfolio, both in terms of resource as well as geography. The company is also looking at development and/or acquisition of further renewable energy projects in a variety of regions such as Africa, Eastern Europe, and Asia and elsewhere globally by leveraging on local relationships of its Ports arm, and intends and targets to increase its current 75,5 MW installed capacity in distributed renewable power generation to 400 MW by 2020.

We also aim to expand further in clean energy by selectively participating in major renewable tenders, such as the recently announced YEKA Wind and the future YEKA Solar projects.

Gas

Naturelgaz

Naturelgaz procures gas from private gas import and private gas distribution companies.

In 2017, Naturelgaz distributed 148 mn Sm^3 of CNG and captured 18.3% market share in the total non-piped gas market in Turkey.

13 CNG Plants

Naturelgaz, a 93.72% subsidiary of GIH, is Europe's largest CNG (Compressed Natural Gas) distributer in terms of mother station infrastructure and bulk sales volume in 2017. The company focuses on sales and distribution of bulk CNG to industrial and commercial customers – such as factories, power generators, hotels, asphalt plants – in addition to towns (households) not connected to natural gas pipeline because economic or geographic constraints.

A. TURKISH OFF-GRID NATURAL GAS MARKET

Today, the market (LNG + CNG) is based on bulk products supplied to industrial facilities and commercial consumers. These users – such as asphalt plants, food processors, power generation plants, hotels, shopping malls, among others – lack access to natural gas pipelines.

As of end-2017, the total market is 810 mcm, growing 10% annually, while CNG has a 24% share, at 194 mcm.

B. NATURELGAZ MARKET SHARE

In 2017, Naturelgaz distributed 148 mn Sm^3 of CNG and captured 18.3% market share in the total non-piped gas market in Turkey. The company recorded a 26% market share in its filling plants' covered hinterlands.

C. NATURELGAZ'S INFRASTRUCTURE

Stations in Operation:

Naturelgaz CNG infrastructure consists of 13 CNG plants, 50,000 CNG cylinders and 48 industrial scale compressors.

Mother Plants: Izmir, Bursa, Antalya, Çayırova, Konya, Kayseri, Kırıkkale, Osmaniye, Rize, Elazığ, Erzurum

Auto CNG Stations:

Istanbul, Bolu In 2017, Naturelgaz developed the Elazığ and Erzurum plant projects as part of its growth strategy in eastern Turkey and started providing CNG service.

With this expansion, Naturelgaz has become Europe's largest CNG distribution company in terms of mother station infrastructure and bulk sales activity. All facilities and equipment established and used by the company conform to international standards and regulations.

D. SALES CHANNELS

a) PNG (Piped Natural Gas)

Naturelgaz procures gas from private gas import and private gas distribution companies. These enterprises are increasing in number and size with the liberalization of Turkey's natural gas wholesale market. After founding

a Gas Trade Department in 2016, Naturelgaz started wholesale pipeline gas sales using its competitive sourcing advantage to meet peak summer demand.

b) Bulk CNG

Naturelgaz's Bulk CNG sales rose 6.1% year-on-year, climbing to 148 mcm in 2017. Compared to LNG, CNG provides logistical advantages thanks to the natural gas pipeline network. In addition, CNG bears lower health and safety risks. The Naturelgaz Rize CNG filling plant was the inflection point for the CNG market and Naturelgaz. As a result, most public tenders since have included CNG in the tender specs as well as LNG. Customers have come to recognize Naturelgaz as the best and largest supplier of CNG.

c) City Gas

An EMRA-backed initiative – City Gas – declares that towns not currently connected to natural gas pipelines in Turkey, due to economic or geographic constraints, will be supplied by CNG via tenders.

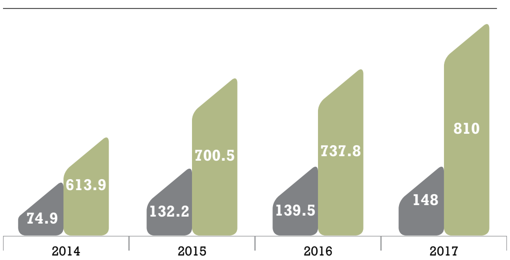
In fourth quarter 2017, Naturelgaz won the first City Gas tender of 1 mcm in Turkey, to supply CNG to Bergama and Kınık in Izmir province.

Naturelgaz was also awarded the City Gas tender of 2 mcm in Palu and Kovancılar, Elazığ province in Turkey's Eastern Region in addition to a tender of 0.55 mcm in Gördes, Manisa province in the Aegean Region.

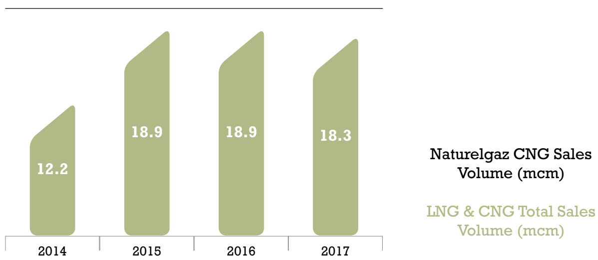
The necessary infrastructure was established in the provinces with households connected to natural gas via the CNG system.

With City Gas, Turkey aims to expand the reach of natural gas to all its 81 cities via tender offerings. Naturelgaz plans to participate in such tenders to sustain its solid position in the sector.

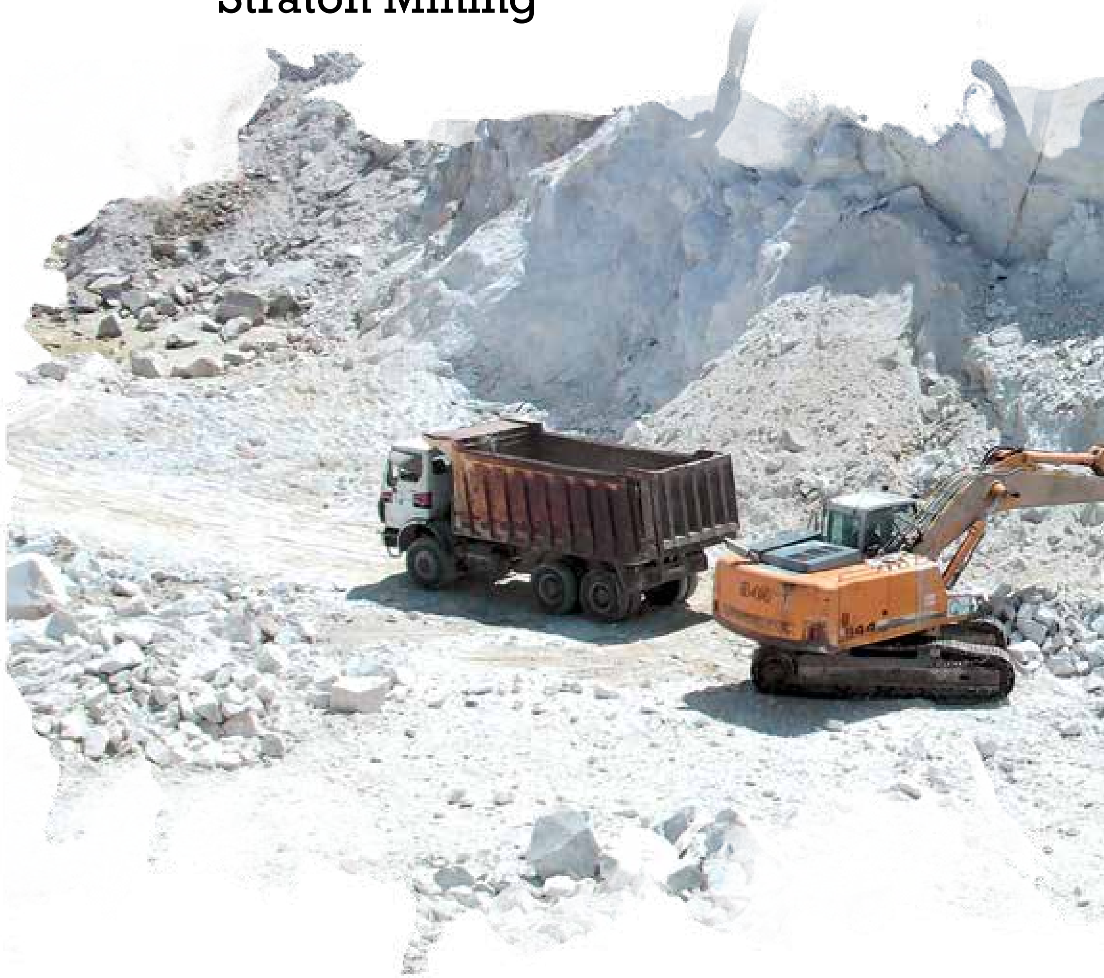
2014-2017 CAGR 26% FOR NATURELGAZ VS. CAGR 11% FOR SECTOR



NATURELGAZ SHARE (%)



Mining
Straton Mining



20 million tons

Straton has total reserves of 20 million tons in its licensed field of operation.

Feldspar is extensively used in the glass, ceramics and paint industries. Known for its high quality, low iron and titanium content, sodium feldspar in Turkey is mainly extracted in Manisa, Kütahya, Aydın and Muğla provinces. With overall reserves of 250 million tons, Turkey holds 15% of the world's total known feldspar resources. Today, Turkey is the world leader in feldspar mining, with annual production exceeding 6 million tons. Around 80% of Turkey's annual production is exported. Key export markets include Spain, Italy, Russia, Lebanon, Egypt, Germany, Poland, Israel, Algeria, Romania, and Asia.

In 2013, Global Investment Holdings Group invested in the feldspar sector with the acquisition of Straton Maden. Straton Maden aims to become a leading player in the global feldspar market, following GIH's other successful investments in the ports, power, gas, real estate and finance industries.

Currently, Straton Maden boasts significant feldspar reserves, logistical mining operations and commercial teams based in Turkey's Western Aegean region. Straton has total reserves of 20 million tons in its licensed field of operation. The company's annual production capacity totals about 750,000 tons. Eighty percent of Straton's production is exported to Italy, Spain, Egypt, UAE

and various Asian markets for use in the glass and ceramics industries.

Straton Maden aims to extract feldspar in the most efficient and environmentally responsible way, while producing higher value feldspar products. To this end, Straton Maden completed a capital investment program that established new separation and enrichment facilities while expanding existing production capacity. Thanks to these new facilities, Straton Maden substantially increased its production and feldspar sales volume. It also diversified its customer base by entering new export markets. Now, the company is one of the leading players in the sector.

EUROPEAN STANDARDS

Straton Maden boasts a well-established customer base. The company ensures that every product offered fully meets European market quality and service standards. Following its acquisition by Global Investment Holdings, Straton continues to add significant value to the Turkish economy by exporting natural resources. After completing capital investments back in 2016, Straton Maden continues boosting production, product quality and sales volumes by deploying world-class advanced technologies.

Today, demand is rising for feldspar across various industries. Feldspar's use increases the impermeability and durability of final products in the ceramics industry, facilitating higher yields. The increased use of glass in packaging – in response to the detrimental effects of plastics on the environment and human health – has also boosted demand for feldspar, which is used for insulation and clarity in the glass industry.

Real Estate

A look at inflation and home prices shows that buyers enjoyed an average, real inflation-adjusted return of 7% over the last four years.

According to the Central Bank's housing demand analysis, income is the main determinant of residential housing demand.

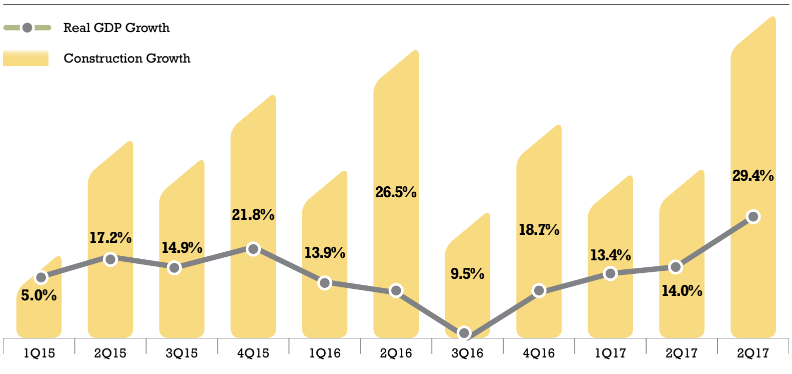
Housing demand in Turkey is largely shaped by macro developments, demographics and income level dynamics. According to the Central Bank's housing demand analysis, income is the main determinant of residential housing demand.

A look at inflation and home prices shows that buyers enjoyed an average, real inflation-adjusted return of 7% over the last four years. This implies that demand has been relatively strong to absorb incremental supply. The urban transformation program in major cities has fuelled the robust demand.

In 2017, the Turkish construction industry outperformed the overall economy and a number of other sectors. Public investments and urban transformation have driven growth in the construction sector.

Turkey's GDP expanded 5.3% and 5.4% in the first and second quarters, with growth gaining pace to 11.1% in the third quarter. In comparison, the construction industry expanded 18.9% during the first nine months of 2017 (first nine months of 2016: 16.6%).

GDP VS CONSTRUCTION SECTOR GROWTH



The Turkish real estate industry, on the other hand, recorded growth of 8.6%, 9.0% and 9.5% in the first, second and third quarters of 2017. Overall, the sector grew 9.0% in the first nine months of the year.

Source: TUIK

A Dynamic Real Estate Market...

TURKEY'S GDP EXPANDED 5.3% AND 5.4% IN THE FIRST AND SECOND QUARTERS, WITH GROWTH GAINING PACE TO 11.1% IN THE THIRD QUARTER. IN COMPARISON, THE CONSTRUCTION INDUSTRY EXPANDED 18.9% DURING THE FIRST NINE MONTHS OF 2017 (FIRST NINE MONTHS OF 2016: 16.6%).

Real Estate

15% Growth between 2008 and 2017

The total number of homes sold in Turkey recorded CAGR of 15% between 2008 and 2017.

Government incentives and promotional campaigns boosted the real estate market. During the year, the Turkish government launched various incentives to buoy the real estate sector. These included cutting real estate taxes and raising the LtV to 80% (up from 75%) for mortgage loans. In addition, large scale promotional campaigns targeted homebuyers, where the financing cost is equally shared by banks and contractors. These measures provided downside protection to the industry. Turkey's government is expected to continue its support to the housing sector by adopting regulations that encourage home sales. Promotional housing campaigns are also expected to continue in 2018 and stimulate housing demand.

Retail market short-term outlook is better than the office market. The shopping centres turnover index was robust in 2017, growing 19% in the first nine months of the year. A similar turnover increase in the fourth quarter is expected, due to the low base year effect in 2016. However, the Class A office segment continues to be weak owing to a slowdown in investment activity and sharp depreciation of the TL against major currencies in recent years.

Housing Market:

The total number of homes sold in Turkey recorded CAGR of 15% between 2008 and 2017. The only year this figure was in negative territory was 2012, which saw a 1% fall in sales following the Central Bank's monetary policy tightening and the subsequent slowdown in GDP growth. Since 2014, annual growth in housing sales has moderated, remaining below 10%.

Demographics as a supporting factor…

Over the long term, demographic factors such as rising urbanization rates and shrinking household size are expected to keep fuelling housing demand in Turkey. Given the 6% fall in average household size over the last five years and the jump in the number of single person households, household formation has risen 10% since 2012. A young population, increasing numbers of university students studying outside their hometowns, high divorce and marriage rates have driven this growth.

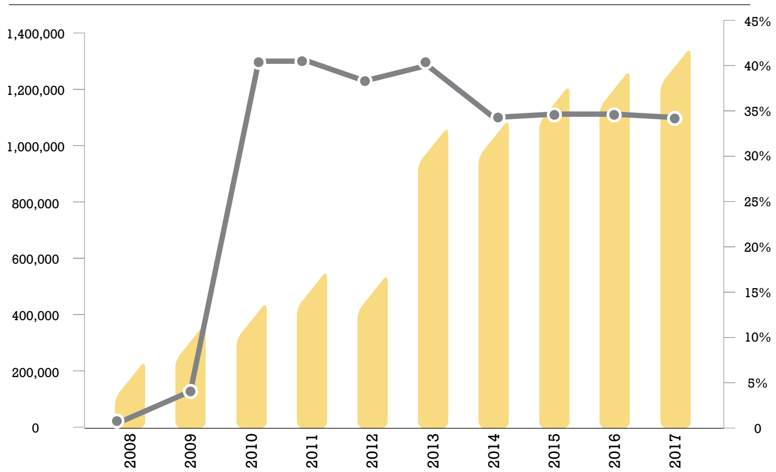
Favourable demographics and a high urbanization rate are expected to continue to support housing demand in the medium to long term. Housing demand is projected to expand with a CAGR of 3% over the next decade.

Mortgage rates as a decesive… Considering the high correlation between mortgage interest rates and share of mortgage-financed sales in total home sales, mortgage rates are another critical factor affecting future housing demand. We observe that the share of mortgage transactions came down somewhat sharply to 26% in December 2017, which indeed is the lowest level we have on record, as mortgage rates continued to inch up to 1.1%/month levels, from as low as 0.9% levels back in March.

Residential sales are going strong…

The residential real estate market stayed robust in 2017 despite some monthly fluctuations, according to the latest Home Sales Statistics. Nationally, new and existing home sales totalled 1,409,314 units in 2017, up 5.1%. New home sales, 47% of total housing sales, were up 4.4% for the year, while secondary market sales rose 5.6%. Mortgage interest rates have followed an uptrend since March, climbing to 13.14% in December. The yearly average mortgage rate was 11.99% in 2017, compared to 13.44% in 2016. However, the weight of mortgage sales in total residential home sales remained nearly unchanged in 2017 at 33.6%, thanks to the high level at the start of the year.. Residential housing demand is forecast to remain stable in 2018, after closing 2017 with 1.4 million in total unit sales. Sales to foreign buyers remained relatively strong, up 22% in 2017, though from a low base.

HOME SALES VS. MORTGAGE UTILISATION

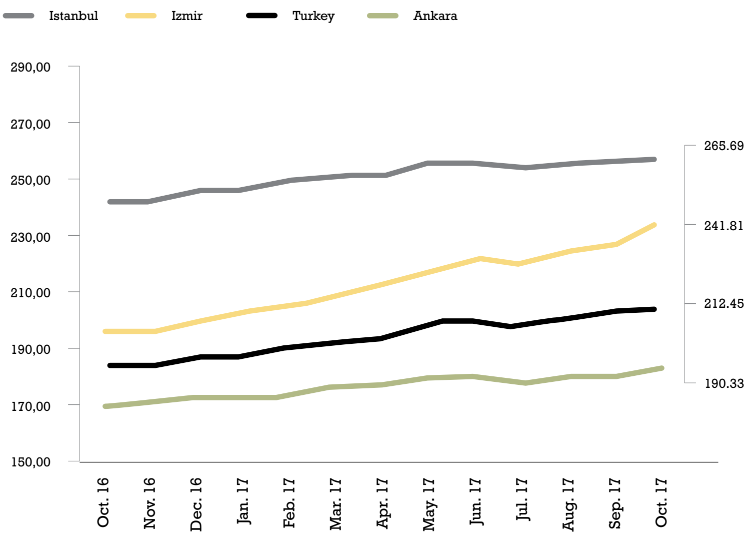


Source: TUIK

Total number of dwelling units in the first nine months of 2017 went up 57% During the same period, the number of flats issued with use and occupancy permits increased 11.6%. Some 82,068 buildings covering 112,517,121 m² were granted construction permits throughout the country in the first nine months of the year.

Real Estate

HEDONIC HOUSE PRICE INDEX (HHPI)

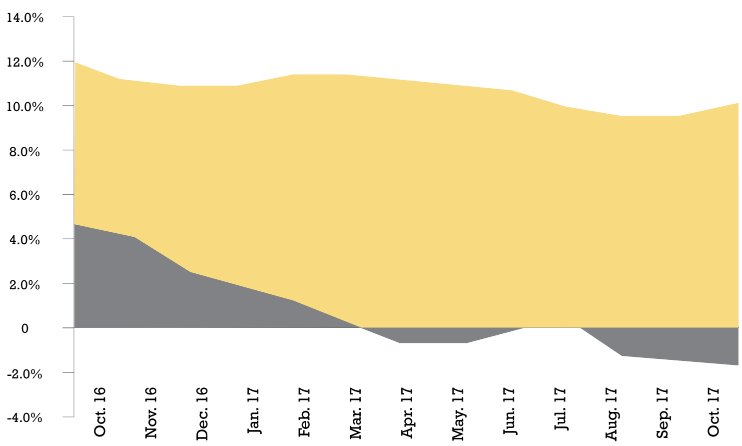


Source: CBRT

The Hedonic House Price Index (HHPI) (2010=100) measures quality adjusted price changes by controlling the observable characteristics of the homes in Turkey. The index stood at 212.45 in October 2017 with annual positive growth of 10.05% in nominal terms and negative growth of 1.65% in real terms.

For the first nine months of 2017, HPPI rose by 6.29%, 7.23% and 18.66% in Istanbul, Ankara and Izmir on an annualized basis.

TURKEY NOMINAL VS. REAL GROWTH



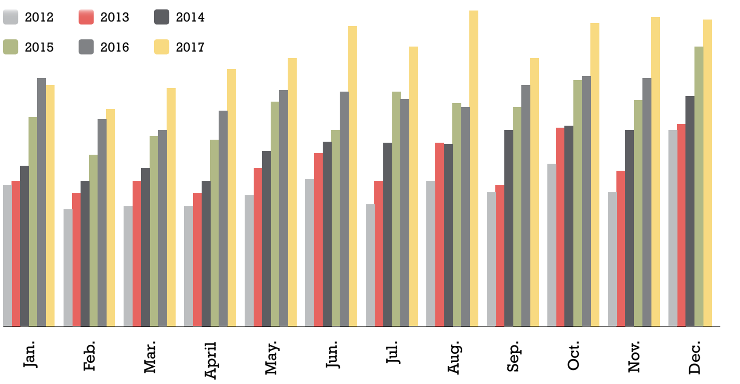
Source: CBRT

Nominal Growth   Real Growth (CPI Adjusted)

Shopping Malls		2017	Under Construction	Total
Istanbul	Number	119	10	149
	GLA (sqm mn)	4.5	0.4	4.9
Rest of Turkey	Number	274	40	261
	GLA (sqm mn)	7.5	1.4	8.9
Turkey	Number	393	50	410
	GLA (sqm mn)	12.0	1.8	13.8

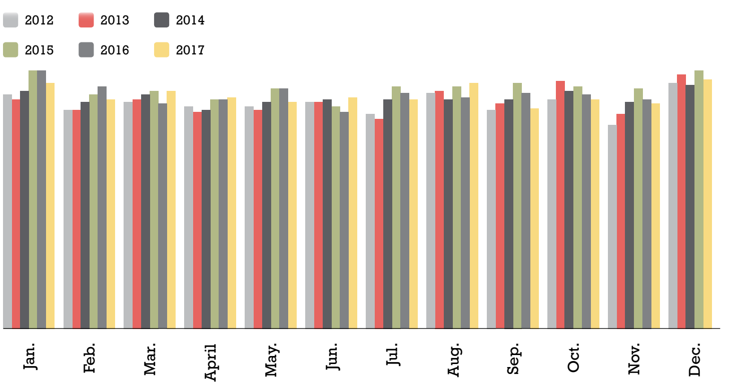
Source: Jones Lang Lasalle – 2017 3. Quarter Turkey Report

SHOPPING CENTRE SALES INDEX TURKEY GENERAL



Source: AYD

SHOPPING CENTRE FOOTFALL INDEX TURKEY GENERAL



Source: AYD

RETAIL MARKET

As of third quarter 2017, Turkey is home to 393 shopping centres, with total gross leasable area (GLA) of 12 million m². Eighteen shopping centres, with 815,890 m² in new space, opened during the first three quarters of 2017, indicating 7% growth in leasable area. Total retail GLA is projected to rise to 13,820,185 m² by end-2020 with the opening of 50 new shopping malls.

The sum of GLA in Istanbul and Ankara, which comprise 25% of the country's population, represents 50% of total GLA in Turkey. Four cities with populations below 500,000 – Bolu, Edirne, Karabük and Nevşehir – rank in the top 10 in shopping centre area, while Izmir, Turkey's third largest city, ranks only 15th.

Average shopping centre leasable area in Turkey amounted to 147 m² per 1,000 persons in third quarter 2017, significantly below Europe's average of 270 m². As expected, Istanbul has the highest rental value of USD 41.67/m²/month, while Ankara comes in at USD 29. The general weighted average excluding these two largest cites is USD 19.17.

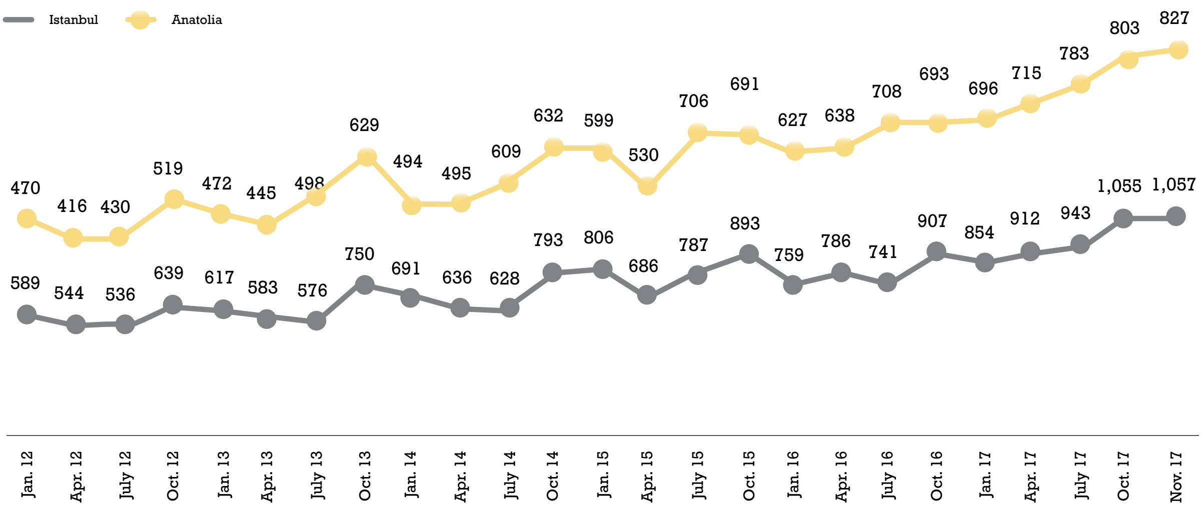
The National Shopping Centres Research Report states that the weighted average rental value nationally is USD 29.03/m²/month. The Marmara Region, especially Istanbul, significantly raises the national average.

Shopping Centre (SC) Sales Index up 19.3%, quite higher than inflation…

Based on November 2017 results of the SC Index, co developed with the Council of Shopping Centres – Turkey (AYD) and Akademetre Research Company, the SC Turnover Index went up 19.3% nominally on an annual basis for the first 11 months of 2017 to 241 points. Meanwhile, inclusive inflation the increase was 5.6%. However, the number of SC visits was down 1.9% in 2017, and stood at 98 points. Although footfall declined in 2017, square meter productivity and sales went up, indicating that visitors are spending in higher amounts. This may be a long term positive trend for retailers.

Real Estate

REVENUE EFFICIENCY INDEX (REVENUE / SQM)



Productivity per leasable square meter in shopping centres continued to rise, coming in at TL 1,057 in Istanbul and TL 827 in Anatolia in November 2017. In the same period, productivity per square meter nationally was TL 919.
Source: AYD

Office Market:

The Istanbul office market can be divided into three main regions: Central Business District, Off-Central Business District and Newly Emerging Office District.

> Central Business District: Contains the most dense concentration of office space and pedestrian-vehicle traffic. Beşiktas, Balmumcu, Zincirlikuyu, Esentepe, Şişli, Etiler, Akatlar, Levent and Maslak are located within this district.

> Off-Central Business District: Consists of the periphery of the Central Business District and secondary office areas. Taksim – Nişantaşı, Şişli – Fulya on the European side and Kozyatağı, Altunizade, Kavacık and Ümraniye on the Anatolian side are included in the Off-Central Business District.

Istanbul Office Market A-Class Offices		Existing Projects (sqm)	Projects in Pipeline (sqm)	Total (sqm)
European Side	CBD	1,921,113	172,096	2,093,209
	Non-CBD	1,247,185	538,250	1,785,435
Asian Side		1,837,141	1,432,651	3,269,792
Total		**5,005,439**	**2,142,997**	**7,148,436**

Source: Jones Lang Lasalle – 2017 3, Quarter Turkey Report

> Newly Emerging Office District: Includes new office buildings, especially those clustered around the expanding transportation network. Kağıthane, Bomonti – Piyalepaşa, Kartal – Maltepe and West Ataşehir are typical of this district category.

Total speculative leasable Class A office stock in Istanbul climbed to 5,005,439 m² in fourth quarter 2017. An analysis of the regional distribution of office stock in Istanbul shows the regions with the highest levels of Class A office stock are the European side CBD (33%), Kozyatağı – Ataşehir (19%), Ümraniye (15%) and Maslak (13%). These four regions comprise 80% of Istanbul's total office stock. Three regions – Kağıthane/Cendere, Istanbul West and Istanbul East – contain 17% of the city's office stock, with 5% to 7% each. Kavacık region has the lowest proportion of office stock at 3%.

The average Class A vacancy rate on the European side ticked up from 33.25% in third quarter 2017 to 33.67% in the fourth quarter. In the same period, the average Class A vacancy rate on the Asian side rose from 33.20% to 33.86%.

The average rent of Class A office space on the European side decreased from USD 25.58/m²/month in third quarter 2017 to USD 24.87/m²/month in fourth quarter. In the same period, the average rent of Class A offices on the Asian side increased from USD 19.40/m²/month to USD 19.67/m²/month.

Currently, about 2,112,977 square meters of office stock is in the planning and construction phase. This space is scheduled to come to market on the European and Asian sides of Istanbul over the next two years.

ARDUS AND REAL ESTATE PROJECTS

Ardus is a new company set up by Global Investment Holdings to consolidate its real estate efforts, both in Turkey and abroad. Staffed by a dedicated team of professionals with extensive experience in real estate development, Ardus oversees the existing GIH real estate portfolio while actively seeking new business development opportunities with a primary focus on commercial projects. Thanks to the Group's wide-ranging experience and capability, Ardus can effectively team with local or international strategic partners and pursue new development opportunities.

Subject to rigorous corporate governance regulations under Turkey's Capital Markets Board, Pera REIT offers an attractive real estate investment option for institutional and individual investors as a listed entity on Borsa Istanbul. Like all other real estate investment trusts, the company benefits from certain incentives, including exemption from corporate tax.

The historic Vakıfhan No. IV building, Denizli Sümerpark Shopping Mall and SkyCity office projects are held solely through Pera REIT.

DENİZLİ MIXED-USE PROJECT

Denizli is a fast-growing industrial city located in southwest Turkey, the country's Aegean region. As the area's second biggest city after Izmir, Denizli features a strong economy and an expanding population of over 1 million (2016). In recent years, it has become a major centre for export and industry. Denizli is a key player in Turkey's textile manufacturing sector. In addition, Denizli is a significant tourism centre with a rich history and extensive cultural assets. Near the ancient cities of Hierapolis, Laodikeia and Tripolis, and the thermal springs of Pamukkale, Denizli's own health and spa sector is maturing in line with its growing tourism industry.

The Group's Denizli project is a mixed-use development on 98,400 m² of freehold land conveniently located along the Izmir-Denizli highway. Owned solely by the Group, it includes a shopping mall, 608 residential units, a private school, SkyCity offices and a hospital project.

This development is the district's largest and most popular social centre. The centrepiece of the development, Sümerpark Shopping Mall, has 34,500 m² of gross leasable area and opened in March 2011. The Mall received 3.6 million visitors in 2017. It is currently occupied by leading brands as anchor tenants – including Migros, Bimeks and Tekzen – with long-term leases up to 25 years. The Mall has a 81% occupancy rate and also houses fashion retailers and food court tenants.

The first phase of the "Sümerpark Evleri" housing project, comprising 231 units in three blocks, started in 2011 and was completed in first quarter 2015. All units have now been delivered to owners.

As part of a mixed-use project, an office complex – SkyCity – has been developed with a construction area of 35,843 m². Construction of the project started in early 2015. The first phase of the project. comprising 13,500 m² of gross sellable area and 140 office units, was completed in June 2017. Some 49% of the project has been sold as of end-2017.

The 18th branch of Final Schools is also a tenant of the Sümerpark project. Construction of the school building, with a total construction area of 11,200 m², was completed in August 2014. The school opened in fall 2014, under a 15 year lease contract signed with Final Schools.

The Denizli development project also includes construction of a hospital on another 10,745 m² tract located adjacent to Sümerpark Shopping Mall and Sümerpark housing project. The land is currently rented to MedicalPark Hospital Group and awaiting the necessary permits.

Real Estate

Vakıfhan No. VI is located in Karaköy, Istanbul's latest up and coming neighbourhood near the Golden Horn.

Total GLA OF 26.032 m^2

Van Shopping Mall is the first and only mall with the "Lifestyle Centre" concept in the city with total GLA of 26,032 m^2.

VAN SHOPPING MALL DEVELOPMENT

Van lies on the shore of a large scenic lake that shares the same name in southeast Turkey. The city features an ancient citadel set atop a dramatic limestone outcrop, overlooking the atmospheric old town. Rapidly expanding and modernizing, Van is a warm and welcoming centre for exploration of the region. It is home to striking monuments such as Van Castle, the mountain fortress of Hoşap and the remote village of Bahçesaray, as well as the Church of the Holy Cross. The city is an engaging and liberal urban area in eastern Anatolia. It is also an important commercial and transportation centre for animal hides, grains, fruits, vegetables and other local products, both regionally and with neighbouring countries, including Iran, Iraq and Armenia. Van serves as an air and ground transport hub for the country's southeastern cities, such as Bitlis, Hakkari, Siirt and Muş. The city was the site of a massive earthquake in 2011 and is undergoing extensive urbanization.

VAN SHOPPING MALL OPENED ITS DOORS ON DECEMBER 15, 2015…

Van Shopping Mall is the first and only mall with the "Lifestyle Centre" concept in the city with total GLA of 26,032 m^2. The Mall brings together 90 brands, a 10-screen cinema, food-court and entertainment venues, catering not only to the city of Van, but also the region and nearby countries. Van Shopping Mall has attracted more than 18 million visitors since opening and boasts an occupancy rate of 99%.

Van Shopping Mall was named the "Best Shopping Mall Project in Turkey" at the Golden City Awards 2016, one of the most prestigious competitions in the field of world urbanism/urban design. The awards event is organized by London-based Eurasia Strategies.

VAKIFHAN NO. VI…

Vakıfhan No. VI is located in Karaköy, Istanbul's latest up and coming neighbourhood near the Golden Horn. An active business centre for centuries, Karaköy is an important commercial district hosting many new real estate developments. The historic Vakıfhan No. VI building faces Salıpazarı Port, which is Turkey's second busiest cruise port in terms of passenger arrivals. The Salıpazarı Port project is an extensive urban renewal initiative which, in addition to redeveloping a modern cruise port, includes the provision of tourism and recreation facilities.

VAN SHOPPING MALL WAS NAMED THE "BEST SHOPPING MALL PROJECT IN TURKEY" AT THE GOLDEN CITY AWARDS 2016, ONE OF THE MOST PRESTIGIOUS COMPETITIONS IN THE FIELD OF WORLD URBANISM/URBAN DESIGN.

Finance

The Turkish AM industry is expected to expand significantly over the next five years, with pension funds, REIFs, investment advisory and financial planning, and PEIFs leading the way.

57.5%
Share of Private Funds

The share of pension fund in total AUM has been on an uptrend in the last decade, up to 57.5% in 2017 (21.2% in 2008).

TURKEY HOLDS GREATER POTENTIAL IN ASSET MANAGEMENT (AM) THAN OTHER EMERGING MARKETS...

With assets under management (AUM) totalling USD 42 billion as of end-2017, the Turkish AM industry appears to be significantly underperforming comparable emerging markets, both in terms of AUM/GDP and AUM per capita. Measures taken in recent years to boost savings coupled with revision to natural accounts data resulted in Turkey's gross domestic savings reaching 25% of GDP in 2016. While the AUM/GDP ratio has been on the rise, it remained below 5% in 2017 lower than that of other OECD emerging countries average of 38%. In addition, the low AUM base of independent asset managers in Turkey provides room for organic growth.

KEY GROWTH AREAS: PENSION FUNDS AND ALTERNATIVE INVESTMENT FUND (AIF)

The Turkish AM industry is expected to expand significantly over the next five years, with pension funds, REIFs, investment advisory and financial planning, and PEIFs leading the way. The sector has welcomed changes the government has made in these areas, including auto-enrolment in pension plans, the CMB's new rules on portfolio management firms, and the introduction of AIFs in Turkey.

Pension funds are the main driver of AUM growth in Turkey, backed by a 25% incentive on savings provided by the government since 2013. The pension auto-enrolment system launched in 2017 and is expected to further boost pension system growth.

The government requires pension companies to reduce vertical integration on asset management activities.

Turkey's regulatory environment for capital markets – especially for asset management – is compliant with European regulations, providing a solid foundation for growth.

SOLID PERFORMANCE WITH ROOM FOR MORE GROWTH...

Assets under management in the Turkish AM industry have recorded a CAGR of 17.6% over the last 10 years, reaching TL 158 billion in 2017 as government incentives helped spur growth in private-sector pensions.

The share of pension fund in total AUM has been on an uptrend in the last decade, up to 57.5% in 2017 (21.2% in 2008). Growth largely is due to the government's effort to modernize Turkey's asset management industry. In particular, pension reforms encourage private pension savings through a 25% state contribution.

ASSETS UNDER MANAGEMENT IN THE TURKISH AM INDUSTRY HAVE RECORDED A CAGR OF 17.6% OVER THE LAST 10 YEARS, REACHING TL 158 BILLION IN 2017 AS GOVERNMENT INCENTIVES HELPED SPUR GROWTH IN PRIVATE-SECTOR PENSIONS.

Finance

Sector growth is poised to continue over the next several years, given the young average age of Turkey's population and the level of state contribution.

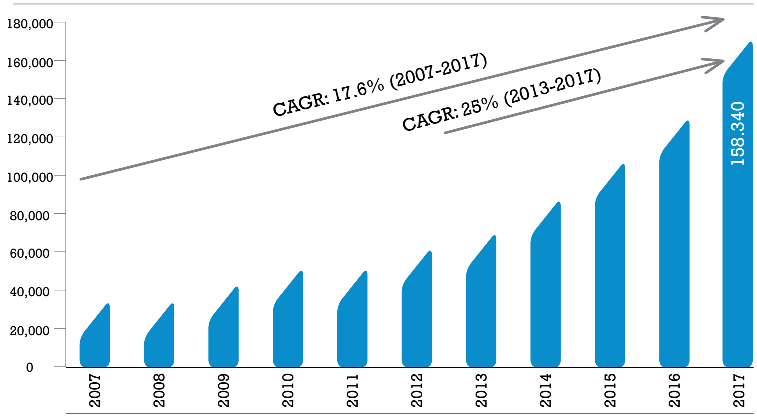
TL 36 billion

Assets under management in Turkey's fund industry grew 29.6% in 2017, according to the Turkish Capitals Market Association (TCMA).

Sector growth is poised to continue over the next several years, given the young average age of Turkey's population and the level of state contribution. In addition, the number of pension fund participants is projected to rise from the current 9 million to 17 million.

A TL 36 billion increase to TL 158.4 billion in 2017… Assets under management in Turkey's fund industry grew 29.6% in 2017, according to the Turkish Capitals Market Association (TCMA). Growth is driven by pension fund assets, which comprise 57% of the entire fund industry's AUM, which jumped 22.4% in 2017.The mutual fund sector recorded a more modest 16.2% rise.

HISTORICAL PORTFOLIO VALUE -AUM (CMB)



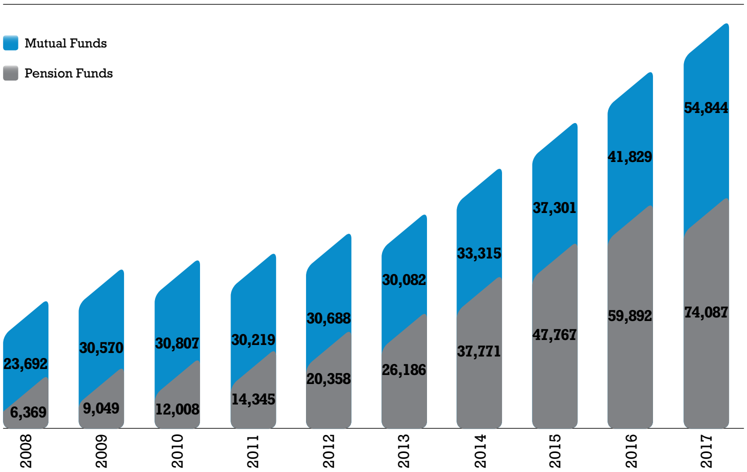
Source: CMB

Portfolio Value (mn TRY)			
Year	**Number of Companies**	**Thousand TRY**	**Million $**
2007	19	31,190	26,651
2008	23	30,738	20,071
2009	23	39,952	26,694
2010	28	46,889	30,304
2011	31	47,851	25,174
2012	35	56,369	31,510
2013	40	64,919	30,372
2014	40	81,867	35,067
2015	46	99,400	33,610
2016	50	122,178	34,604
2017	50	158,340	41,841

As of 31.12.2017	
Number of Asset Management Companies	49
Total AUM	TRY 158 billion
Total AUM/GDP	4.9%
Total Savings of Locals	TRY 1,948 billion
AUM/Savings of Locals	8.1%
Number of Independent AMs (excl. Bank Subsidiaries)	30
Market Share of Independent AMs	6.7%

Finance

COLLECTIVE INVESTMENT SCHEMES AUM (MN TRY)



THE OPPORTUNITY IN THE SECTOR

Turkey's new Capital Markets Law aims to level the playing field between banks and the non-bank financial institutions. Under the revised legal framework, funds ownership is transferred from banks and brokers to asset management companies. In addition, asset management companies are awarded the exclusive privilege to establish and manage funds. Alternative investment funds such as PEIFs and REIFs were also introduced to the industry.

An open funds distribution platform is currently being introduced by the regulatory body where participation of banks/brokers is obligatory. The Turkish Funds Distribution Platform is promoted by the state owned Settlement and Custody Bank. All funds other than money market and hedge funds are obliged to be registered on the platform by the founder. The distribution fee is capped at 65% of the management fees of the funds distributed by the platform.

Most significantly, the government launched the long awaited auto-enrolment pension system for Turkey in 2017, requiring pension companies to diversify asset management activities by 2018. Under the new system, pension companies will not be able to mandate a single asset manager for assets exceeding 40% of their total portfolio. This obligation will create a re-shuffling of the 60% of the pension assets (TL 40-50 billion) by 2018. In addition, standard pension funds must invest at least 10% of their assets into PEIFs, securities issued by Infra Companies and Turkey Sovereign Wealth Fund.

The Turkish Wealth Fund (TWF) should support the domestic AM industry by giving external mandates and improving the governance standards of state owned assets.

The Turkish Wealth Fund was established by the government primarily to boost the GDP rate, speed the development of and deepen the country's capital markets,

and enhance employment opportunities. TWF will also be used to invest in strategic sectors abroad such as petroleum and natural gas and broaden the use of Islamic finance products. Finally, the sovereign wealth fund will help Turkey finance major infrastructure projects and support domestic enterprises in the defence, aviation, and software industries.

ISTANBUL FINANCIAL CENTRE AS AN ANCHOR

The Istanbul Financial Centre Strategy and Action Plan entered into force in October 2009 and was revised in 2015. It aims to make Istanbul a regional and international financial centre, and calls for improvements in regulation, tax, infrastructure, human resources, education, and other areas, to develop and improve the attractiveness of the Turkish financial sector.

The primary goals and objectives of the IFC Strategy and Action Plan are to become one of the top 25 financial centres, raise the sector's share of GDP in Turkey to 6% or higher, and for Turkey to enter the ranks of the top 30 financially developed countries.

Finance

Global Investments Holdings aims to create Turkey's largest asset management company by leveraging Global Investment Holding's partnership with Centricus.

ASSET MANAGEMENT

Actus Asset Management is a leading independent asset management company serving multinational and Turkish institutional investors with an innovative product portfolio.

By acquiring a 90.1% stake in 2015, Global Investment Holdings consolidated its asset management operations under Actus Asset Management. The remaining 9.9% shares of Actus is owned by the Police Care and Assistance Funds, which has more than 50,000 partners and sizeable assets of TL 1.3 billion.

Actus is one of the three biggest asset management companies among 30 independent asset management firms (excluding bank subsidiaries) in Turkey.

As of end-2017, Actus recorded a total of TL 645 million in AUM, more than double that of 2016. The company's AUM has more than quadrupled since GIH acquired it in April 2015. As a result, Actus increased its market share in the independent AM segment to 6% in 2017, up from 3.8% a year earlier.

Actus founded Turkey's first infrastructure fund that invests in a healthcare PPP project in the country. Investments of the fund in the project company is composed of equity investments and a subordinated shareholder loan that qualifies as mezzanine financing.

Actus is also the founder of Turkey's first corporate venture capital fund that invests in technology firms with a vision of being a global player.

By managing three pension, five mutual, and two alternative investment funds in addition to several discretionary mandates, Actus is the only comprehensive asset fund manager in Turkey.

The company has a competitive edge over other independent players currently by managing three pension funds established by a state owned pension company. Actus also maintains a competitive advantage by launching Turkey's first Infra PEIF.

GROW IN ASSET MANAGEMENT WITH OUR PARTNER CENTICUS (A.K.A. FAB PARTNERS)

Global Investments Holdings aims to create Turkey's largest asset management company by leveraging Global Investment Holding's partnership with Centricus, a London based global investment platform. Teaming up with Centricus allows GIH to more easily acquire independent asset management companies to boost AUM in the short term and create an infrastructure fund for international investors that will invest in infrastructure projects with significant treasury guarantees. In pursuit of market leadership, GIH aims to capture market share in the pension industry, benefiting from re-allocation of asset management services for pension funds while feeding pension funds with AIFs that will be mandatory for auto-enrolment funds. Additionally, GIH plans to launch a Turkish regional infra fund up to USD 1 billion jointly with Centricus. Global Investment Holdings targets benefitting from the government subsidized growth of the pension system to reach TL 6 billion AUM by 2019, excluding the infra fund.

90.1% stake

By acquiring a 90.1% stake in 2015, Global Investment Holdings consolidated its asset management operations under Actus Asset Management.

Finance

Global MD Portfolio offers top-quality portfolio management services to both individual and institutional investors, managing seven funds invested in the Turkish equity and debt market.

7% market share

As of end-2017, Global MD Portfolio managed a total of TL 174 million in AUM, indicating a 7% market share in the total amount under the brokerage subsidiaries.

GLOBAL MD ASSET MANAGEMENT

Global MD Portfolio Management is the sector's sole non-bank company with a mandate to manage a pension fund (Aegon Emeklilik). Global MD Portfolio delivers top-quality portfolio management services to both individual and institutional investors, managing seven funds invested in the Turkish equity and debt market.

Global MD Portfolio offers top-quality portfolio management services to both individual and institutional investors, managing seven funds invested in the Turkish equity and debt market. Global MD Portfolio is on its way to establishing one of Turkey's first real estate funds.

As of end-2017, Global MD Portfolio managed a total of TL 174 million in AUM, indicating a 7% market share in the total amount of under the brokerage subsidiaries.

IEG GLOBAL ADVISORY

In 2011, Global Securities established a joint venture with IEG-Investment Banking Group, one of Europe's leading international investment banking advisory firms. The joint venture provides financial advisory services on mergers & acquisitions, public & private equity and debt financing, in addition to sophisticated CFO advisory in Turkey. Its superior, multidisciplinary and international team based in Istanbul focuses squarely on cross-border transactions and financing.

IEG's services include advisory on mergers & acquisitions, financing and financial strategy, as well as the placement of equity, debt and hybrid capital. IEG has an execution team of over 100 professionals in Berlin and at its international offices.

Established in 1999, IEG-Investment Banking Group is an independent, international investment bank, headquartered in Berlin with branches and associated offices in New York, Istanbul, Johannesburg, Stuttgart, New Delhi, Shanghai, Tunisia and Zurich.

IN 2011, GLOBAL SECURITIES ESTABLISHED A JOINT VENTURE WITH IEG-INVESTMENT BANKING GROUP, ONE OF EUROPE'S LEADING INTERNATIONAL INVESTMENT BANKING ADVISORY FIRMS.

Finance
Brokerage

For 2017, Global Securities had a market share of 1.7%, with an equity trading volume of TL 45.5 billion.

106 employees

As of September 30, 2017, Global Securities serves its clients at two branch locations, with 106 employees.

The Turkish financial industry has maintained a strong capital structure, outperforming its counterparts in both developed and emerging markets. The Turkish economy quickly bounced back after the global crisis thanks to the implementation of effective economic policies and pragmatic reforms, including the restructuring of the country's financial sector.

Global Investment Holdings focuses on conducting high level research and delivering exceptional customer service in its financial sector firms. The Company consistently enhances its service offerings via strategic partnerships with highly reputable international institutions. Despite ever-growing competition in the Turkish financial services market, the Group continues to build on its reputation for quality and its well-established brand name.

GLOBAL SECURITIES

Established in 1990, Global Securities is a BIST-listed firm that provides brokerage and financial advisory, as well as corporate finance and research services to individuals and corporates, local and international investors. The company's core business is delivering securities, asset management and derivatives trading services to international and domestic clients.

In 2004, when Global Investment Holdings became an investment holding company, it spun off its brokerage and related businesses to a new, wholly-owned subsidiary, Global Securities. Following its 2011 public share offering, Global Securities became listed on Borsa Istanbul (BIST).

For the first nine month period of 2017, Global Securities had a market share of 1.7%, with an equity trading volume of TL 33 billion.

In June 2015, Global Securities completed the acquisition of a 100% stake in Eczacıbaşı Securities, another non-bank owned major brokerage company, and the target firm's subsidiary Emdaş Asset Management, for TL 22.1 million. The acquisition of Eczacıbaşı Securities, which combines two deep rooted and respected companies under one roof, created considerable synergy, resulting in one of largest independent brokerage companies in the sector.

As of September 30, 2017, Global Securities serves its clients at two branch locations, with 106 employees.

Over the years, Global Securities has received 40 international awards with its many accomplishments in Turkey. These include "The Non-Bank Intermediary Institution with the Biggest Trading Volume since the Founding of Borsa Istanbul."

Global Securities has served nearly 80 corporations with their initial public offering (IPO)s, and has contributed with USD 5 billion to the Turkish capital markets.

STRATEGY

Configured with the vision of being a pioneer of the sector in Turkey, Global Securities' core strategy is serving its clients with the deep know-how and experience it has accumulated over the years as a leading and dependable brokerage institution.

GLOBAL SECURITIES HAS SERVED NEARLY 80 CORPORATIONS WITH THEIR INITIAL PUBLIC OFFERING (IPO)s, AND HAS CONTRIBUTED WITH USD 5 BILLION TO THE TURKISH CAPITAL MARKETS.

Investor Relations

In 2017, the Group's Investor Relations Department responded to numerous investor requests via phone, email, social media and postal mail.

Committed to effective, continuous two-way communication with the investment community, Global Investment Holdings Group delivers timely communications and enjoys a transparent relationship with its investors. The Group strives to increase both shareholder and customer satisfaction by adopting and adhering to world-class corporate governance and investor relations guidelines.

Affirming the Group's commitment to transparency and timely public disclosure, investor relations are overseen by a dedicated Investor Relations Department, which manages the daily information flow to the investment community.

In 2017, the Group's Investor Relations Department responded to numerous investor requests via phone, email, social media and postal mail. Additionally, the IR Department proactively contacted relevant financial institutions with company-related and key news updates. The IR Department actively pursues opportunities to communicate with the investment community through all available channels.

All current and potential investors are encouraged to contact the Group at investor@global.com.tr and visit the website at www.globalyatirim.com.tr.

SHARE PERFORMANCE

2017 was the best stock performance year for Global Investment Holdings since 2009. GIH stock recorded a 108% jump in US dollar terms, while outperforming Borsa Istanbul's benchmark index (BIST-100) by 52% in 2017…

> Global Investment Holdings, listed on Borsa Istanbul since May 1995 with the ticker GLYHO, figured among the best performers in 2017 (18th best among BIST 100 – 39th best among BIST ALL), with a hefty 108% absolute return in US dollar terms, outstripping the BIST-100 by 52%.

> Global Investment Holdings stock (GLYHO) demonstrated a solid uptrend from the start of the year. During the year, the stock traded between USD 0.45 (January 2, 2017) and USD 1.17 in 2017 (September 11, 2017).

> At year-end 2017, Global Investment Holdings' market capitalization stood at USD 312 million.

> The daily average trading volume in 2017 climbed to USD 10 million.

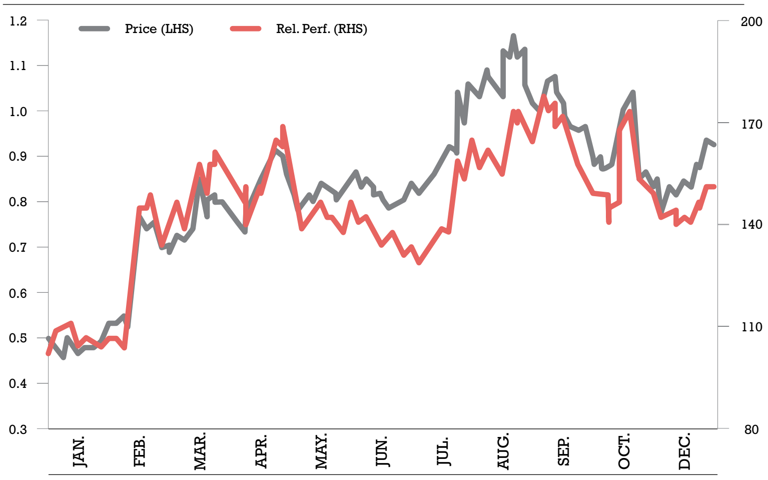
> Global Investment Holdings stock is included in numerous indexes, including BIST Stars, BIST 50, BIST 100, BIST 100-30, BIST All, BIST Corporate Governance, BIST Holding and Investment, BIST Financials and BIST Istanbul.

Share Data	
Ticker	GLYHO.TI / GLYHO.IS
Close Price (US$/share)	0.93
Current MCap. (US$ mn)	312.0
Number of Shares (mn)	325.9
Free Float	32%
12m Avg. Daily Turnover (US$ mn)	10.00

Trading Range (High / Low)	
1-month	0.94 / 0.75
3-month	1.08 / 0.75
1-year	1.17 / 0.45

Performance	Absolute	Relative
1-month	10.5%	1.2%
3-month	-11.3%	-8.5%
1-year	108.0%	52.0%

SHARE PERFORMANCE



Corporate Citizenship

Global Investment Holdings donated money and sent cards from Türk Eğitim Vakfı as New Year's gifts.

Global Investment Holdings and its subsidiaries are committed to integrating social, environmental, ethical, and human rights concerns into the Group's business operations and core strategy, in close collaboration with stakeholders and the communities where it operates.

The Company values philanthropic engagements that promote Turkey and improve the social, cultural and economic environment, benefiting the country and its citizens, both locally and nationally.

The Company's sponsorship activities in 2017 continued to support sports, educational, charitable, cultural and social causes, related projects and events.

Singling out contributions to education as central to its corporate social responsibility efforts, the Group engaged in the following activities during the year:

GLOBAL RUN

Global Run is organized by Global Ports Holding every year with the hope of bringing the world one step closer to peace and understanding. People from many different countries and cultures join the event: a record 3,600 runners from 45 different nationalities participated in 2017. To date, Global Run has been held in Bodrum, Turkey; Valletta, Malta; Bar/Kotor, Montenegro and Ravenna /Italy. GPH aims to take Global Run to all locations of its growing portfolio of 14 ports located around the world.

GPH well understands how travel can bring different cultures together. Cruise travel represents one of the most efficient and effective ways to visit numerous countries and interact with people from the world over in a short period of time.

GLOBAL RUN BODRUM

A core component of its social responsibility activities, Global Ports Holding has organized and sponsored Bodrum Global Run every year since 2014. Each year, around 1 thousand runners participate in the popular footrace in historic Bodrum. Proceeds generated from the race and other activities are donated to Turkish charities. Past recipients include Committee Volunteers Foundation (TOG), TOÇEV and Parıltı Association.

The fourth edition of Global Run was held on April 30, 2017 with around 1 thousand participating in the race.

GLOBAL RUN RAVENNA, ITALY, 2017

Organized by Global Ports Holding (GPH), the world's largest cruise port operator, Global Run was held for the first time in Ravenna, Italy, the latest addition to GPH's international cruise port operations. The race took place on November 12, 2017 with over 8 thousand runners representing 43 different nations participating in the race.

Global Ports Holding was the title sponsor of the event, which brought together participants to run in support of cultural tolerance and to enjoy the beauty of the city.

Global Ports Maratona di Ravenna – Città D'Arte had two tracks featuring a full and half marathon. This year marked the first time that GPH sponsored an existing race, with Ravenna Marathon becoming a Global Run thanks to the support of Global Ports Holding. The event was an ideal opportunity for GPH to help promote the city while engaging with the local community.

Proceeds from the race were donated to Progetto Margherita – Romagnolo Oncological Institute, which helps chemotherapy patients improve their quality of life.

TÜRK EĞİTİM VAKFI

This year, Global Investment Holdings donated money and sent cards from Türk Eğitim Vakfı as New Year's gifts.

Türk Eğitim Vakfı was established in 1967 by Mr. Vehbi Koç, a well-known Turkish industrialist and philanthropist. The foundation provides financial support, educational opportunities and works to address fundamental problems in the education system that face Turkey's youth.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Board of Directors

MEHMET KUTMAN | CHAIRMAN

Mr. Kutman is a founding shareholder, Chairman and Chief Executive Officer of Global Investment Holdings. Actively involved in business development at the Company, Mr. Kutman also serves on the Board of Directors of several Global Investment Holdings operating subsidiaries and affiliates. These include Global Ports Holding, Ege Ports, Port Akdeniz, Bodrum Cruise Port, and energy sector companies involved in natural gas distribution, power generation and mining.

Mr. Kutman is Chairman of the Turkey-Cuba Business Council of DEİK (Foreign Economic Relations Board) and is a member of TÜSİAD (Turkish Industry & Business Association).

Prior to founding the predecessor of the Company in 1990, Mr. Kutman was a project manager at Net Holding A.Ş., a Turkish corporate group involved in tourism and other related sectors, from 1989 to 1990. Between 1984 and 1989, he resided in the United States, where he served as Vice President at North Carolina National Bank, Sexton Roses Inc. and Philip Bush & Associates. Mr. Kutman holds a BA (Hons.) from Boğaziçi University and an MBA from the University of Texas.

Mr. Kutman plays a vital role in the Yale Program in Brain Tumor Research, which works to better understand the formation of brain tumors and develop improved therapies, as well as various cancer research activities worldwide through the Gregory M. Kiez and Mehmet Kutman Foundation.

EROL GÖKER | VICE CHAIRMAN

Mr. Göker is a founding shareholder of Global Investment Holdings and has served as Chairman of the Group's Finance division since its formation. In addition to sitting on the Board of Directors of various Group companies, Mr. Göker serves a member of several committees at Borsa Istanbul. He is also a member of TÜSİAD.

Prior to founding the predecessor of the Company in 1990, Mr. Göker led the Capital Markets Department at Net Holding A.Ş. before joining Net Holding A.Ş. He worked at the Capital Markets Board for four years, and at the Ministry of Finance in the Tax Auditing Department for four years. Mr. Göker holds a BA in Political Science and an MA in Economics, both from Ankara University.

AYŞEGÜL BENSEL | NON-EXECUTIVE BOARD MEMBER

Mrs. Bensel joined the Board of Directors at Global Investment Holdings in 1999 and serves on the Boards of various Group subsidiaries. Mrs. Bensel is the Chair of the Group's Real Estate division.

Mrs. Bensel served as the Chair and also, after 2005, as the CEO of Global Life Insurance until the Group sold the company in March 2007. Previously, Mrs. Bensel was Co-Director of Research at Global Securities between 1998 and 1999, and Assistant Director of Research from 1993 to 1998. Prior to joining the Group as an Equity Research Analyst in 1991, Mrs. Bensel was a Foreign Exchange Dealing Manager in the Turkish banking sector. Mrs. Bensel holds a BA in Business Administration and Finance from Hacettepe University, Ankara.

SERDAR KIRMAZ | BOARD MEMBER

Mr. Kırmaz joined the Board of Directors at Global Investment Holdings in 2010. He has also served on the Boards of various subsidiaries.

Mr. Kırmaz received his Bachelor's degree in Business Administration from Middle East Technical University, Ankara. In 1988, he joined PricewaterhouseCoopers (PwC), where he became a Partner. From 1997 to 1999, Mr. Kırmaz held advisory positions in various Turkish business groups. Mr. Kırmaz served as the CFO and on the Boards of several subsidiaries of Doğan Group from 2007 to 2010; Global Investments Holdings between 2005 and 2007; and STFA Group from 1999 until 2005.

ADNAN NAS | NON-EXECUTIVE BOARD MEMBER

Mr. Nas holds BSc degrees in Economics/Finance and Law. He also completed post graduate studies in Management.

Mr. Nas has 12 years of experience as an Inspector of Finance, including two years as the Deputy President of the Board of Inspection at the Ministry of Finance and Customs. Prior to joining PricewaterhouseCoopers as Partner to lead the tax practice, he served as Finance Director and Board Member at STFA Holding, a major conglomerate, in Istanbul from 1985 to 1992.

Having been the founder, he was also a Senior Partner/Tax Leader and Chairman of PricewaterhouseCoopers between 1992 and 2011. Currently, he is a Board Member at Global Investment Holdings and a number of its subsidiaries. Mr. Nas also chairs his business advisory firm Target Consulting, which provides assistance to select clients, and a monthly finance magazine run by an editorial board of academics. He writes weekly columns in the widely read business publication Dünya.

Mr. Nas is a Sworn Tax Advisor/Lawyer. He is a Board Member of the Canadian Business Council and Vice Chairman of the Central America Business Council at DEİK. He is actively involved in many NGOs, including TÜSİAD and TOBB. Mr. Nas is Vice-President at the Association of Financial Executives (Finance Club). He was a Board Member/General Secretary at Galatasaray Sports Club until October 2014. In addition, he is President of the Turkish chapter of "Common Purpose," an international association for leadership development. Mr. Nas is a Senior Fellow of New Westminster College in Vancouver, Canada.

He has served in various roles with numerous other organizations during his career, including Deputy Chairman at the Foreign Investors Association (YASED); former Chairman at Am-Cham Turkey; member of the US-Turkey Business Council (FSECC); Head of the USA Working Group at TÜSİAD; Executive Member of the Tax Council at the Ministry of Finance; and former Board Member at the Istanbul Chamber of Sworn Advisors.

Mr. Nas has extensive experience in national and international tax, legal, and business advisory. He is also a prominent thought leader via frequent attendance at conferences, seminars and media interviews in Turkey and abroad on regulatory and investment topics. He speaks fluent English and has a working knowledge of French. Mr. Nas is married with one child.

Board of Directors

ERCAN NURİ ERGÜL | INDEPENDENT BOARD MEMBER

Mr. Ergül was appointed as an Independent Board Member at Global Investment Holdings in 2017.

Mr. Ergül graduated from Middle East Technical University, Faculty of Mechanical Engineering and obtained an MBA degree with a concentration in Finance from Hough Graduate School of Business (USA). He started his professional career at Citibank Turkey in the Corporate Banking Department. Mr. Ergül went on to work as Manager of Global Securities' investment banking activities. Currently, he serves as Partner and Manager of a private equity fund with investments in Turkey and the Balkan region. Mr. Ergül is also a Board Member of four companies operating in the fleet leasing, packaging and information technology sectors.

OĞUZ SATICI | INDEPENDENT BOARD MEMBER

Mr. Satıcı has been an Independent Board Member since 2012.

Mr. Satıcı began his professional career in the textile sector, successfully expanding his family's business. He was the youngest person to be elected as an Assembly Member at the Istanbul Chamber of Commerce (İTO) in 1990. Mr. Satıcı served as a Board Member at the Economic Development Foundation (İKV) between 1996 and 1998, and as Chairman of the Istanbul Textile and Raw Materials Exporters' Association from 1999 to 2001.

He was Chairman of the Turkish Exporters Assembly (TİM) for three consecutive terms between 2001 and 2008; his significant contributions during this period included an increase of more than 500% in Turkey's export volume, an accomplishment widely acknowledged by the Turkish political and business community.

Mr. Satıcı also served as a member of the Coordination Committee for Improvement of the Investment Environment of Turkey (YOİKK) between 2001 and 2008, and of the Investment Advisory Council of Turkey (YDK) from 2004 to 2009.

Mr. Satıcı is currently a Board Member at Turkish Eximbank. He holds a BA in Business Administration from Washington International University.

Corporate Governance

Global Investment Holdings continues to pursue its corporate governance initiative first implemented in 2006 to further formalise and institutionalise the governing principles of the Company and the Group.

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Moreover, action has been taken to strengthen the independence of the Board of Directors by increasing its complement of non-executive members.

The Company submits annual reports on corporate governance compliance to its General Assembly, and to the Capital Markets Board (CMB). In addition, the Corporate Governance Committee, assisted by legal counsel, has been mandated to prepare a comprehensive corporate governance policy to be formally adopted in due course by the Board. The members of the Corporate Governance Committee are Ercan Nuri Ergül (Chairman), Ayşegül Bensel (Member), Adnan Nas (Member) and Aslı Su Ata (Member).

The Audit Committee and Early Risk Assessment Committee also significantly contribute in this area. The members of the Audit Committee are Oğuz Satıcı (Chairman) and Ercan Nuri Ergül (Member). The members of the Early Risk Assessment Committee are Oğuz Satıcı (Chairman) and Adnan Nas (Member).

Global Investment Holdings
Corporate Governance Principles Compliance Report

In 2017, Global Investment Holding's Corporate Governance Rating was upgraded to 9.05 (out of 10.00) from 8.99, indicating that the Company achieved substantial compliance with CMB's Corporate Governance Principles.

SECTION I STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Global Investment Holdings ("GIH") accommodates and pays utmost attention to the execution of the Corporate Governance Principles published by the Capital Markets Board of Turkey ("CMB"). Accordingly, the Company conducts analytical studies at the Board of Directors level.

In line with this approach, a Committee, including three Board of Directors members, was established to carry out the necessary restructuring studies into the Company's organizational structure and Articles of Association. The requirement to include at least two Independent Members in the Board of Directors, as stipulated by the Company's Corporate Governance Principles, has been fulfilled.

Shareholders can find comprehensive and updated information on GIH's website; additionally, they can post their questions to the Investor Relations Department by phone, e-mail and via social media.

GIH continues to pursue necessary revisions by examining the website and the annual report in greater detail in terms of adherence to the Corporate Governance Principles. The Board of Directors, senior management and all employees of GIH have consistently supported adoption of the Corporate Governance Principles within the Company at each stage of the process.

Our Corporate Governance Rating has been determined as a result of an evaluation made under four main topics (Shareholders, Public Disclosure and Transparency, Stakeholders, and Board of Directors), and weighted based on CMB Corporate Governance Principles, and on the current distribution, which is based on the main topics stated below:

Sections / WEIGHT	Rating
Shareholders – 25%	92.70
Public Disclosure & Transparency – 25%	92.01
Stakeholders – 15%	90.93
Board of Directors – 35%	87.74
Overall (Out of 10)	9.05

The report, prepared by Kobirate and related to the corporate governance rating of 9.05, confirms that the Company has largely achieved compliance with the CMB's Corporate Governance Principles and applies the necessary policies and measures to its practices.

REASONS FOR NON-COMPLIED CORPORATE GOVERNANCE PRINCIPLES

The Company continues its efforts toward full compliance with the Corporate Governance Principles. Principles other than those currently being implemented, or not yet implemented, have not caused conflicts of interest among the stakeholders.

The Company's Articles of Association contain no provisions stipulating that material decisions such as "demergers and share exchanges, buying, selling, or leasing significant amounts of tangible/intangible assets, or donation and grants, or giving guarantees such as suretyship, mortgage in favour of third parties" are required to be taken at a General Meeting. The underlying reason is that it is in the nature of the business in which the Company is involved to buy, sell, and lease quite frequently. Having to hold a General Meeting whenever such a transaction takes place is considered impossible; thus, no such article has been included in the Articles of Association. This practice is refrained from to ensure the timely execution of deals, and to avoid missed opportunities.

The preferred stock groups in our Company's Articles of Association were created prior to its IPO, and our Company is not authorized to amend these privileges. Our privileged shareholders made an application to the CMB in July 2010 in order to abrogate these privileges, which was not approved.

That the Articles of Association entitle shareholders to appoint a special auditor, and that there is no additional provision on minority rights: Regarding this matter, our Company is of the conviction that the framework provided for by the Turkish Commercial Code and CMB regulations is sufficient.

The Company has not established a policy concerning stakeholders' involvement with the board. However, independent members of the board enable the representation of all the stakeholders along with the Company and its shareholders. The Company respects the opinions and suggestions of all its employees, suppliers, nongovernmental organizations and customer satisfaction surveys. Certain board members serve on more than one committee due to the Company's shareholding structure.

In accordance with Article 4.6.5 of the Corporate Governance Principles, all remunerations and interests provided to board members and senior managers have been disclosed to the public in the annual report. However, the disclosure is made not on a personal basis, but by featuring the separation of board members and senior managers.

SECTION II - SHAREHOLDERS

Investor Relations

Structured as a holding company on 01.10.2004, our Company complies with all applicable laws, Articles of Association and other Company regulations regarding the exercising of shareholders' rights, and takes necessary measures to facilitate the exercise of these rights.

During the process of our Company's becoming a holding company in October 2004, the matter of "Investor Relations" was a priority; as a result, the Investor Relations Unit was established within the organizational structure.

Investor Relations is structured as the responsibility of the Board of Directors' Corporate Governance Committee. The Investor Relations Department shared information about its activities carried out during fiscal year 2017 with committee members at Corporate Governance Committee meetings. Meeting minutes were presented to the Board of Directors for evaluation by the Corporate Governance Committee. Four reports were submitted by the Department to the Corporate Governance Committee in 2017.

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Corporate Governance Principles Compliance Report

Information on the department that handles GIH's relations with shareholders is presented below:

Name-Surname	Title / License	Phone	E-mail
Aslı Su Ata	Director / CMB Advanced Level & Corporate Governance Rating	+90 (212) 244 60 00	investor@global.com.tr
İsmail Özer	Investor Relations Analyst / CMB Advanced	+90 (212) 244 60 00	investor@global.com.tr
Esra Gündüz	Junior Specialist	+90 (212) 244 60 00	investor@global.com.tr

The main activities carried out by the Investor Relations Unit are summarized below:

> Ensuring that shareholder records are kept accurately, reliably and up-to-date;

> Responding to written information requests from shareholders, unless the requested information is publicly unavailable, confidential or a trade secret;

> Taking necessary steps to ensure that General Assembly meetings are held in compliance with applicable legislation in force, the Company's Articles of Association and other Company regulations;

> Preparing documents beneficial to shareholders for General Assembly meetings;

> Ensuring that meeting minutes are sent to shareholders;

> Monitoring and overseeing every aspect of the public disclosure process for compliance with applicable legislation.

In addition to the aforementioned, the tasks below, performed within the structure established in 2005, will be carried out by the Investor Relations Unit in tandem with the Financial Affairs and the Finance and Law Unit/s:

Responding to written or verbal information requests from shareholders;

Preparing the Company's investor presentation and updating it regularly;

Updating the Investor Relations section on the Holding's website;

Arranging investor information meetings abroad;

Managing investor visits;

Announcing quarterly financial reports to investors via teleconference and e-mail;

Organizing analyst meetings in parallel to the Public Disclosures Platform announcements made to Borsa Istanbul.

Since its establishment, the Investor Relations Unit has attended meetings within and outside the country and organized teleconferences, having submitted detailed answers – as prescribed by the Information Policy – to information requests made via phone, e-mail, and investor meetings. Questions posed by individual investors concerning company performance, interpretation of financial results, profit distribution policy, associate company performance and stock price performance are responded at specified periods. Within the relevant period, more than 100 questions were answered by phone and e-mail.

EXERCISE OF SHAREHOLDERS' RIGHT TO OBTAIN INFORMATION

Other than those relating to trade secrets and undisclosed information, queries received from shareholders and analysts by the Capital Markets and

Investor Relations Department by letter, phone, e-mail and other means are answered as swiftly and effectively as possible upon contacting the relevant person of the highest authority on the related matter. Furthermore, current and historical information and developments relating to GIH that are of interest to shareholders are regularly communicated to concerned parties via the corporate website, both in Turkish and English. They are also regularly communicated to those registered in our database via e-mail.

The related Corporate Governance Committee regularly works in coordination with responsible units to best inform shareholders.

Provisions of the Turkish Commercial Code are applicable regarding the appointment of a private auditor, which is why there is no separate article in the Articles of Association regarding this issue. Within the period, no requests were made to appoint a private auditor.

GENERAL ASSEMBLY MEETINGS

The Ordinary General Assembly meeting of shareholders regarding the Company's 2016 activities was held on 28 April 2017 at the head office. Of the Company's share capital as of the date of the Ordinary General Assembly meeting, 42.1% was represented at the meeting.

Pursuant to applicable legislation, the invitation to the General Assembly Meeting was published in the Trade Registry Gazette, Borsa Istanbul's Public Disclosure Platform system, and on the Company's website. There is no timeframe specified for the participation in General Assembly meetings of the holders of registered shares entered in the stock ledger. At General Assembly Meetings, the holders of shares traded on Borsa Istanbul are required to communicate their attendance to the General Assembly no later than one day prior to the date of meeting and obtain their passes, pursuant to Article 415/3 of the Turkish Commercial Code. Secondary legislation issued as per the New TCC, lays out the principles of the Electronic General Assembly, which provides shareholders an alternative to being physically present at the General Assembly.

Prior to the General Meeting, the annual report and financial statements and reports, independent audit reports, as well as the information document on General Assembly agenda articles and other documents, the final version of the Articles of Association, and Amendments to the Articles of Association – in case of an amendment to the Articles of Association – were made available for shareholder inspection at the Company's headquarters. The Agenda and Amendments to the Articles of Association are announced by the method mentioned in section 4.2.

Information related to the donation and aid made within the period was presented with a separate agenda item at the General Assembly. No one had anything to add during the petitions and suggestions session, which was a separate agenda item. Stakeholders such as rating specialists and independent auditors attend our General Assembly meetings as observers. No media entity attended the Meeting.

Neither the executive managers who have administrative responsibilities nor the shareholders who control the management of the Company realized any transactions with the Company or its associate companies that constituted a conflict of interest. Moreover, these parties did not realize any transactions related to a commercial business that operates within the scope of the corporation, or its associate companies' field of activity, for their own account, or for the account of others; and/or they did not become unlimited partners in other companies carrying out similar commercial businesses.

As part of the information we have obtained, the shareholders (who control the management of the Company), Board of Directors members, executive managers holding administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to the second-degree have not realized any important transactions with the Company or its associate companies that may lead to conflicts of interest, nor have they made any transactions related to a commercial business that is within the scope of the corporation or its associate companies' field of activity, on their own account, or on account of others; and/or they did not become unlimited partners in other companies carrying out similar commercial businesses.

Details of the donations were listed in the 15th Article of the Annual Report.

VOTING RIGHTS AND MINORITY RIGHTS

There are four types of shareholders in our Company's capital: (A), (D), (E) and (C). Shares in Groups (A), (D) and (E) have privileges, and shares in Group (C) have no privileges. It has been stipulated that the Company's Board of Directors consists of seven members. All shareholders are entitled to nominate three Board Member candidates. It is stipulated that only one of these three candidates shall be approved by the shareholders of Group (A) shares.

For the adoption of a range of Board resolutions specified in the Articles of Association, the shareholders of Group (D) and Group (E) shares are required to participate in the Board meeting, and it is required that the resolution be approved by the Board members nominated by the shareholders of Group (A) shares.

The share capital of the Company does not involve any cross-shareholdings.

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DIVIDEND POLICY

The policy will be determined by the General Assembly of Shareholders based upon Board of Directors proposals in accordance with the provisions of the Capital Markets Law and the communiqués of the Capital Markets Board. For dividend distribution, the policy adopted by the Company is designed to be a consistent policy balancing shareholder and Company benefits, in accordance with the Corporate Governance Principles. There are no privileges for participating in Profit Distribution.

The Company realizes dividend distributions in accordance with the Turkish Commercial Code and the CMB and within prescribed statutory periods. Under the Articles of Association, no privileges are granted on the Company's profit sharing. Dividend distribution is made within statutory periods, as stipulated in the relevant legislation, within the shortest time following the General Assembly meeting.

The Company's profit distribution policy was presented for shareholder information at the General Assembly, and publicly announced on the Company's website. At the General Assembly held on 28 April 2017, the General Assembly was informed about the issue of not distributing profit related to the 2016 financial statements, due to the fact that no profit was generated for the period ending on 31 December 2016, either in the consolidated financial statements issued in line with Capital Markets Board regulations, or in the solo/legal financial statements issued as per the Tax Procedure Law and Turkish Commercial Code.

TRANSFER OF SHARES

The Company's Articles of Association contain no provisions that render it difficult for shareholders to freely transfer their shares.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

INFORMATION DISCLOSURE POLICY OF THE COMPANY

At the General Assembly, shareholders were provided with information on the Company's Information Disclosure Policy, which was also published on the corporate website.

The Board of Directors is responsible for overseeing, monitoring and developing the Information Disclosure Policy. The Investor Relations Unit Director, CFO and Chief Legal Advisor are the executives in charge of implementing the Information Disclosure Policy.

As well as the Investor Relations Unit, the Corporate Communications Department is responsible for overseeing and monitoring all issues related to public disclosures. Questions received from outside the Company are responded to as swiftly as possible by the CEO, CFO, and Legal Advisor, or within the knowledge of and authorization limits set by the CEO, the CFO and Legal Advisor, by the Investor Relations Unit. Equality for social stakeholders in obtaining information is strictly observed when responding to inquiries.

In quarterly periods, following the public disclosure of financial statements of the relevant period, a press statement summarizing the financial situation of GIH is issued and published. The Company's annual report is prepared annually and delivered to investors, as well as relevant institutions and entities by the Investor Relations Unit.

Public disclosures are made by either the Chairman (Mehmet Kutman), individual Board Members, Financial Affairs and Finance Group Head (Kerem Eser), or the Chief Legal Advisor (Uğur Aydın) depending on the content of the disclosure, or else by the Investor Relations Unit according to the authority to which the disclosure will be made.

WEBSITE AND ITS CONTENTS

As stipulated by the CMB's Corporate Governance Principles, the Company website www.globalyatirim.com.tr is actively used in public disclosures. All matters related to the Investors Relations Unit are posted on the www.globalyatirim.com.tr website.

Our Company website is clearly indicated on all corporate identity documents and promotional materials. The Company's website meets international standards in terms of informational content and layout. It is administered by the Investor Relations Unit. The main headings on the website are listed below:

> Detailed information on corporate identity,

> Vision and mission,

> Information on the members of the Board of Directors and Company's senior management,

> Company ownership structure,

> The Company's Articles of Association,

> Trade registration data,

> Financial data, annual and interim activity reports,

> Press releases,

> Regulatory disclosure of material events,

> Share performance and calculator,

> Investor presentations,

> Date and agenda of the General Assembly meeting and General Assembly information document,

> Minutes and attendance roll of the General Assembly meeting,

> Proxy sample,

> Corporate Governance Principles Compliance Report,

> Dividend Policy,

> Information Disclosure Policy,

> Corporate Social Responsibility.

ANNUAL REPORT

Information specified by relevant legislation and the CMB's Corporate Governance Principles is available in our Annual Report.

Disclosure of Ultimate Controlling Individuals

The shareholder structure and the changes in the shareholder structure of the Company are disclosed to the public in accordance with relevant legislation. The Company's shareholder structure is available for review on the website.

SECTION IV - STAKEHOLDERS

As a holding company, our shareholders and strategic business partners are our primary stakeholders. The information flow of all subsidiaries and the holding company is realized at a central location in order to maintain coordinated relations with stakeholders.

Additionally, the personal experience and educational level of our employees directly impacts the services delivered by our Company and its subsidiaries involved in the service industry. As a result, the Company's human resources policy plays a vital role in this respect. The human resources policy is specified along with the "Personnel Regulations" document and recruitments are announced on the Company's website. The feedback system based on the employee performance system has been initiated at our subsidiaries, with the aim of applying the system across the Company.

INFORMING STAKEHOLDERS

When stakeholders are classified together with investors, business partners and employees, the disclosures to inform investors are explained in detail under the "Informing Shareholders" heading. The intranet system, established to provide detailed information to Company employees, is also used to conduct in-company operations related activities, as well as to keep Company personnel informed about public disclosures and managerial issues that would affect the Company's business.

PARTICIPATION OF STAKEHOLDERS IN MANAGEMENT

Members of the Audit Committee and Corporate Governance Committee participate in the weekly assessment

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meetings held by unit managers, who can thus communicate to senior management their opinions on the units and subsidiaries under their responsibility. Unit managers pose questions to committee members in the fulfilling of their duties. As a result, the information flow mechanism between stakeholders and the committees passes through the unit managers.

HUMAN RESOURCES POLICY

Global Investment Holdings maintains a forward-looking strategy that reflects fundamental changes in the national economic and political arena. Backed by its expanding organization and professional teams, our Company offers opportunities for prospective managers regarding personal talent and career development. At the recruitment stage, the Company offers equal employment conditions and job opportunities to candidates who hold documented university degrees and have a relevant academic background; are fluent in English, as well as speaking other foreign languages; and who are successful individuals in their respective fields. Göknil Akça is the Human Resources Director in charge of managing relations with employees. In 2017, no employee complaints were received.

The Company's human resources policy has been defined, set down in writing and announced on the intranet under the "Personnel Regulation" heading, both in Turkish and English. Pursuant to this regulation, the Company recruits individuals of superior knowledge and skill, who are easily adaptable to the corporate culture, and who are open-minded to change and development.

The Company's human resources policy adopts the principle of providing equal opportunities to employees under equal conditions with regard to recruitment and career planning. To this end, positions are announced on an easily accessible website and job applications are received via e-mail.

The opportunities offered to employees, and developments within the Company that may affect personnel are shared by senior management via e-mail as well as over the intranet.

INFORMATION ON RELATIONS WITH CUSTOMERS AND SUPPLIERS

Our Company is a holding company that does not have a direct relationship with customers and suppliers.

CODE OF ETHICS AND SOCIAL RESPONSIBILITY

The Code of Ethics was formulated by Global Investment Holdings in order to add financial value to its shareholders and to increase its corporate value. The Code of Ethics is composed of principles and rules that all managers and employees must abide by. The Code of Ethics of our Company was publicly announced on the website as part of the Information Policy.

Global Investment Holdings and its subsidiaries consider their customers, shareholders, employees and the community in general as core social stakeholders for whom they work. At the Global Investment Holdings level, as well as through its subsidiaries, the Group is deeply committed to ensuring a better life for the various communities we are a part of and where we operate. In line with this aim, Global Investment Holdings Group makes contributions to and sponsors various educational, charity, social and sporting activities and projects. In fiscal year 2017, Global Investment Holdings continued to support education as part of its social responsibility activities.

SECTION V - BOARD OF DIRECTORS

Structure and Formation of the Board of Directors and Independent Members

The Company is managed by seven Board Members elected by the General Assembly. The names of the members of the Board of Directors who were appointed in accordance with the Company's Articles of Association are presented below:

Mehmet Kutman
Chairman - Executive Member

Erol Göker
Vice Chairman - Executive Member

Ayşegül Bensel
Member - Non-Executive Member

Serdar Kırmaz
Member - Executive Member

Adnan Nas
Member - Non-Executive Member

Ercan Nuri Ergül
Independent Board Member

Oğuz Satıcı
Independent Board Member

An up-to-date list of the Company's Board Members and their résumés are presented in the Annual Report and on the corporate website.

In consideration of Chairman Mehmet Kutman's investment banking career, and his experience in business development and project management, the Board of Directors has decided to also appoint him as CEO.

Two independent members of the Board of Directors satisfy CMB Corporate Governance Principles pertaining to independence criteria.

There are no rules and/or limitations imposed upon the members of the Board of Directors with regards to their employment outside the Company. It is always taken into account that this is a holding company, and that being represented in the management of associated companies is to our Company's benefit.

The duties of the Remuneration Committee were assigned to the Corporate Governance Committee, which, on 27 April 2017, submitted the names of two candidates meeting the independence criteria to the Board of Directors.

In the event that a situation arises that compromises the independence of a Board Member, the concerned independent member immediately informs the Board of Directors about this development, for an eventual disclosure to the public. In principle, Board Members who lose independence submit their resignation.

To meet the quota of independent members, following the resignation of an independent member, the Corporate Governance Committee makes an evaluation regarding the selection of a new independent member to serve until the next General Assembly, and submits its decision to the Board of Directors in written form.

There is one (1) female member on the Board of Directors.

Working Principles of the Board of Directors

Members of the Board of Directors are promptly provided with comprehensive information to ensure that they accurately and efficiently execute their required tasks. The secretarial unit is structured under the Board of Directors as part of the corporate governance efforts. The unit informs the Members of the Board of Directors and provides them with the meeting agenda and documents related to the agenda at least three (3) days prior to the meeting. Board of Directors meetings are held at least once a month and whenever deemed necessary. Our Board of Directors submitted 37 written decisions in 2017. Decisions were made unanimously at the Board of Directors meetings. The Board's agenda is determined by the members of the Board of Directors in line with Company requirements. The members of the Board of Directors do not have weighted voting rights; all members, and the chairman, have equal voting rights. At meetings, questions asked by the Members of the Board of Directors, and reasonable and detailed reasons for any negative votes given for issues on which Board Members state different opinions, are recorded in the decision book. Losses incurred by the Company by members of the Board of Directors as a result of their faults during their term of office, are insured with a policy that has a value exceeding 25% of the Company capital.

MISSION, VISION, AND STRATEGIC GOALS OF THE COMPANY

GIH's mission, vision, objectives, and values are publicly disclosed on the corporate website. Mission: The Holding is committed to developing a portfolio of competitive companies, within the sectors in which it operates, with strong and healthy growth prospects in line with global standards. The Holding is also responsible for updating strategies for its subsidiaries that reflect the changing local and global environment, to ensure their quick adaptation to changing business con-

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ditions and foster continuous growth. Vision: Global Investment Holdings aims to become a leader in its operations; to initiate new and innovative projects with growth potential; and to become a pioneer in developing the business environment in Turkey.

RISK MANAGEMENT AND INTERNAL AUDIT MECHANISM

The Company has established a risk management and internal control unit. Studies in this regard are conducted under coordination of the Board Members Ercan Nuri Ergül and Oğuz Satıcı. The Internal Control Department reports directly to the Audit Committee of the Board of Directors.

AUTHORITIES AND RESPONSIBILITIES OF BOARD MEMBERS AND EXECUTIVES

The authority and responsibilities of the Board of Directors are defined in the Company's Articles of Association in a way that leaves no room for doubt and in a manner consistent with the Board's functions, clearly distinguishable and identifiable from the authority and responsibilities of the General Assembly.

In addition to the functions defined in the Articles of Association, the Board of Directors fulfils the following functions as listed in the Board of Directors section of the Capital Markets Board's Corporate Governance Principles:

> The Board of Directors continuously and efficiently revises the degree to which the Company achieves its objectives, activities and past performance. While revising the same, the Company seeks to comply with international standards in every area. If required, the Board of Directors takes measures without any delay or obstacle. Effective revision refers to detection of compliance with applicable laws and regulations and international accounting standards reflecting the Company's activities; the degree of achievement of Company objectives; the financial status and activity results in the accounting records; and the degree of accuracy of the Company's financial information.

> The Board of Directors establishes a risk management and internal control mechanism, minimizing the risks that may adversely affect Company stakeholders, particularly the shareholders the Company may encounter; the Board also takes necessary measures to ensure the effective operation of such a system.

> The Board of Directors forms committees to fulfil its functions and responsibilities in a sound manner.

> The Board of Directors takes measures and applies incentives to ensure that qualified personnel serve the Company for the long term. If required, the Board of Directors removes managers from office without any delay and appoints appropriate and qualified managers to replace those removed.

> The Board of Directors acts as a leader in the elimination and settlement of the disputes that may arise between the Company and its shareholders.

> The Board of Directors shall ensure full compliance with all applicable laws, regulations, and provisions of the Articles of Association, intra-company arrangements and the policies established in exercising shareholders' rights. To this end, the Board of Directors shall act in close cooperation with the Corporate Governance Committee and Investor Relations Unit established in the body of this committee.

PROHIBITION ON DOING BUSINESS, OR COMPETING WITH THE COMPANY

As required by the Corporate Governance Principles, in the event of any violation of the prohibition on board members' doing business or competing with the Company, the potential conflicts of interest are publicly disclosed.

NUMBER, STRUCTURE, AND INDEPENDENCE OF COMMITTEES ESTABLISHED BY THE BOARD OF DIRECTORS

The Board of Directors of Global Investment Holdings has established a Corporate Governance Committee and an Audit Committee in line with the Capital Markets Board's Corporate Governance Principles. The Board members are regularly kept informed on the research studies of the Committee. Based on the resolutions adopted by the Board of Directors on 13 September 2017 numbered 939, Ercan Ergül, Independent member, Ayşegül Bensel, Non-executive Board member, Adnan Nas, Non-executive Board member, and from the Investor Relations Department Aslı Gülhan Ata, have been elected as members of the Corporate Governance Committee. Oğuz Satıcı, Independent member, and Ercan Ergül, Independent member, have been elected as members of the Audit Committee. Oğuz Satıcı, Independent member, and Adnan Nas, Non-executive Board member, have been elected as members of the Early Risk Assessment Committee. During the period, the Corporate Governance Committee convened four times and passed one resolution, the Audit Committee convened four times and the Early Risk Assessment Committee convened six times and passed two resolutions. These three committees serve in an advisory function for the Board and make recommendations. All committees carry out their operations in line with their charters, which are outlined on the Company's website. The chairs of the committees are non-executive independent Board members. Since all Audit Committee members must be independent Board members, and as committee chairs must be selected from among independent members, Independent member Ercan Ergül sits on both committees.

REMUNERATION OF THE BOARD OF DIRECTORS

At the General Assembly meeting of 28 April 2017, a decision was made to pay a net honorarium of TL 9,000 per month to the members of the Board of Directors for the 2017 activity period. The minutes of the Ordinary General Assembly Meeting were publicly announced via a material event disclosure and on our Company website. The Remuneration Policy was prepared and issued in writing; it was then presented for the information of shareholders in a separate agenda item at the Ordinary General Assembly meeting held on 1 July 2014. The Remuneration Policy was also announced on the Company website. Furthermore, salaries and all other benefits given to the Members of the Board of Directors and executive managers are publicly announced in the Annual Report. Apart from that specified in the consolidated financial tables, the Company did not lend money, or extend credit to any members of the Board of Directors, or executive managers within the relevant period.

Statement of Responsibility

Of the Board Resolution on the Approval of Financial Statements & Annual Report

DATE: 12 MARCH 2018

NUMBER: 960

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF CAPITAL MARKETS BOARD COMMUNIQUÉ NO: II-14.1

Under the Capital Markets Board Regulations, within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company, we hereby announce and declare that: the Annual Report prepared by the Company and the consolidated Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity along with the related Notes prepared by the Company and audited by the independent auditor DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of DELOITTE TOUCHE TOHMATSU LIMITED) for the period of 01.01.2017 – 31.12.2017 under the CMB Financial Reporting Communique numbered as II.14.1. in accordance with Turkish Accounting Principles/ Turkish Financial Reporting Standards ("TAP/TFRS) and in line with the compulsory formats determined by the CMB;

• Have been reviewed by us;

• According to the information obtained within the scope of our duty and responsibility, as of the date of our statement, the reports do not contain any inaccuracy in all material respects and are free of omissions that may be regarded as misleading as of the issue date;

• According to the information obtained within the scope of our duty and responsibility, we hereby declare that the financial statements, prepared in accordance with the financial reporting standards in force, regarding the period concerned, present correctly and fairly the actual situation of our Company concerning its assets, liabilities, financial position and profit/loss, and that the annual report presents correctly and fairly the development and performance of business, the Company's financial position, its financial situation together with the important risks and uncertainties it is exposed to, and a truthful account of the results of its operations

Sincerely,

12 March 2018

Oğuz SATICI | Chairman of Audit Committee

Mehmet Kerem ESER | Group Director | Financial Affairs and Finance

Internal Controls: Rationalization

In 2017, Global Investment Holdings continued to implement Group-wide risk management and internal control policies. The Company systematically followed and abided by its corporate codes of conduct, including internet usage restrictions, proprietary trading limits and guidelines, and management reporting systems. During the year, GIH carried out an organization-wide company asset security awareness initiative, which covered information and information systems.

The Internal Audit team conducts audits of the current internal control system, especially in terms of boosting the efficiency and productivity of Group operations, maintaining reliability in financial reporting and compliance with applicable laws, rules and regulations. This effort is executed in accordance with the annual internal audit plan, with the audit findings reported to the Board of Directors. Risks that prove critical under the framework of corporate risk management in the annual internal audit plan are prioritized.

At the request of the Board of Directors, the Internal Audit team coordinated and performed a wide range of audits in 2017 to identify potential risks within Group companies and head office departments. The Internal Audit team has taken the necessary steps both at the holding and individual company levels to implement efficient risk management tools through its internal audit technical implementations. The team plans to undertake a broad range of internal audits throughout 2018 in line with the annual audit plan.

Financial Overview

GLOBAL INVESTMENT HOLDINGS ANNOUNCEMENT

DATE : March 12, 2018

FROM : Global Investment Holdings Investor Relations

Tel : +90 212 244 60 00

E-mail : investor@global.com.tr

SUBJECT : Global Investment Holdings 2017 Financials Results

RECORD OPERATING EBITDA, MELTING DEBT, IMPROVED LEVERAGE...

Global Investment Holdings announces Consolidated Net Revenues of TL805.9mn and an Operating EBITDA of TL278.4mn in 2017, a 21% growth compared to 2016.

Global Investment Holdings ("GIH" or the "Group") reports consolidated revenues of TL805.9mn for 2017, representing an increase of 28% compared to the last year; while announcing a consolidated EBITDA of TL278.4mn. The secondary proceeds from Global Ports Holding's IPO on London Stock Exchange of TL 360mn and equity injection through a rights issue in 2017 of TL 245mn is not accounted for in the operating EBITDA or P&L but under the equity. First power generation from biomass resources were commissioned on January 1st, 2018 with 17.2MW installed capacity with feed-in tariff, and expected total capacity of 125MW will contribute significantly to the consolidated EBITDA in the coming periods. Total equity increased on a consolidated basis from TL912.6mn in 2016 to TL1, 594.8mn representing a 75% increase. Holding stand-alone Net Debt position of TL498.6mn decreased almost entirely to TL88.5mn, which will significantly reduce net interest expenses in the following quarters.

GIH announced its financial results for 2017. Consolidated net revenues reached TL805.9mn compared to TL630.0mn last year, representing an increase of 28%. All business divisions under the Company contributed to this increase, with Power/Gas/Mining and the Port divisions contributing the most.

In 2017, Operational Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to TL278.4mn, compared to an EBITDA of TL230.6mn last year, which represents 21% growth.

On a divisional basis, the Group's Port Division revenues reached TL424.5mn at the end of 2017, representing 22% increase over 2016. Although the Cruise division's financial performance was impacted negatively from lower contribution of higher yielding Turkish ports due to the geo-political challenges, our Port division benefitted from diversification with a strong overall 15.2% growth in total cruise passenger numbers driven by organic growth in Valetta, Barcelona, Malaga cruise ports and inorganic growth from the first time consolidation of the Italian ports. Meanwhile, we have seen a strong performance in our European cruise ports, with growth in both revenues and operational EBITDA in 2017.

The Port Division's Operating EBITDA was reported as TL274.6mn in 2017 compared to TL229.5mn in 2016. The improvement was driven by Commercial division thanks to the increase in high-margin TEU business, operational improvement and a favorable currency environment in Turkey. A well-diversified portfolio helped the Group in offsetting the weakness in Turkish Cruise ports due to the geo-political climate by the strong performance of the Commercial business and non-Turkish cruise ports in the network, maintaining Operating EBITDA margin at a high level of 64.7%

The Gas division's revenue and operating EBITDA were TL 212.2mn and TL 11.4mn respectively. Operating EBITDA margin was lower compared to 2016, as a result of a 2 year contract for gas hedging, which will recover following the expiry of the contract at the end of 2017. The gas division distributed 148mn Sm^3 of CNG in 2017, 6% higher than 2016, capturing approximately 20% market share.

The Power division reported revenues of TL35.5mn in 2017 as opposed to TL16.4mn in 2016, mainly driven by co-generation business of the Group with 58.3MW installed capacity and electricity trading. The Group commenced power generation from renewable biomass resources in November 2017, with 17.2MW installed capacity in its Aydın and Söke power plants. Contribution from biomass business to the Group's consolidated financials were limited in 2017 as such power plants were commissioned January 1st 2018 under the Feed in Tariff mechanism at 13,3 USc/Kw . However, being subject to feed-in tariff and targeted 125 MW capacity, the biomass business is expected to contribute to consolidated financials significantly in the coming periods.

The Mining Division reported revenues of TL60.7mn, indicating 68% increase, while operating EBITDA stood at TL1.7mn. Revenue increased by 68% surpassing 55% volume growth in 2017, however profit margins were lower due to delays in new pit development to support production of higher added value products for the glass industry.

Real Estate Division revenues were up 22%, reaching TL31.4mn in 2017, while operating EBITDA stood at TL20.6mn, compared to TL18.1mn in 2016. The strong operating performance was mainly attributable to Van Shopping Mall.

The Brokerage & Asset Management Division reported revenues of TL41.4mn in 2017, with 36% increase, and a positive EBITDA of TL1.8mn for 2017, compared to -TL9.3mn in 2016. The normalization in EBITDA can be attributed to increase in trading volumes, as well as synergies achieved following the merger with Eczacıbaşı Securities, resulting in cost reductions.

GIH reported a consolidated net loss of TL329.2mn in 2017, compared to a net loss of TL130.3mn in 2016. Cash injection from Global Ports Holding's IPO and rights issue are accounted for under the equity according to IFRS27.Despite higher revenue recognition along with EBITDA maximization, the expansion in net loss stemmed from non-cash and non-operating one-off expenses. The bottom line incorporated TRL234.7mn one-off expenses, most of which are non-cash:

i) The impact of IPO related expenses, together with intensive M&A activity at the port segment, is 69.4mn to the bottomline,

ii) non-cash write-off provision of Dağören HEPP project (TL51.0mn). A green field project dating back to 2008, which could not progress subject to legal proceedings against State Water Works. Based on recent rulings of the State Council, group management – to be prudent – has decided to provide a provision for the full amount carried on the balance sheet.

iii) non cash impairment provision for Sümerpark AVM driven by the decline in rental yields and occupancy rates as a result of decreasing retail consumer sentiment and economic activity in the region (TL50.4mn),

iv) non-cash provision for USD16.6mn (TL 62.9mn) receivable regarding Başkent Gaz tender related bid bond. The bid bond of 50m$ has been fully paid by the Group in 2013, and the Group sued the JV partners for their prorate shares in the bid bond. Receivables from 2 other JV members have already been collected by the Group by means of a settlement and group lawyers are optimistic on the recovery of the last outstanding one. However, being prudent, management has provided a provision for the full amount outstanding from JV partner Eiser (former ABN Amro infra fund).

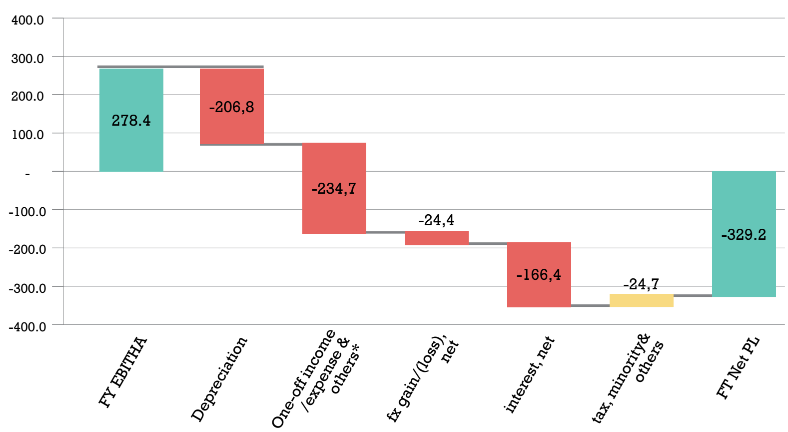
Additionally, the non-cash depreciation charges, and increase in net interest expenses has also impacted the bottom line. Depreciation and amortization charges have increased from TL161.2mn in 2016 to TL206.8mn in 2017. Also, the Group has incurred TL166.4mn net interest expenses in the period.

Following the successful IPO of the port business, coupled with the cash commitment from Centricus, consolidated Net Debt has decreased from TL1,990.9mn at 2016-year end to TL1,431mn in 2017. Likewise, holding stand-alone Net Debt position of TL498.6mn decreased almost entirely to TL88.5mn, which will significantly reduce net interest expenses in the following quarters.

Commenting on the recent developments, CFO Kerem Eser stated that the Company will continue its aggressive policy of growth by means of new acquisitions and investments mainly into core businesses, which are infrastructure (ports), and clean energy.

Mr. Eser, further commented on the highlights of the share buyback program of the Group, indicating that the Board has up to TL 150mn in addition to its share buyback program in previous years. This will bring to shareholders, once completed, a total proceed of TL234mn inclusive of previous share buybacks. This is in line with the Group's policies to maintain a steady stream of dividend equivalent above 5%. If/when fully materialized, such share buyback will indicate TL0,51 per share dividend equivalent to its investors.

NET PROFIT/(LOSS) BREAKDOWN FY 2017 (TL MN)*



* The bottom line incorporated a 234.7mn TL one-off expenses, of which 171mn TL is non-cash.

Disclaimer

The projects and activities described in this Annual Report are undertaken through a number of companies ("Affiliates") affiliated with Global Investment Holdings A.Ş. (the "Global Investment Holdings Group," or the "Company"), also referred to herein, together with such Affiliates, as "the Group."

Unless otherwise specified, the information in this Annual Report is given as of 31 December 2017. The terms "current" and "currently," respectively, denote the status of the related information as of the time this Annual Report goes to print.

The currency of the Republic of Turkey ("Turkey") is the Turkish Lira ("TL"), which was introduced as of 1 January 2009 upon the conversion of the New Turkish Lira ("YTL") on a one-to-one basis. Solely for convenience, certain Turkish Lira amounts herein have been converted into US Dollars ("US$") based on the official US$/TL exchange rate announced by the Central Bank of Turkey as of such relevant dates, or else on the average official US$/TL exchange rate for the respective period, except where otherwise specified. No representation is being made that any such TL amount was, or could have been, converted into US$ at such a rate, or otherwise.

This Annual Report contains certain forward-looking statements, which typically include terms such as "intend," "expect," "anticipate," "plan," "project," "target" and "scheduled." Such statements are based on the expectations of Company management as this Annual Report goes to print. Such statements are inherently subject to operating risks, including factors beyond our control, such as general economic and political conditions; the volatility of market prices, rates and indices; legislative and regulatory developments; and to our own ability to attract and retain skilled personnel; to source, structure and procure project financing; to implement optimal technology and information systems; and to otherwise operate successfully in a competitive marketplace. Consequently, our results may vary significantly from time to time, and we may be unable to achieve our strategic objectives.

Global Investment Holdings is incorporated in Istanbul, Turkey. The registered address of the Company's headquarters is Rıhtım Caddesi No: 51, Karaköy 34425, Istanbul, Turkey. Global Investment Holdings is subject to regulation by the Turkish Capital Markets Board ("CMB") and Borsa Istanbul. Other Group companies are subject to capital markets regulations, or those of other regulatory authorities having jurisdiction over them.

Scan the QR code to access
to the financial statements
and footnotes.

Global Yatırım Holding Anonim Şirketi and its Subsidiaries

Convenience Translation into English of Consolidated Financial Statements as at and for The Year Ended 31 December 2017 with Independent Auditors' Report thereon

12 March 2018

This report includes 7 pages of independent auditors' report and 122 pages of consolidated financial statements together with their explanatory notes.

Deloitte.

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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Global Yatırım Holding A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Global Yatırım Holding A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards (TAS).

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

Without qualifying our opinion, we draw your attention to the Note 19 of the accompanying consolidated financial statements:

As explained in detail in Note 19, the pending lawsuit numbered 2010/920E before 13th Department of Council of State between Ankara Metropolitan Municipality ("the Municipality") and Joint Venture Group ("JVG"), in which the Group is one of the venturers, regarding the cancellation of decision of the Municipality for the liquidation of Letter of Guarantee amounting to USD 50 million given by the Group in favor of Municipality in accordance with the specifications of the privatization tender of Başkent Doğalgaz Dağıtım A.Ş. by the method of block sale, resulted against the JVG on 8 May 2014 and the decision is appealed by the Group. The appeal is rejected and the Company returned to the Court for the rectification of the decision.

On the other hand, on 26 February 2013 the pending lawsuit numbered 2010/308E before Ankara 4th Commercial Court regarding the prevention of the liquidation of Letter of Guarantee amounting to USD 50 million given by the Group and to dissolve the dispute resulted against the JVG and the related preliminary injunction has been repealed. The Group appealed the decision of Ankara 4th Commercial Court on the lawsuit numbered 2010/308E regarding the prevention of the liquidation of Letter of Guarantee and to dissolve the dispute. As a result of the appeal, the 11th Chamber of Supreme Court acknowledged the Group's objections and reversed the decision of Ankara 4th Commercial Court in favor of the Group on 21 October 2014. The defendant Municipality requested for the rectification of decision of the 11th Chamber of Supreme Court, the Supreme Court also rejected this rectification request in favor of the Company. The file returned to the Court of First Instance and this court will re-trial with a new file number 2016/37 in view of the Supreme Court's reversing decision.

As a result the lawsuit resulted against the Group on 26 February 2013, the Group accounted its obligations arising from the decision of the Court of First Instance in its consolidated financial statements as at 31 December 2012. As at the date of reporting period, the Letter of Guarantee amounting to USD 50 million has been liquidated and paid in cash by the Group and legal proceedings with regard to reimbursement of the share of the other members of the JVG which is recognized as other receivables have been initiated. In 2014, the Group, came to an agreement with the two members of the JVG on the continuing lawsuits regarding the reimbursement of the related costs, collected the related agreed amounts and adjusted its consolidated financial statements accordingly. The Group management anticipates this will have a positive effect on the continuing lawsuit regarding the reimbursement of the related costs against the third member of JVG. Although, the long-term other receivable is believed to be reimbursable by the Group management according the Joint Venture Agreement, based on conservatism principle, it is provided for in the consolidated financial statements in 2017.

Additionally, the Municipality filed a lawsuit numbered 2013/206E against the JVG before 4th Ankara Commercial Court in request for the compensation for unlawful preliminary injunction. The Group requested for a nonsuit and for awaiting the finalization of the decisions by the superior courts, and also requested for evidencing of tangible damages of plaintiff and determining of the scope of compensation in accordance with the Code of Obligation Article 51. In the last hearing held on 5 July 2017, the Court decided to pend the filing until the finalization of the lawsuit numbered 2016/37 E. which is on trial in the same court as described above. As the trial is still pending there is uncertainty on the final judgment. The Group management, based on consultation with the Group legal attorneys, has not provided any provision with respect to aforementioned litigation matters in the accompanying consolidated financial statements.

As explained in detail in Note 19, the Water Utilization Rights Agreement which should had been signed between a subsidiary of the Group engaged in hydroelectric power plant (HPP) investments and the General Directorate of State Water Works ("DSİ") has not been put in signature due to the cancellation of the project by DSİ. The Group lawyers have filed a lawsuit at the 16th Administrative Court of Ankara to cancel the decision given by DSİ which was further rejected by the Court. The Group lawyers appealed the verdict at the Council of State. After the date of approval and declaration of the Group's consolidated financial statements as of 31 December 2016, the Council of State has upheld the verdict of the first instance court. The Group lawyers have made a request of rectification of decision against this uphold, and the investigation is still ongoing. Lastly, the Group filed a lawsuit to Ankara 2nd Administrative Court for the annulment of the administrative act of DSİ related to the acceptance of the applications for the Hakkari HPP project which is created by merging Dağören Regulator and HPP project with Hakkari Dam and HPP project, Ankara 3rd Civil and Intellectual Rights Civil Court rejected lawsuit initiated by the Group. In 2017 in the consolidated financial statements, the Group management has provided for impairment for the HPP license fee which is accounted under intangible assets.

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4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
1) Presentation of investment properties in the financial statements and significant disclosures The Group has investment properties amounting to TL 379.707.100. Investment properties consist of shopping malls operating in Denizli and Van, and school and lands in Denizli. The fair values of the investment properties presented in the financial statements have been determined by an independent valuation company. Impairment assessments of these assets require significant judgement and there is the risk that valuation of the assets may be incorrect and any potential impairment charge miscalculated. In 2017, impairment indicators are determined after considerable decreases in Sümerpark AVM occupancy rate and rent income. After evaluations to related determinations total TL 50.335.900 of impairment is recognized for the current period. Discounted cash flow model in the appraisal study used in impairment calculations is highly sensitive to key assumptions including discount rate, occupancy rates and average rent income. Considering that valuation methods include significant estimates and assumptions and the significance of these assets to the financial statements, investment properties are determined as a key audit matter. The related disclosures including the accounting policies for investment properties of the Group are disclosed in Notes 2 and 15.	Within the scope of our audit work, design and implementation of control about valuation process of investment properties set out by management were assessed. The qualifications, competencies and impartiality of real estate appraisers appointed by the management have been evaluated. We used valuation specialists to help us assess the basic parameters used in discounted cash flow projections by management. We benchmarked these to external data and its industry. In addition we tested the sensitivity and test scenarios to ensure appropriate judgement had been applied. In addition, we assessed estimates and assumptions made by management in valuation. These assessments include; review of basic parameters used in discounted cash flow projections, comparing average monthly rent income estimations with market data, reviewing occupancy rate estimations and market values. These assumptions are tested by using supporting documents taken from external sources when applicable, and by comparing them with actual realizations. Based on our analysis, nothing has come to our attention that causes us to believe that the valuation of investment properties does not present fairly the market conditions. In addition, the appropriateness of related disclosures in Note 15 was evaluated in accordance with TAS.

Key Audit Matter	How the matter was addressed in the audit
2) Impairment of goodwill and associated port operation assets The Group has tangible assets amounting to TL 930.235.293. Also the Group has intangible assets and goodwill amounting to TL 1.799.109.529 and TL 71.986.732 respectively. Impairment assessments of these assets require significant judgement and there is the risk that valuation of the assets may be incorrect and any potential impairment charge or reversal miscalculated. As required by TAS 36 "Impairment of Assets" goodwill is required to be tested for impairment annually whereas intangible assets with finite lives and property, plant and equipment are only required to be tested for impairment where there are indicators of impairment. The only cash generating unit ("CGU") which has goodwill recognized is Ege Liman a cruise port in Turkey and therefore management was required to perform an impairment review for that CGU in the current year. At 31 December 2017 the total carrying value of the relevant assets and liabilities of Ege Liman was TL 184.051.879. Management has assessed the other finite life intangibles and property, plant and equipment for indicators of impairment and concluded there were none and therefore no impairment test was performed. Considering that impairment testing includes significant estimates and assumptions and the significance of these assets to the financial statements, goodwill and intangible assets are determined as a key audit matter. The related disclosures including the accounting policies for impairment testing of goodwill and intangible assets of the Group are disclosed in Notes 2 and 16.	The following procedures were performed within the scope of our audit work: Our procedures for challenging management's methodology and assumptions focused on the Ege Liman impairment review and included: - Validating the integrity of the impairment models through testing of the mechanical accuracy and verifying the application of the input assumptions, - Holding corroborative enquires with Group management to assess the assumptions applied, - Challenging the cash flow forecasts with reference to historical forecasts, actual performance, published 2018 cruise call list data and independent evidence supporting a recovery in passenger numbers after a macroeconomic event as well as evidence supporting growth rates in Turkish tourism industry, -Working with our valuation specialists to benchmark the discount rate applied to external macroeconomic and market data. This included challenging whether appropriate risk adjustments had been included in either the country-specific risk adjustment to the discount rate or the risk adjustments made to the underlying cash flows. We also challenged management's CGU determinations, scrutinized the impairment indicator analysis and considered whether there was any contradictory evidence present In addition, the appropriateness of related disclosures in Note 16 was evaluated in accordance with TAS.

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Key Audit Matter	How the matter was addressed in the audit
3) Litigations The Group has significant cases on trial. The management assess whether any provision and/or impairment should be allocated concerning liabilities that may arise related to proceeding legal affairs as of the reporting period. These assessments require significant estimates and management judgement and there is the risk that provision may be incorrect and/or any potential impairment charge miscalculated. Due to significant estimates and assumptions and material effect of amounts of litigation to the consolidated financial statements, we have determined the accounting related with litigation as a key audit matter. The related disclosures including the accounting policies for provision of the Group are disclosed in Notes 2 and 19.	The following procedures were performed within the scope of our audit work: - Information on cases that Group is a party has been acquired by providing legal letters from the Group's attorneys, - Current conditions as of reporting date related to cases on trial were discussed with the Group management and Group's attorneys, - Records of progressing trials were acquired, - Evaluations have been made by acquiring opinions of independent specialist attorney ("external specialist") on cases requiring legal opinion, - It is evaluated whether sufficient provisions or impairments are allocated in consolidated financial statements after examining the results of above-stated studies. In addition, the appropriateness of related disclosures in Note 19 was evaluated in accordance with TAS.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 12 March 2018.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2017 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Burç Seven.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Burç Seven
Partner

İstanbul, 12 March 2018

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Global Yatırım Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position as at 31 December 2017

Currency Turkish Lira ("TL") unless otherwise stated

	Notes	Audited 31 December 2017	Audited and Restatated 31 December 2016
ASSETS			
Current assets		**940.584.147**	**628.824.363**
Cash and cash equivalents	7	439.854.352	209.040.990
Financial Investments	8	5.475.436	12.085.964
Trade receivables		122.423.797	88.527.784
- Trade Receivables Due From Unrelated Parties	*10*	*122.423.797*	*88.527.784*
Other receivables		64.520.760	79.111.752
- Other Receivables Due From Related Parties	*6*	*52.493.679*	*63.457.173*
- Other Receivables Due From Unrelated Parties	*11*	*12.027.081*	*15.654.579*
Receivables from operations in finance sector		82.795.427	58.498.050
-Receivables From Financial Sector Operations Due From Related Parties	*6*	*9.946.600*	*12.321.934*
-Receivables From Financial Sector Operations Due From Unrelated Parties	*12*	*72.848.827*	*46.176.116*
Inventories	13	98.291.519	82.064.090
Prepayments	14	68.770.831	42.130.447
Derivative Financial Assets	33	-	1.346.268
Current Tax Assets	22	13.505.023	13.413.283
Other current assets	22	44.084.251	41.742.984
(Subtotal)		*939.721.396*	*627.961.612*
Non-current Assets or Disposal Groups Classified as Held for Sale	36	862.751	862.751
Non-current assets		**3.430.451.626**	**3.261.612.880**
Other receivables	11	20.706.765	75.543.046
Financial Investments	8	5.402.985	4.276.621
Investments accounted for using equity method	18	93.185.897	67.794.872
Investment property	15	379.707.100	414.323.250
Property, plant and equipment	16	930.235.293	754.500.121
Intangible assets and goodwill		1.871.096.261	1.797.111.441
- Goodwill	*17*	*71.986.732*	*64.111.729*
- Other intangible assets	*17*	*1.799.109.529*	*1.732.999.712*
Prepayments	14	21.897.119	43.079.255
Deferred Tax Asset	31	92.289.733	90.475.306
Other Non-current Assets	22	15.930.473	14.508.968
TOTAL ASSETS		**4.371.035.773**	**3.890.437.243**

Accompanying notes are an integral part of these consolidated financial statements.

Global Yatırım Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position as at 31 December 2017

Currency Turkish Lira ("TL") unless otherwise stated

	Notes	Audited 31 December 2017	Audited and Restated 31 December 2016
LIABILITIES			
Current liabilities		**729.492.534**	**1.032.831.346**
Current Borrowings	9	90.497.822	244.383.130
Current Portion of Non-current Borrowings	9	360.453.745	548.986.815
Trade Payables		105.916.461	94.890.256
- Trade Payables to Unrelated Parties	*10*	*105.916.461*	*94.890.256*
Employee Benefit Obligations	21	9.770.715	10.007.468
Other payables		35.172.598	24.739.703
- Other Payables to Related Parties		*595.597*	*135.094*
- Other Payables to Unrelated Parties	*11*	*34.577.001*	*24.604.609*
Payables on Financial Sector Operations		66.922.491	52.916.021
-Payables to Unrelated Parties on Financial Sector Operations	*12*	*66.922.491*	*52.916.021*
Derivative Financial Liabilities	33	-	1.409.612
Deferred income	14	22.631.498	15.462.273
Current tax liabilities		8.363.820	6.320.041
Current provisions		13.271.008	13.577.314
- Current provisions for employee benefits	*21*	*3.840.142*	*3.265.696*
- Other current provisions	*19*	*9.430.866*	*10.311.618*
Other Current Liabilities	22	16.492.376	20.138.713
(Subtotal)		*729.492.534*	*1.032.831.346*
Non-current liabilities		**2.046.747.748**	**1.944.998.101**
Long term borrowings	9	1.537.023.467	1.465.878.890
Other payables	11	15.618.529	14.277.233
Liabilites due to Investments Accounted for Using Equity Method	18	597.106	566.722
Deferred income		1.393.611	1.570.136
Derivative Financial Liabilities	33	2.719.553	3.981.186
Non-current provisions		87.461.453	68.182.402
- Non-current provisions for employee benefits	*21*	*7.945.868*	*9.960.330*
- Other non-current provisions	*19*	*79.515.585*	*58.222.072*
Deferred tax liabilities	31	401.934.029	390.541.532
EQUITY	**23**	**1.594.795.491**	**912.607.796**
Equity attributable to equity holds of the Group		**986.682.093**	**488.929.113**
Issued capital		325.888.410	193.500.000
Inflation adjustment on capital		34.659.630	34.659.630
Treasury Shares owned by the company (-)		(40.974.259)	(19.909.777)
Share Premium (Discount)		204.351.140	12.387.946
Other Accumulated Comprehensive Income (Loss) that will not be reclassified in profit or loss		11.903.277	10.950.909
- Other Gains (Losses)		*14.497.128*	*14.497.128*
- Gains (Losses) on Remeasurements of Defined Benefit Plans		*(2.593.851)*	*(3.546.219)*
Other Accumulated Comprehensive Income (Loss) that will be reclassified in profit or loss		227.892.808	203.169.998
- Exchange Differences on Translation		*513.692.628*	*537.036.199*
- Gains (Losses) on Revaluation and Reclassification		*(406.725)*	*(782.901)*
- Gains (Losses) on Hedge		*(285.393.095)*	*(333.083.300)*
Restricted Reserves Appropriated From Profits		69.027.309	95.445.951
Prior Years' Profits		483.087.996	88.628.591
Current Period Net Loss		(329.154.218)	(129.904.135)
Non-controlling interests		**608.113.398**	**423.678.683**
TOTAL EQUITY AND LIABILITIES		**4.371.035.773**	**3.890.437.243**

Accompanying notes are an integral part of these consolidated financial statements.

Global Yatırım Holding A.Ş. and its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2017

Currency Turkish Lira ("TL") unless otherwise stated

	Notes	Audited 1 January- 31 December 2017	Audited and Restatated 1 January- 31 December 2016
PROFIT OR LOSS			
Revenue	24	764.513.639	599.453.940
Cost of revenues (-)	24	(559.621.717)	(405.715.034)
Gross profit/(loss) from trade operations		**204.891.922**	**193.738.906**
Revenues from finance operations	24	41.395.127	30.536.415
Cost of revenues from finance operations (-)	24	(4.421.583)	(4.202.728)
Gross profit/(loss) from operations in finance sector		**36.973.544**	**26.333.687**
GROSS PROFIT/(LOSS)		**241.865.466**	**220.072.593**
Marketing expenses (-)	25	(54.738.017)	(37.581.463)
General administrative expenses (-)	25	(189.977.708)	(150.598.659)
Other operating income	27	14.141.745	14.774.153
Other operating expense (-)	27	(176.607.273)	(24.278.144)
OPERATING PROFIT/(LOSS)		**(165.315.787)**	**22.388.480**
Income from investing activities	28	4.934.175	3.534.737
Expense from investing activities (-)	28	(50.429.707)	(1.702.363)
Share of profit/(loss) of equity accounted investees	18	10.365.871	7.279.347
PROFIT/(LOSS) BEFORE FINANCE INCOME/EXPENSE		**(200.445.448)**	**31.500.201**
Finance income	29	55.290.736	34.736.486
Finance expenses (-)	30	(258.820.411)	(207.596.751)
PROFIT/(LOSS) BEFORE TAX		**(403.975.123)**	**(141.360.064)**
Income tax credit /(expense)		**17.579.890**	**5.749.423**
- Current tax benefit/(expense)	31	(32.634.356)	(17.969.652)
- Deferred tax benefit /(expense)	31	50.214.246	23.719.075
NET OPERATING LOSS FOR THE PERIOD		**(386.395.233)**	**(135.610.641)**
NET PROFIT/(LOSS) FOR THE PERIOD		**(386.395.233)**	**(135.610.641)**
Profit/(loss) attributable to		**(386.395.233)**	**(135.610.641)**
- Non controlling interests		(57.241.015)	(5.706.506)
- Owners of the company	32	(329.154.218)	(129.904.135)
Earnings per share	**32**	**(1,0925)**	**(0,7342)**
Diluted earnings per share	**32**	**(1,0925)**	**(0,7342)**
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		**952.368**	**(2.099.094)**
Gains (Losses) on Remeasurements of Defined Benefit Plans		952.368	(2.099.094)
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		170.310.980	99.944.886
Exchange Differences on Translation		218.771.816	242.632.667
Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss		**(48.460.836)**	**(142.687.781)**
OTHER COMPREHENSIVE INCOME / (LOSS)		**171.263.348**	**97.845.792**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(215.131.885)**	**(37.764.849)**
Total comprehensive income/(loss) attributable to		**(215.131.885)**	**(37.764.849)**
Non-controlling interests		15.402.544	27.269.865
Owners of the company		(230.534.429)	(65.034.714)

Accompanying notes are an integral part of these consolidated financial statements.

Global Yatırım Holding A.Ş. and its Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2017
Currency Turkish Lira ("TL") unless otherwise stated

					Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		Other Comprehensive Income/Expense to be Reclassified to Profit or Loss			Retained Earnings					
	Issued Capital	Inflation Adjustments on Capital	Treasury Shares owned by the Company	Share premiums or discounts	Gains (Losses) on Remeasurements of Defined Benefit Plans	Other Reserves Of Other Gains (Losses)	Gain/ loss on revaluation and reme asurement	Other Gains or Losses on Hedge	Exchange Differences on Translation	Restricted Reserves Appropriated From Profits	Net Profit / (Loss) For the Period	Prior Years' Profits or Losses	Equity Attributable to the Owners of the Company	Non-Controlling Interest	Total
Balance at 1 January 2016	**193.500.000**	**34.659.630**	**(22.143.104)**	**10.430.125**	**(1.447.125)**	**14.497.128**	**(2.072.065)**	**(189.106.355)**	**327.379.903**	**76.915.357**	**(48.035.543)**	**166.125.876**	**560.703.827**	**413.903.111**	**974.606.938**
Other Comprehensive Income (Loss)	-	-	-	-	(2.099.094)	-	1.289.164	(143.976.945)	209.656.296	-	-	-	64.869.421	36.876.139	101.745.560
Increase (Decrease) through Treasury Share Transactions	-	-	2.233.327	1.026.674	-	-	-	-	-	(2.233.327)	-	2.233.327	3.260.001	-	3.260.001
Profit (loss)	-	-	-	-	-	-	-	-	-	-	(129.904.135)	-	(129.904.135)	(5.706.506)	(135.610.641)
Dividends Paid	-	-	-	931.147	-	-	-	-	-	20.763.921	-	(31.695.069)	(10.000.001)	(21.394.061)	(31.394.062)
Transfers	-	-	-	-	-	-	-	-	-	-	48.035.543	(48.035.543)	-	-	-
Balance at 31 December 2016-Restated	**193.500.000**	**34.659.630**	**(19.909.777)**	**12.387.946**	**(3.546.219)**	**14.497.128**	**(782.901)**	**(333.083.300)**	**537.036.199**	**95.445.951**	**(129.904.135)**	**88.628.591**	**488.929.113**	**423.678.683**	**912.607.796**
Balance at 1 January 2017	**193.500.000**	**34.659.630**	**(19.909.777)**	**12.387.946**	**(3.546.219)**	**14.497.128**	**(782.901)**	**(333.083.300)**	**537.036.199**	**95.445.951**	**(129.904.135)**	**88.628.591**	**488.929.113**	**423.678.683**	**912.607.796**
Other Comprehensive Income (Loss)	-	-	-	-	952.368	-	376.176	(48.837.012)	146.128.257	-	-	-	98.619.789	72.643.559	171.263.348
Increase (Decrease) through Treasury Share Transactions	-	-	(21.064.482)	-	-	-	-	-	-	21.064.482	-	(21.064.482)	(21.064.482)	-	(21.064.482)
Profit (loss)	-	-	-	-	-	-	-	-	-	-	(329.154.218)	-	(329.154.218)	(57.241.015)	(386.395.233)
Issue of equity	132.388.410	-	-	191.963.194	-	-	-	-	-	-	-	-	324.351.604	-	324.351.604
Dividends Paid	-	-	-	-	-	-	-	-	-	2.657.056	-	(2.657.056)	-	(21.510.386)	(21.510.386)
Transfers	-	-	-	-	-	-	-	-	-	-	129.904.135	(129.904.135)	-	-	-
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	-	-	-	-	-	-	-	96.527.217	(169.471.828)	(50.140.180)	-	548.085.078	425.000.287	190.542.557	615.542.844
Balance at 31 December 2017	**325.888.410**	**34.659.630**	**(40.974.259)**	**204.351.140**	**(2.593.851)**	**14.497.128**	**(406.725)**	**(285.393.095)**	**513.692.628**	**69.027.309**	**(329.154.218)**	**483.087.996**	**986.682.093**	**608.113.398**	**1.594.795.491**

The detailed explanations related to equity items are presented in Note 23.

Accompanying notes are an integral part of these consolidated financial statements.

Global Yatırım Holding A.Ş. and its Subsidiaries

Consolidated Statement of Cash Flows for the year ended 31 December 2017

Currency Turkish Lira ("TL") unless otherwise stated

		Audited	Audited and Restatated
		1 January-31 December 2017	1 January-31 December 2016
Profit (Loss)		**(386.395.233)**	**(136.005.997)**
Adjustments for Depreciation and Amortisation Expense	26	206.796.473	161.159.003
Adjustments for (Reversal of) Provisions Related with Employee Benefits	21	638.063	3.758.961
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		(10.365.871)	(7.279.347)
Adjustments for (Reversal of) Other Provisions		(2.644.689)	1.771.007
Adjustments for Interest Income		(26.454.659)	(17.545.193)
Adjustments for Interest expense		188.363.975	156.223.934
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		1.324.977	(1.273.325)
Adjustments for Tax (Income) Expenses		(17.579.890)	(5.749.423)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		-	(1.189.856)
Other adjustments for which cash effects are investing or financing cash flow		55.338.815	57.001.795
Adjustments for Fair Value Losses (Gains) of Investment Property		50.369.707	(1.374.719)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Intangible Assets		50.968.072	-
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions		62.877.574	-
Other Adjustments to Reconcile Profit (Loss)		7.030.398	7.304.349
Adjustments to Reconcile Profit (Loss)		**180.267.712**	**216.801.189**
Decrease (increase) in Financial Sector Receivables		(26.672.711)	26.993.146
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations		(33.896.013)	10.171.004
Decrease (Increase) in Other Related Party Receivables Related with Operations		12.872.498	(14.676.522)
Adjustments for Decrease (Increase) in Inventories		883.759	(21.176.768)
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		11.026.205	8.468.364
Increase (decrease) in Payables due to Finance Sector Operations		14.006.470	(7.189.865)
Increase (Decrease) in Employee Benefit Liabilities		(236.753)	5.077.242
Increase (Decrease) in Deferred Income		3.346.363	(1.453.630)
Decrease (Increase) in Other Assets Related with Operations		20.314.128	(28.063.292)
Increase (Decrease) in Other Payables Related with Operations		23.126.210	(6.150.642)
Dividends Received		45.606	577.475
Interest Paid		(3.692.758)	(4.180.122)
Interest Received		8.144.697	7.979.100
Payments Related with Provisions for Employee Benefits		(1.099.358)	(2.396.296)
Income Taxes Refund (Paid)		(25.125.808)	(17.535.025)
Changes in Working Capital		**183.310.247**	**173.245.358**
Proceeds from Sales of Property, Plant and Equipment	16	8.004.176	7.327.345
Proceeds from Sales of Intangible Assets	17	560	704.211
Purchase of Property, Plant and Equipment	16	(153.786.901)	(169.733.844)
Purchase of Intangible Assets	17	(9.283.213)	(4.600.380)
Paybacks from Other Cash Advances and Loans Made to Other Parties		(40.054.706)	(13.747.820)
Interest Received		16.528.853	7.892.106
Other Inflows (Outflows) of Cash		(9.527.322)	5.222.860
Cash Outflows from Purchase of Additional Shares of Subsidiaries		-	(7.676.142)
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control		615.542.844	-
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		-	(31.216.616)
Cash Flows from (used in) Investing Activities		**427.424.291**	**(205.828.280)**
Cash inflows/outflows from Sale/Purchase of Acquired Entity's Shares		(21.064.482)	3.260.001
Proceeds from Loans		575.511.629	396.520.012
Proceeds From Issue of Debt Instruments		35.000.000	135.000.000
Loan Repayments		(847.623.241)	(222.102.004)
Payments of Issued Debt Instruments		(255.200.000)	(160.000.000)
Decrease in Other Payables to Related Parties		2.559.233	(20.626.077)
Dividends Paid		(21.510.386)	(21.394.061)
Interest Paid		(176.760.476)	(163.718.132)
Proceeds from issuing shares		324.351.604	-
Other Inflows (Outflows) of Cash		(16.797.467)	3.687.898
Cash Flows from (used in) Financing Activities		**(401.533.586)**	**(49.372.363)**
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rate Changes		209.200.952	(81.955.285)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		11.890.947	6.396.503
Net Increase (Decrease) in Cash and Cash Equivalents		221.091.899	(75.558.782)
Cash and Cash Equivalents at the Beginning of the Period	7	160.944.293	236.503.075
Cash and Cash Equivalents at the End of the period	7	382.036.192	160.944.293

Accompanying notes are an integral part of these consolidated financial statements.

Global Yatırım Holding A.Ş. and its Subsidiaries
Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2017
Currency Turkish Lira ("TL") unless otherwise stated

1 ORGANIZATION AND NATURE OF BUSINESS

Global Yatırım Holding A.Ş. ("Global Yatırım Holding", "Global Holding", "GYH" or "the Company") was established in 1990 with the trade name Global Menkul Değerler A.Ş. as a brokerage company in İstanbul, Turkey. On 6 October 2004, the Company changed its trade name to Global Yatırım Holding A.Ş and its field of activity to restructured itself as a holding company. As part of its restructuring, on 2 October 2004, a new company, named Global Menkul Değerler A.Ş. was established by through a partial de-merger in accordance withunder Turkish legislation law and 99,99% of its shares were owned by the Company. All of the Company's brokerage activities were transferred to this new company. The main operation of the Company's primary purpose is to participate invest in the capital and participate in the management of companies that operate or will operate in the fields of brokerage and asset management (formerly named as "financial services"), naturel gas/mining/energy generation (formerly named as "energy") , port operations (formerly named as "infrastructure") and real estate development sectors, and to minimize the volatility of its investments against economic fluctuations by handling managing the capital expenditure, financing, organization and administration of those its investment companies within portfolio, while contributing to such companies the achievingement of sustainable growth and ensuring the going concern of those such companies to the benefit of the national economy, and to engage in commercial, industrial and financial activities in line with these goals.

Global Yatırım Holding, its subsidiaries, its joint ventures and its associates are together referred to as "the Group". As at 31 December 2017, the number of employees of the Group is 1.373 (31 December 2016: 1.411).

The Group is registered with the Capital Market Board ("CMB") and its shares have been traded on the Borsa İstanbul ("BIST") since May 1995 (from May 1995 to 1 October 2004, the company traded as "Global Menkul Değerler A.Ş.").

The registered office of the Company is "Rıhtım Caddesi No: 51 Karaköy / Istanbul".

99,99% of the shares of the Company are listed on the BIST.

The Company's shareholding structure is presented in Note 23.

Global Yatırım Holding A.Ş. and its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the Year Ended 31 December 2017
Currency Turkish Lira ("TL") unless otherwise stated

1 ORGANIZATION AND NATURE OF BUSINESS (CONTINUED)

The nature of the operations and the locations of the "Subsidiaries" of the Group are listed below:

Subsidiaries	Location	Operations
Global Menkul Değerler A.Ş. (Global Menkul) (1)	Turkey	Brokerage
Global Financial Products Ltd. (GFP)	Cayman Islands	Financial Investments
Global Sigorta Aracılık Hizmetleri A.Ş. (Global Sigorta)	Turkey	Insurance Agency
Global Liman İşletmeleri A.Ş. (Global Liman)	Turkey	Port Operations
Ege Global Madencilik San. ve Tic. A.Ş. (Ege Global)	Turkey	Energy Generation
Mavi Bayrak Enerji Üretim A.Ş. (Mavi Bayrak)	Turkey	Energy Generation
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş. (Salıpazarı)	Turkey	Construction Investments
Güney Madencilik İşletmeleri A.Ş. (Güney)	Turkey	Mining
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş. (Neptune)	Turkey	Maritime Investments
Tenera Enerji Tic. A.Ş. (Tenera)	Turkey	Electricity Generation and Naturel Gas Trade
Vespa Enterprises (Malta) Ltd. (Vespa)	Malta	Tourism Investments
Pera Gayrimenkul Yatırım Ortaklığı A.Ş. (Pera)	Turkey	Real Estate Investments
Tora Yayıncılık A.Ş. (Tora)	Turkey	Publishing
Global Enerji Hizmetleri ve İşletmeciliği A.Ş. (Global Enerji)	Turkey	Electricity Generation
Dağören Enerji A.Ş. (Dağören) (15)	Turkey	Electricity Generation
Ege Liman İşletmeleri A.Ş. (Ege Liman) (4)	Turkey	Port Operations
Bodrum Yolcu Limanı İşletmeleri A.Ş. (Bodrum Liman) (4)	Turkey	Port Operations
Ortadoğu Antalya Liman İşletmeleri A.Ş. (Ortadoğu Liman) (4)	Turkey	Port Operations
Sem Yayıncılık A.Ş. (Sem) (5)	Turkey	Publishing
Maya Turizm Ltd. (Maya Turizm) (6)	Cyprus	Tourism Investments
Galata Enerji Üretim San. ve Tic. A.Ş. (Galata Enerji) (2)	Turkey	Electricity Generation
Doğal Enerji Hizmetleri ve İşletmeciliği A.Ş. (Doğal Enerji)(15)	Turkey	Electricity Generation
Global Depolama A.Ş. (4)	Turkey	Storage
Sümerpark Gıda İşletmeciliği A.Ş.	Turkey	Food Management
Randa Denizcilik San. ve Tic. Ltd. Şti. (Randa) (8)	Turkey	Marine Vehicle Trade
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş. (Ra Güneş) (10) (15)	Turkey	Electricity Generation
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş (Tres Enerji) (15)	Turkey	Energy Generation
Straton Maden Yatırımları ve İşletmeciliği A.Ş. (Straton)	Turkey	Mining
Adonia Shipping Limited	Malta	Ship Management
Naturelgaz Sanayi ve Tic. A.Ş. (Naturelgaz)	Turkey	Compressed Natural Gas Sales
Container Terminal and General Cargo – Bar (Port of Adria) (4)	Montenegro	Port Operations
Geliş Madencilik Enerji İnşaat Ticaret A.Ş. (Geliş Madencilik) (11)	Turkey	Mining
Global Gemicilik ve Nakliyat Hizmetleri A.Ş. (Global Gemicilik) (13)	Turkey	Maritime Investments
Creuers del Port de Barcelona, S.A. ("Barselona Port") (14)	Spain	Port Operations
Cruceros Malaga, S.A ("Malaga Port") (14)	Spain	Port Operations
Barcelona Port Investments, S.L ("BPI") (14) (4)	Spain	Port Operations
Valetta Cruise Port PLC ("VCP") (7)	Valetta-Malta	Port Operations
Perquisite Holdings Ltd. ("Perquisite")	Malta	Port Operations
Global Ports Europe B.V ("Global BV") (4)	Netherlands	Port Operations
Global Ports Malta Ltd. ("GP Malta")	Malta	Port Operations
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. (15)	Turkey	Energy Generation
Global Ticari Emlak Yatırımları A.Ş. (16)	Turkey	Real Estate Investments
Vinte Nova (17)	Cayman Islands	Financial Investments

Global Yatırım Holding A.Ş. and its Subsidiaries
Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2017
Currency Turkish Lira ("TL") unless otherwise stated

1 ORGANIZATION AND NATURE OF BUSINESS (CONTINUED)

Subsidiaries	Location	Operations
Actus Portföy Yönetimi A.Ş (9)	Turkey	Brokerage
Global MD Portföy Yönetimi A.Ş. (3)	Turkey	Brokerage
Mavi Bayrak Doğu Enerji Üretim A.Ş. (12)	Turkey	Energy Generation
Edusa 1 Enerji San. Ve Tic. A.Ş. ("Edusa 1") (18)	Turkey	Energy Generation
KNY Enerji Üretim. A.Ş. ("KNY Enerji")(18)	Turkey	Energy Generation
Edusa Atık Bertaraf Geri Kazanım ve		
Depolama San. ve Tic. A.Ş. ("Edusa Atık")(18)	Turkey	Energy Generation
Doğaldan Enerji Ürt. A.Ş.	Turkey	Energy Generation
Biyotek Enerji Üretim A.Ş.(18)	Turkey	Energy Generation
Global Ports Holding Plc (22)	United Kingdom	Port Operations
Global Ports Holding B.V. (22)	Netherlands	Port Operations
Consus Energy B.V.	Netherlands	Energy Generation
Aristaeus Limited	Malta	Financial Investments
Port Operation Holding S.r.l (19)(4)	Italy	Port Operations
Ravenna Terminali Passeggeri S.r.l. (19)	Italy	Port Operations
Cagliari Terminali Passeggeri S.r.l. (19)	Italy	Port Operations
Catania Terminali Passeggeri S.r.l. (19)	Italy	Port Operations
Evergas Doğalgaz İthalat ve Tic. A.Ş. (20)	Turkey	Naturel Gas Sales
Ardus Gayrimenkul Yatırımları A.Ş. (21)	Turkey	Real Estate Investments
Barsolar D.O.O. (18)	Montenegro	Energy Generation
Glowell Energy Ltd (18)	Dubai	Energy Generation
Glerih Energy Ltd.(18)	Dubai	Energy Generation
Global Africa Power Investments (18)	Mauritus	Energy Generation

(1) In 2011 as a result of the sale of its shares through an initial public offering and direct sale and subsequent purchase of some of its publicly traded shares the Group's effective ownership rate in this company decreased to 76,85% as at 31 December 2011. As at 31 December 2017, the Group's effective ownership rate in this company is 77,43% (31 December 2016: 77,43%).

(2) This company is consolidated to Global Enerji. In 2014, Galata Enerji cancelled Thermal Power Plant Project and license was rendered.

(3) Global MD Portföy Yönetimi A.Ş. (formerly named as "Eczacıbaşı Portföy Yönetimi A.Ş.") was purchased by Global Menkul on 1 June 2015 and consolidated to Global Menkul.

(4) These companies are consolidated to Global Liman.

(5) This company is consolidated to Tora.

(6) The control of this company, the joint venture of Pera and Vespa, belongs to the Group and is consolidated to the Group.

(7) The Group has acquired 55,60% of shares of VCP on 30 November 2015 and has started to include in the scope of consolidation as of 31 December 2015.

(8) This company was purchased by Global Liman, a subsidiary of the Group, on 17 February 2011 for a price amounting to Euro 10.000. This company is inactive and its financial statements are immaterial in the consolidated financial statements, so as at 31 December 2017 and 31 December 2016 it is excluded from the scope of consolidation (Note 2.1.f).

(9) The Company has acquired 90,1% of shares of Actus Portföy Yönetimi A.Ş., which operates in the finance sector (formerly named was "Polsan Portföy Yönetimi A.Ş.), on 17 April 2015.

(10) This company was established in 27 November 2012 and consolidated to Consus Enerji.

(11) As of 3 October 2013, Global Enerji, a subsidiary of the Group, completed the acquisition of 85% of the shares of Geliş Madencilik Enerji İnşaat Ticaret A.Ş (Geliş Madencilik) with respect to the transaction Geliş Madencilik has been included in the scope of consolidation. As at 8 September 2014, 85% of shares of Geliş Madencilik were transferred to Vinte Nova.

(12) Mavi Bayrak Doğu Enerji Üretim A.Ş. was established 9 April 2015. The Company operates in energy generation sector.

(13) This company was established in 13 May 2014. As at 31 December 2017 and 31 December 2016, it is excluded from the scope of consolidation since its financial statements are immaterial in the consolidated financial statements (Note 2.1.f).

(14) Global Liman acquired 43% of shares Creuers del Port de Barcelona S.A ("Creuers") which has majority shares of Malaga Cruise Port and minority shares of Singapore Cruise Port through Barcelona Port Investments, S.L ("BPI") established in partnership with Royal Caribbean Cruises Ltd. and recognized the transaction as equity accounted investee in the consolidated financial statements as at 31 December 2013. These companies have been consolidated as subsidiaries after the acquisition processes completed as 30 September 2015.

(15) This company was established on 28 August 2014. Consus Enerji has acquired 93,75% of shares of Tres Enerji, 100 % of shares of Ra Güneş, 70 % of shares of Dağören and 100% of shares of Doğal Enerji held by Global Enerji (a subsidiary of the Group) and these companies are consolidated to Consus Enerji as of reporting date.

(16) This company was established on 20 August 2014. The company operates in real estate investment sector.

(17) This company has been included in the scope of consolidation as at 30 September 2014 and acquired 85% of shares of Geliş Madencilik held by Global Enerji on 8 September 2014.

(18) These companies were established by the Group to operate in energy generation sector.

Global Yatırım Holding A.Ş. and its Subsidiaries
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1 ORGANIZATION AND NATURE OF BUSINESS (CONTINUED)

(19) Global Liman has acquired 51% shares of Ravenna Terminali Passeggeri S.r.l (operating Ravenna Passenger Port), 71% shares of Cagliari Terminali Passeggieri S.r.l (operating Cagliari Passenger Port) and 62% shares of Catania Terminali Passeggieri S.r.l (operating Catania Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.

(20) This company has been started to include in the scope of consolidation as at 31 December 2016 and operates in import and trade of natural gas.

(21) This Company has been established on 30 December 2016 through a partial division from GYH to coordinate real estate projects under this company.

(22) On 11 May 2017, the Group has completed the initial public offering ("IPO") of its ordinary shares and is trading on the main market of the London Stock Exchange. Global Ports Holding Plc, the company whic shares is started to be trading on the London Stock Exchange is owned by Global Ports Holding B.V (89,16% ownerhisp & 49.038.000 shares) (a wholly subsidiary of the GIH) and European Bank for Reconstruction and Development (EBRD) (10,84% ownership & 5.962.000 shares). Together with the additional shares sale option, GIH has sold 10.967.532 shares in IPO and continue to own 60,6% of shares of Global Ports Holding Plc indirectly.

Investments in associates	Location	Operations
IEG Kurumsal Finansman Danışmanlık A.Ş. (IEG) (1)	Turkey	Corporate Fin. Consulting
LCT- Lisbon Cruise Terminals, LDA ("Port of Lisbon") (2)	Portugal	Port Operations
SATS-Creuers Cruise Services Pte. Ltd. ("Port of Singapore") (3)	Singapore	Port Operations
Venezia Investimenti Srl (4)	Italy	Port Operations
Axel Corporation Grupo Hotelero, S.L. (5)	Spain	Tourism Investments
La Spezia(6)	Italy	Port Operations

(1) This company has been established on 17 May 2011 with a 50% - 50% shareholdering structure by Global Menkul, a subsidiary of the Group, and IEG (Deutschland) GmbH, as a prominent company in corporate finance sector in Europe. As at the balance sheet date, this company was consolidated by equity accounted investment.

(2) Global Liman signed concession agreement on 18 July 2014 via a consortium comprising of Global Liman, RCCL, Creuers and Grupo Sousa Investimentos SGPS.

With in the scope of the concession, Global Liman completed the transactions of transferring Lisbon Cruise Terminal to LCT-Lisbon Cruise Terminal called LDA physically on 26 August 2014 and Lisbon Cruise Terminal has been consolidated as equity accounted investee as at 30 September 2014. Lisbon Cruise Terminal has capacity of two million of passengers and area of 16.618,9 square meters including a closed area of 13.000 square meters and open areas. Lisbon Cruise Terminal is totally 1.425 meters long.

(3) Barcelona Port Investments, S.L ("BPI") which was established in partnership with Global Liman and Royal Caribbean Cruises Ltd. acquired majority shares of Barcelona Port and Malaga Cruise Port and minority shares of Singapore Cruise Port as at 30 September 2014. Regarding with the acquisition, Singapore Cruise Port has been consolidated by equity accounted investment.

(4) Global Liman, a subsidiary of the Group, has founded Venezia Investimenti Srl, which operates the Port of Venezia ("Venezia Terminal Passegeri S.p.A (VTP)") through a Joint Venture Group with Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd, each of which will have a 25% stake. As of July 19, 2016, the international consortium, which is a member of Global Ports Operations, has become indirectly 44,48% of VTP with Finpax shares previously acquired.

VTP, located in a total area of more than 260.000 m2, operates in Marittima, S.Basilio and Rivadei Sette Martiri terminals in the size of 47.267 m². The terminals are in a strategic and important position not only because of the unique structure of Venice, but also because of its location and its location providing easy access to the city and all tourist attractions surrounding Venice. Thanks to its geographical location and good connections with the rest of Europe, Venice Cruise Port is among the "most important main ports of Europe" with annual passenger traffic of about 1,6 million.

(5) Aristaeus Limited, a subsidiary of the Group, has been acquired a 15% shares of Axel Corporation Grupo Hotelero SL, operating in Spain, on 15 July 2016. As at 30 September 2016, the Group started to consolidate its financial statements as equity accounted investment.

(6) Global Liman has acquired 28,5% minority shares of La Spezia Cruise Facility Srl (operating La Spezia Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation

(a) Basis of Preparation of Financial Statements

As at 31 December 2017, the accompanying consolidated financial statements are prepared in accordance with Capital Market Board's ("CMB") Communique "Principles of Financial Reporting in Capital Markets" ("Communique") which was published in the Official Gazette dated 13 June 2013 and numbered 28676 Series II, No. 14.1.

The consolidated accompanying financial statements of the Group are prepared in compliance with the illustrative financial statements and instructions manual issued by CMB on 7 June 2013.

The consolidated financial statements of the Company as at and for the year ended 31 December 2017 have been approved by Board of Directors on 12 March 2018. The General Assembly of the Company have the right to modify the issued financial statements.

(b) Preparation of Financial Statements in Hyperinflationary Economies

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued is no longer required for companies operating in Turkey and accordingly effective from 1 January 2005, TAS 29 has not been applied in preparing the Group's consolidated financial statements.

(c) Basis of measurement

The consolidated financial statements are prepared in TL based on historical cost except for financial instruments, investment property and derivatives measured at fair value.

The methods used for measuring fair value are explained in Note 2.5.

(d) Functional and Presentation Currency

The presentation and functional currency of the Company is Turkish Lira (TL).

US Dollar is significantly used in the operations of the subsidiaries Global Ticari Emlak, GFP, Vespa, Doğal Enerji, Mavi Bayrak Enerji, Barsolar, Biyotek, Edusa Atık, RA Güneş, KNY Enerji, Doğaldan, Mavi Bayrak Doğu and Ortadoğu Liman, and has a significant effect on the operations. Therefore, US Dollar has been determined as the functional currency of these companies in line with TAS 21 - The Effects of Changes in Foreign Exchange Rates.

Euro is significantly used in the operations of the subsidiaries; Bar Limanı, Adonia Shipping, Ege Liman, Bodrum Liman, Straton Maden, BPI, VCP, Global BV, Port Operation Holding S.r.l, Ravenna Terminali Passeggeri S.r.l., Cagliari Terminali Passeggeri S.r.l., Catania Terminali Passeggeri S.r.l., Aristaeus, Barcelona and Malaga Cruise Port. Therefore, Euro has been determined as the functional currency of these companies in line with TAS 21 - The Effects of Changes in Foreign Exchange Rates.

Global Yatırım Holding A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements
As at and for the Year Ended 31 December 2017

Currency Turkish Lira ("TL") unless otherwise stated

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Preparation (continued)

Change in Foreign Functional Currency

The subsidiary of the Group, Ra Güneş, its functional currency had been decided as USD based due to changes in its operation structure and economic environment starting from the year of 2017.

As at 31 December 2017 and 31 December 2016, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2017	31 December 2016
USD	3,7719	3,5192
Euro	4,5155	3,7099

(e) Netting/Offsetting

The Group's financial assets and liabilities are offset and the net amount is presented in the consolidated balance sheet if and only if there is a legally enforceable right to set off the amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(f) Basis of Consolidation

As at 31 December 2017 and 2016, the consolidated financial statements include the financial statements of the subsidiaries and associates of Global Yatırım Holding A.Ş..

(i) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

(ii) Subsidiaries

Subsidiaries are those entities on which the Group has the power to control. The Group controls the companies when it is incurred changeable returns due to relations of any companies or has a right to own these returns and has a power to affect these returns. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group to the date on which control is transferred out from the Group. The Group has made adjustments on the financial statements of the subsidiaries to be inconsistent with the basis of applied accounting standards if it is necessary.

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

Losses in non-controlling interest of subsidiaries are transferred to non controlling interest even if the result is negative.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus of deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Global Yatırım Holding A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2017

Currency Turkish Lira ("TL") unless otherwise stated

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

(ii) Subsidiaries (continued)

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2017 and 2016 for all subsidiaries directly or indirectly controlled by the Group:

	Effective ownership rates		Voting power held	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Global Liman İşletmeleri A.Ş. (Note 23)	60,60	89,16	60,60	89,16
Ege Liman İşletmeleri A.Ş.	43,94	64,64	43,94	64,64
Bodrum Liman İşletmeleri A.Ş	36,36	53,50	36,36	53,50
Ortadoğu Antalya Liman İşletmeleri A.Ş.	60,60	89,16	60,60	89,16
Container Terminal and General Cargo – Bar	37,63	56,88	37,63	56,88
Cruceros Malaga, S.A. (" Port of Malaga")	30,06	44,22	30,06	44,22
Global Ports Holding B.V.	100,00	-	100,00	-
Global Ports Holding Plc	60,60	-	60,60	-
Global Ports Europe B.V ("Global BV")	60,60	-	60,60	-
Global Ports Melita Ltd.	60,60	89,16	60,60	89,16
Perquisite Holdings Ltd. ("Perquisite")	60,60	89,16	60,60	89,16
Valetta Cruise Port PLC ("VCP")	33,69	49,57	33,69	49,57
Creuers del Port de Barcelona, S.A. ("Creuers")	37,57	55,28	37,57	55,28
Barcelona Port Investments, S.L ("BPI")	37,57	55,28	37,57	55,28
Port Operation Holding S.r.l	60,60	89,16	60,60	89,16
Ravenna Terminal Passeggeri S.r.l.	32,52	47,85	32,52	47,85
Cagliari Cruise Port S.r.l.	42,96	63,21	42,96	63,21
Catania Terminali Passeggeri S.r.l.	37,69	55,47	37,69	55,47
Global Depolama A.Ş.	60,60	89,16	60,60	89,16
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş.	93,75	87,50	93,75	87,50
Mavibayrak Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Mavibayrak Doğu Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Doğal Enerji Hizmetleri San. Ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Consus Energy Europe BV	100,00	-	100,00	-
Glowell Energy LTD.	95,00	-	95,00	-
Glerih Energy LTD.	95,00	-	95,00	-
Global Africa Power Investments	100,00	-	100,00	-
Glowi Energy Investments Limited	95,00	-	95,00	-
Glozania Energy Investments Limited	95,00	-	95,00	-
Barsolar D.O.O.	51,00	-	51,00	-
Evergas Doğalgaz İthalat ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Doğaldan Enerji Ürt. A.Ş.	100,00	-	100,00	-
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş.	100,00	75,00	100,00	75,00
Biyotek Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Naturelgaz Sanayi ve Tic. A.Ş.	94,36	80,00	94,36	80,00
Straton Maden Yatırımları ve İşletmeciliği A.Ş.	97,69	75,00	97,69	75,00
Tenera Enerji Tic. A.Ş.	100,00	100,00	100,00	100,00
Edusa 1 Enerji Sanayi ve Tic. A.Ş.	100,00	-	100,00	-
KNY Enerji Üretim A.Ş.	100,00	-	100,00	-
Edusa Atık Bertaraf Geri Kazanım ve Depolama San. ve Tic. A.Ş.	100,00	-	100,00	-
Geliş Madencilik Enerji İnşaat Ticaret A.Ş.	85,00	85,00	85,00	85,00
Dağören Enerji A.Ş.	70,00	70,00	70,00	70,00
Ardus Gayrimenkul Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Global Ticari Emlak Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Pera Gayrimenkul Yatırım Ortaklığı A.Ş.	49,99	49,99	49,99	49,99
Global Menkul Değerler A.Ş.	77,43	77,43	77,43	77,43
Global MD Portföy Yönetimi A.Ş.	77,43	77,00	77,43	77,00
Actus Portföy Yönetimi A.Ş.	90,10	90,10	90,10	90,10
Global Sigorta Aracılık Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Ege Global Madencilik San. ve Tic. A.Ş.	84,99	84,99	84,99	84,99
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş.	100,00	100,00	100,00	100,00
Güney Madencilik İşletmeleri A.Ş.	100,00	100,00	100,00	100,00
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Tora Yayıncılık A.Ş.	100,00	100,00	100,00	100,00
Global Enerji Hizmetleri ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Sem Yayıncılık A.Ş.	65,00	65,00	65,00	65,00
Maya Turizm Ltd.	75,00	75,00	75,00	75,00
Galata Enerji Üretim San. ve Tic. A.Ş.	85,00	85,00	85,00	85,00
Randa Denizcilik San. ve Tic. Ltd. Şti.	60,60	60,60	60,60	60,60
Adonia Shipping Limited	100,00	100,00	100,00	100,00
Global Gemicilik ve Nakliyat Hizmetleri A.Ş.	98,00	90,00	98,00	90,00
Vinte Nova	100,00	100,00	100,00	100,00
Global Financial Products Ltd.	100,00	100,00	100,00	100,00
Vespa Enterprises (Malta) Ltd.	99,93	99,93	99,93	99,93
Aristaeus Limited	100,00	100,00	100,00	100,00
Sümerpark Gıda İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

(iii) Non controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

(iv) Under common control transactions

Transactions arising from transferring or acquisition shares of entities under the common control are recognised as at the beginning of the period in which the transaction accrued. Comparative periods are restated for that purpose. Acquired assets and liabilities are recognised at book value which is the same as recorded book value in under common control entity's financial statements. Shareholder's equity items of entities under common control are recognized in equity of the Group except for capital and current profit or loss is recognised in equity.

(v) Transactions with non-controlling interest

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

(vi) Joint ventures and associates

Associates are those entities, in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are accounted for using the equity accounting method.

The Group's associates are accounted under equity accounting method in the accompanying consolidated financial statements. Under the equity accounting method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of net assets in the associate.

When the Group's share of losses exceeds its interest in an associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate or joint venture subsequently reports profits, the share of the profits, only after its share of losses not recognized, is recognized in the financial statements.

Global Yatırım Holding A.Ş. and its Subsidiaries
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Currency Turkish Lira ("TL") unless otherwise stated

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2017 and 2016 for the associates:

	Effective ownership rates		Voting power held	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
LCT- Lisbon Cruise Terminals, LDA ("Port of Lisbon")	28,00	41,19	28,00	41,19
SATS-Creuers Cruise Services Pte. Ltd. ("Port of Singapore")	15,03	22,11	15,03	22,11
Venezia Investimenti Srl	6,67	22,29	6,67	22,29
La Spezia Cruise Facility S.c.a.r.l	17,27	25,41	17,27	25,41
Axel Corporation Grupo Hotelero, S.L.	15,00	15,00	15,00	15,00
IEG Kurumsal Finansman Danışmanlık A.Ş. (IEG)	38,72	38,72	38,72	38,72

(vii) Equity Securities

Equity securities in which the Group owns either directly or indirectly less than 20% of the shares, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost, less permanent impairment losses disclosed as available for sale financial assets at consolidated financial statements.

As at 31 December 2017 Randa in which the Group has effective ownership interest of 99,9% (31 December 2016: 99,9%), Global Gemicilik in which the Group has effective ownership interest of 98% (31 December 2016: %90), Consus Energy BV with an effective ownership interest of 100%, Glowell Energy Ltd, Glerih Energy Ltd., Glowi Energy Investments Ltd., Glozania Energy Investments Ltd. with effective ownership interests of 95% and Global Africa Power Investments with an effective ownership interest of 100% which are immaterial to the consolidated financial statements are disclosed as available for sale financial assets carried at cost less any impairment losses.

(viii) Consolidation adjustments

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss statements.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than TL, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is more than TL) can not be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kinds of foreign exchange differences are recognized in profit or loss of consolidated financial statements of the Group.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

(ix) Functional and Presentation Currency

All items in the financial statements of Group companies has been accounted in the currency of the primary economic environment in which they operate. The consolidated financial statments are presented under Turkish Lira ("TL") which is Company's functional currency.

2.2.1 Statement of Compliance to TAS

The accompanying consolidated financial statements are prepared in accordance with Capital Market Board's ("CMB") Communique "Principles of Financial Reporting in Capital Markets" ("Communique") which was published in the Official Gazette dated 13 June 2013 and numbered 28676 Series II, No. 14.1, in compliance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") the supplementary information and the interpretations related to them.

The consolidated accompanying financial statements of the Group are prepared in compliance with the illustrative financial statements and instructions manual issued by CMB on 7 June 2013.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The TMS Taxonomy of 2016 developed on the basis of Article 9 (b) of Decree Law No. 660 was approved by the Board decision dated 2 June 2016 and numbered 30 in order to ensure that the financial statements conforming to TMS are shared with users in the format of "Extensible Enterprise Reporting Language". This TMS taxonomy has been taken into account accomponying financial statements.

The Company (and its subsidiaries registered in Turkey) is based on the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Turkey for the accounting records and preparation of statutory financial statements.

2.2.2 Changes and errors in accounting estimates

Changes in accounting estimates are applied in the current period if the change is related with only one period. They are applied in the current period and prospectively if they are related to current and to the future periods.

As explained in Note 3, the acquisition accounting of Italian Ports based on TFRS 3 which was applied provisionally as at 31 December 2016 is completed as at the reporting date. This change is applied to prior period financial statements retrospectively according to TAS and restated the consolidated financial statements as of and for the year ended 31 December 2016. The changes are explained in Note 3 in detail.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

New and Revised Turkish Accounting Standards

a) Amendments to TFRSs that are mandatorily effective for the current year

Amendments to TAS 12	*Recognition of Deferred Tax Assets for Unrealized Losses* [1]
Amendments to TAS 7	*Disclosure Initiative* [1]
Annual Improvements to TFRS Standards 2014–2016 Cycle	*TFRS 12* [1]

[1] Effective for annual periods beginning on or after 1 January 2017.

Amendments to TAS 12 Recognition of Deferred Tax Assets for Unrealized Losses

The amendment clarifies the accounting of the deferred tax related to the debt instruments measured at fair value.

The amendments to TAS 12 has no impact on the Group's consolidated financial statements.

Amendments to TAS 7 Disclosure Inıtiative

This amendments clarifies that an entity is required to provide disclosures enabling users of financial statements to evaluate changes in liabilities arising from financing activities.

Annual Improvements to TFRS Standards 2014–2016 Cycle

TFRS 12: The improvement clarifies that an entity is not required provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified as held for sale as per TFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The application of these amendments has had no effect on the Group's consolidated financial statements as the Group does not have interests in subsidiaries, associates or joint ventures that are classified as held for sale as per TFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

New and Revised Turkish Accounting Standards (continued)

b) New and revised TFRSs in issue but not yet effective:

TFRS 9	*Financial Instruments* [1]
TFRS 15	*Revenue from Contracts with Customers* [1]
Amendments to TFRS 10 and TAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to TFRS 2	*Classification and Measurement of Share-Based Payment Transactions* [1]
TFRIC 22	*Foreign Currency Transactions and Advance Consideration* [1]
Amendments to TAS 40	*Transfers of Investment Property* [1]
Annual Improvements to TFRS Standards 2014–2016 Cycle	*TFRS 1* [1], *TAS 28* [1]
Amendments to TAS 28	*Long-term Interests in Associates and Joint Ventures* [2]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.

TFRS 9 Financial Instruments

TFRS 9 introduces new requirements for the classification, measurement and derecgonition of financial assets / liabilities and for general hedge accounting.

Key requirements of TFRS 9:

- All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income. Dividends from such investments are recognized in profit or loss unless there is clear evidence that these conduce the recovery of the investment cost.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

New and Revised Turkish Accounting Standards (continued)

b) New and revised TFRSs in issue but not yet effective (continued)

TFRS 9 Financial Instruments (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under TAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under TAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in TAS 39. Under TFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Analyses regarding the impact of the aforementioned amendment on the Group's financial position and performance continue.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. TFRS 15 will supersede the current revenue recognition guidance including TAS 18 *Revenue*, TAS 11 *Construction Contracts* and the related Interpretations when it comes into effect.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

New and Revised Turkish Accounting Standards (continued)

b) New and revised TFRSs in issue but not yet effective (continued)

The core principle of TFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in TFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by TFRS 15.

Issued *Clarifications* to TFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company are currently conducting evaluations in order to decide whether to use retrospective method for each separate reporting period or to use retrospective method with cumulative effect.

Analyses regarding the impact of the aforementioned amendment on the Group's financial position and performance continue.

Amendments to TFRS 10 and TAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

This amendment clarifies that gains or losses resulting from the sale or contribution of assets from an investor to its associate or joint venture shall be accounted by the investor.

Amendments to TFRS 2 *Classification and Measurement of Share-Based Payment Transactions*

This amendment clarifies the accounting cash-settled share-based payment transactions entailing a vesting conditions, the classification of share-based payment transactions with net-settlement, and the recognition of an adjustment which changes a cash-settled share-based payment into a equity-settled share-based payment.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Accounting Policies (continued)

New and Revised Turkish Accounting Standards (continued)

b) New and revised TFRSs in issue but not yet effective (continued)

TFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

Amendments to TAS 40 Transfers of Investment Property

The amendments to TAS 40 Investment Property:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Annual Improvements to TFRS Standards 2014–2016 Cycle

- TFRS 1: Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- TAS 28: Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Amendments to TAS 28 *Long-term Interests in Associates and Joint Ventures*

This amendment clarifies that an entity applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The probable effects of these standards, amendments and improvements on the on the Group's financial position and performance are being evaluated.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies

(a) Revenues

(i) Service and commission revenue

The Group receives commissions for providing services with brokerage services and asset management services, and recognizes in profit or loss by taking into account the completion stage at the end of the reporting period. Other service and commission revenues comprised of interest received from customers, portfolio management commissions and other commissions and consultancy services and recognizes in profit or loss by taking into account the completion stage at the end of the reporting period.

(ii) Portfolio management fees

Fees charged for management of customer portfolios at capital markets are recognized as income at the end of each month.

(iii) Gain on trading of securities

Gains / losses on trading of securities are recognized in profit or loss at the date of the related purchase/sale order.

(iv) Natural gas sales

Revenues from the sales of compressed natural gas comprise the revenues from the sales to individual and corporate subscribers. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the subscribers and natural gas has been consumed by the related subscriber. The Group accounts deferred sales which part is not used by the subscribers as deferred compressed natural gas revenue in other deferred income. Deferred sales are recognized as revenue as compressed natural gas is consumed by the subscriber. Net sales revenue is disclosed less sales returns.

(v) Port administration revenues and port rent income

Port administration revenues comprise revenues from services provided to ships and motorboats (pilotage, tugboat rents, passenger landing fee, etc.), and cargo handling fees (general cargo, bulk cargo, container) recognized on accrual basis.

Rent income comprises rental income from marina, shopping centers and duty-free stores. Rent income is recognized in profit or loss on a straight line basis over the term of the lease.

(vi) Other service revenues

Rent income is accounted for on accrual basis, interest income is accounted for using effective interest method and dividend income is recognized on the date the Group's right to receive the payment is established.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(vii) Mining revenues

Revenues from mining are measured by fair value after deducting received payment or repayments and discounts of receivable. Mining sales are recognized by fair value of received or possible payment on accrual basis in the situation that delivery of product or service of product, transfer of risk and benefit of product, reliably determination of income of product and transfer of economical use of product to the Group are possible.

(viii) Other revenues

Other service revenues and other sales are transferred to the consolidated statement of porfit or loss and comprehensive income on accrual basis.

Revenues from real estates and expenses from investment proporties resulted from reflecting expenses to lessees are recognized as rent and service revenue of real estates in the consolidated statement of profit or loss and other comprehensive income.

(b) Expenses

Expenses are accounted for on accrual basis. Operational lease expenses are recognized in profit or loss on a straight line basis over the lease term.

Interest expenses

Interest expenses are accrued by using the effective interest method or applicable variable interest rate. Interest expenses arise from the difference between the initial cost of an interest bearing financial instrument and the value of the instrument discounted to its present value at the date of the maturity or the premium or discount, discounted to present value. The financial costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized.

(c) Inventories

(i) Inventories

Inventories are valued by using the weighted average method. Inventories are stated at the lower of cost and net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(ii) Trading property

Trading properties held by subsidiaries that operate in real estate sector are classified as inventories. Trading property is stated at the lower of cost at balance sheet date and net realizable value. Net realizable value represents the fair value less costs to sell. Borrowing costs directly attributable to the trading properties in progress are included in the cost of the trading property. Expenses are capitalized from the date they have been incurred to the date the asset is available for use. The duration of the completion of these trading properties is over one year and it varies from project to project.

(d) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

No assets held under operating lease have been classified as investment properties.

(e) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;

Any other costs directly attributable to bringing the assets to a working condition for their intended use;

- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Property, plant and equipment of the subsidiaries and joint ventures that operate in Turkey and acquired before 1 January 2005 are stated at restated cost until 31 December 2004 less accumulated depreciation and permanent impairment losses. Property, plant and equipment of such entities acquired after 1 January 2005 are stated at cost, less accumulated depreciation and permanent impairment losses.

Property, plant and equipment of companies, whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated depreciation and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The depreciation rates used by the Group are as follows:

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)

Buildings	2%-25%
Land improvements	3,38%-4,49%
Machinery and equipment	5%-25%
Motor vehicles	25%
Furniture and fixtures	33,33%
Leasehold improvements	3,33%-33,33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible Assets

(i) Recognition and measurement

Intangible assets comprise port operation rights, royalty and natural gas selling and transmission licenses, contract-based customer relationships, development costs, computer software, and the hydroelectric power plant ("HEPP") license, Vakıf Han building usage rights, other rights and other intangible assets.

Intangible assets related to operations whose functional currency is TL and which were acquired before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004, less accumulated amortization and accumulated impairment losses. Intangible assets acquired after 1 January 2005 are stated at cost less accumulated amortization and permanent impairment losses.

Intangible assets related to operations whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated amortization and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date.

In a business combination or acquisition, the acquirer recognizes separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in TAS 38 Intangible Assets and its fair value can be measured reliably.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(f) Intangible Assets (continued)

(i) Recognition and measurement (continued)

Development activities involve a plan or design for the production of new or substantively improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

(ii) Royalty agreements

The Group has acquired port operation right of Barcelona Port until 2047. Under the terms of license agreement within the scope of TFRIC 12, the Group acts as a service provider. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. The Group recognises and measures revenue in accordance with TAS 11 "Construction Contracts" and TAS 18 "Revenue" for the services it performs. If the operator performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable. The Group applies TAS 11 for the revenue and costs relating to construction or upgrade services and TAS 18 for the revenue and costs relating to operation services.

Amortization is recognized in profit or loss as depreciation and amortization expenses under cost of sales, by using straight-line method over the license period until 2047 licence term.

(iii) Amortization

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets.

The amortization rates applied by the Group are as follows:

Port operation rights (*)	2%-8,33%
Customer relationship	8,33%
Rights	2,22%-33,33%
Software	10%-33,33%
HEPP license	2,01%
Natural gas selling and transmission license (**)	3,33%
Royalty licence (***)	10%

(*) Port operation rights will expire by 2028 for Ortadoğu Liman, by 2033 for Ege Liman, by 2019 for Bodrum Liman, by 2043 for Port of Bar, by 2047 Barcelona Port, by 2066 Malta Port , by 2044 Malaga Port, by 2020 Ravenna Port, by 2026 Catania Port and by 2027 Cagliari Port.

(**) The licenses of Naturalgaz include the compressed natural gas (CNG) sales licences in İzmir, Bursa, Adapazarı, Antalya, Konya, Bolu, Osmaniye, Kayseri, Rize, İstanbul, Kırıkkale, Elazığ and Kocaeli regions as well as the CNG transmission license. The CNG transmission license and the CNG sales licenses in Bursa, Antalya and Adapazarı have been obtained by Naturelgaz in 2005 whereas the CNG sales license in İzmir has been obtained in 2006, in Bolu 2012, in Konya, Osmaniye, Kocaeli in 2013, in Rize in 2014, in 2016 spot LNG, Kırıkkale, Kayseri, Elazığ in 2017 licenses has been obtained. The licenses are valid for 30 years. In addition in Çayirova 12 year distributor lincese (with station) has been obtained in 2016.

(***) Royalty licence will expire by 2023 for Straton Maden.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(g) Goodwill

According to TFRS 3 "Business Combinations", the excess of cost of the total consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination is recognized as goodwill. Goodwill is not amortized and is tested for impairment annually or more often when the circumstances indicate that the goodwill is impaired.

When the cost of the acquisition is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, the difference is recognized as income (gain on a bargain purchase (negative goodwill)).

The initial recognition of the business combination is accounted for provisionally if the fair values of the identifiable assets, liabilities and contingent liabilities acquired in a business combination can only be recognized, or the cost of a business combination is measured, only using provisional amounts. The provisional business combination accounting shall be completed in the 12 months following the date of acquisition and the adjustments shall be recognized retrospectively.

The goodwill acquired in a business combination is not amortized. Alternatively, once a year or the conditions indicate the impairment losses, the Group test impairment losses more frequently than the usual conditions.

(i) Financial Instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

The fair value of the financial instruments is determined by using the quoted prices in an active market at the balance sheet date without any deduction of transaction costs. If the market for a financial instrument is not active at the balance sheet date, the fair value is estimated by using the market inputs and the appropriate valuation techniques. However, judgment is needed to interpret the available market information. Therefore, the estimates may not reflect the value that would have been realized in a current market transaction.

For all the other financial instruments that are not quoted in an active market, fair value is determined by using a valuation technique. Valuation techniques include net present value technique, benchmarking and other valuation techniques.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(i) Financial Assets (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Equity securities classified as available for sale financial assets and whose fair value cannot be reliably measured, due to lack of active and observable market, are carried at cost, which has been restated by considering the inflation effect until 31 December 2004 less impairment losses if any, since they are acquired before 1 January 2005.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(i) Financial Assets (continued)

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued (including certain preference shares, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

(iii) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as "treasury shares owned by the Company" if owned by the Company and classified as "treasury shares owned by the subsidiaries" if owned by subsidiaries and are presented in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if:

- the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value through profit or loss.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(i) Financial Assets (continued)

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedge transactions

If a derivative instrument is designed cash flow hedge instrument of a recorded asset or liability or a certain risk which most likely can have an effect on profit or loss, effective portion of change of fair value of the derivative instrument is recognised in other comprehensive income and presented within equity as financial hedge reserve. Ineffective portion of change of fair value of the derivative instrument is directly recognised in profit or loss.

If an item which is subject to financial hedge is a non financial item, accumulated amount within equity is presented in other comprehensive income and classified to profit or loss in the period or periods which non financial item affects profit or loss In other situations, accumulated amount within equity is reclassified in profit or loss in the period or periods which non financial hedging item affects profit or loss. When financial hedging instrument doesn't provide required criterias for financial hedging accounting, financial hedging instrument is overdue or disposaled, used or canceled, financial hedging accounting is ceased on a going forward basis. If estimated transaction is not expected to accrue any more, related balance recognised in equity is reclassified to profit or loss.

Net investment hedge accounting

A net investment hedge is a hedge of the foreign currency exposure arising from a net investment in a foreign operation using a derivative or non derivative financial items as the hedging instrument. If a monetary item is a part of net investments made to subsidiaries of the Company whose functional curreny is other than TL, foreign exchange differences arise in financial statements of the Company. Those foreign exchange differences are recognised in other comprehensive income in consolidated financial statements when the differences are considered as hedging instruments.

Transactions for the purpose of avoiding net investment risk made to subsidiaries whose functional currency is other than TL are recognised as transactions for the purpose of cash flow accounting hedge including financial accounting hedge transactions of monetary items which are recognised as a part of net investment.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(i) Financial Assets (continued)

- The effective portion of gain or loss arising from financial hedging instrument is recognised in other comprehensive income or expense and
- Non effective portion of gain or loss arising from financial hedging instrument is recognised in profit or loss.

Gain or loss on financial hedging instrument related to effective portion of financial hedging transaction and recognised in other comprehensive income or expense is excluded from equity and classified to profit or loss as reclassification adjustment when there is a disposal of related subsidiary or disposal period.

(j) Impairment of assets

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss has occurred after the initial recognition of the asset and the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency of a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables not to be impaired are then collectively reassessed for any impairment that has been incurred, but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and accounted as doubtful receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(j) Impairment of assets (continued)

(ii) Non financial assets

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation and the current fair value, less any impairment loss previously recognised in profit or loss.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(k) Employee Benefits

In accordance with the existing labor law in Turkey, the entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause, or due to retirement, military service or death. With respect to Group's employees in Turkey, retirement pay liability is calculated by using lower of employee's monthly salary and retirement pay ceiling. It is detailed in Note 21 as at 31 December 2017 and 2016. The Group recognizes retirement pay liability as the present value of the estimated total reserve of the future probable obligation of the Group. The key actuarial assumptions used in the calculation of the retirement pay liability are detailed in Note 21.

(l) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities by using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

Companies, whose functional currencies are not TL, prepare their financial statements according to their functional currency and these financial statements are translated to TL for consolidation purpose in accordance with TAS 21.

Foreign currency differences arising on operations with foreign currency are recognised in profit or loss as foreign currency exchange gains and losses.

According to TAS 21, balance sheet items presented in the financial statements of domestic and foreign subsidiaries and joint ventures whose functional currency is different from TL, are translated into TL at the balance sheet (USD/TL and EUR/TL) exchange rates whereas income, expenses and cash flows are translated at the average exchange rate or ruling rate of the transaction date. Profit or loss from translation difference of these operations is recognised as "Currency Translation Differences" under the equity.

As at 31 December 2017 and 2016, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2017	31 December 2016
US Dollar / TL	3,7719	3,5192
Euro / TL	4,5155	3,7099

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

The average foreign currency buying exchange rates of the CBRT in 2017 and 2016 comprised the following:

	2017	2016
US Dollar / TL	3,6477	3,0212
Euro / TL	4,1164	3,3398

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, under the currency translation differences ("CTD"). When a foreign operation is disposed of, in part or in full, the relevant amount in the CTD is transferred to profit or loss as part of the profit or loss on disposal.

(m) Discontinued Operations, Assets Held For Sale and Liabilities Directly Associated with Assets Held For Sale

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the net assets of the discontinued operations are measured at fair value less cost of sale of the operation. The profit/(loss) before tax and the profit/(loss) after the tax of the discontinued operation are presented in the notes of the consolidated financial statements and a profit/(loss) analysis including the income and expenses is performed. Besides, the net cash flows related to operational, investing and financing activities of the discontinued operations are presented in the related note.

In compliance with TFRS 11 "Joint Arrangements" and TFRS 5 "Assets Classified as Held For Sale and Discontinuing Operations", the interests in jointly controlled entities are accounted for in accordance with TFRS 5. When an interest in a jointly controlled entity previously classified as held for sale no longer meets the criteria to be classified, it is accounted for using proportionate consolidation or the equity method as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale are amended accordingly. The operations of the joint venture whose operations have been previously classified as discontinued are classified as continued.

A group of assets is classified as asset held for sale if their carrying amount is planned to be recovered principally through a sale transaction rather than through continuing use. The liabilities directly associated with these assets are classified similarly. Such group of assets is accounted for at the lower of its carrying amount (being the net amount of the assets and liabilities directly associated with them) and fair value less costs to sell.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

If the Group has classified an asset (or disposal group) as held for sale, but the criteria of such classification are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) Its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale.

(b) Its recoverable amount at the date of the subsequent decision not to sell.

The Group does not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheet for prior periods to reflect the classification in the balance sheet for the latest period presented.

(n) Earnings/(Loss) Per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, less own shared acquired.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period.

(o) Events After the Reporting Period

Events after the reporting period include all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or of other selected information.

The Group adjusts the amounts recognized in its consolidated financial statements to reflect adjusting events after the reporting period. Non adjusting events are disclosed in the notes to the consolidated financial statements, if material.

(p) Provisions, Contingent Assets and Liabilities

A provision is recognized in the accompanying consolidated financial statements if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements. Where an economic inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (continued)

(r) Leases

(i) Determining whether an Arrangement contains a Lease

At the beginning of a lease agreement, the Group determine whether that agreement is a lease agreement or that agreement is an agreement which contains a lease.

Following the beginning of the agreement or reconsidering of the agreement, the Group classify related payments required by the agreement as rent payments and other payments according to their fair value. If the Group decide that related payments are not possible to be classified in a financial lease agreement, reliably an asset or a liability are recognized as much as fair value of related lease. With in the related lease payments, liability is decrased and financial cost added to liability is recognized by using alternative debt ratio of the Group.

(ii) Financial leases

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are classified as financial leases. Financial leases are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments and is reflected as a liability by the same amount in the consolidated financial statements of the Group. The finance lease obligations are reduced through principle payments and the finance charge portion is allocated to consolidated statement of comprehensive income of each period during the lease term. Capitalized leased assets are depreciated over the estimated useful life of the related asset.

If there is not reasonable certainty that the ownership will be obtained by the end of the lease term, and the lease term is shorter than the estimated useful life of the leased asset, the asset is depreciated over the lease term, otherwise the asset is depreciated over its estimated useful life.

(iii) Operating leases

Operating leases are the leases that the risks and rewards incidental to the ownership of the asset belongs to the lesser. Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(iv) Leased assets

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are called as financial leases. Firstly, tangible assets acquired via financial leases are measured at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Following the first record, related leased asset is recognized according to effective accounting policies.

Leased assets under other leases are classified as operating leases and are not recognized in the financial position of the Group.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(r) Leases (continued)

(v) Lease payments

Payments under operating leases are recognized in profit or loss via straight-line method during the lease term. Lease promotions are recognized as a part of lease expenses during the lease term.

Minimum lease payments under financial leases are distributed by decrasing finance cost and the rest liability. Finance costs are distributed to each periods on condition that determining a fixed interest rate for the period on the rest balance of related liability.

(s) Segment Reporting

An operating segment is a component of the Group that engages in business activities through which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The operating segments of the Group are finance, naturel gas/mining/energy generation, port operations, real estate and other segments, and they are disclosed in Note 5.

(t) Government Subsidies and Incentives

All subsidies and incentives, including non-monetary incentives stated at fair market values, are included in the consolidated financial statements when there is reasonable certainty that the Group will qualify for and receive such subsidies and incentives. Government subsidies and incentives utilized by the Group are presented in Note 37.

(u) Related Parties

Parties are considered related to the Company if:

(a) Directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with the Company (this includes Parent, subsidiaries and fellow subsidiaries);
(ii) has an interest in the Company that gives it significant influence over the Company; or
(iii) has joint control over the Company;

(b) The party is an associate of the Company

(c) The party is a joint venture in which the Company is a venturer;

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

(u) Related Parties (continued)

(d) The party is member of the key management personnel of the Company as its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d);

(f) The party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e)

(g) The party is a post-employment benefit plan for the benefit of employees of the Company, or of

any entity that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

(v) Taxes

Income tax expense comprises current and deferred tax. Current tax charge is recognized in profit or loss except for the effects of the items reflected under equity. Current tax except taxes recognized during business combination and taxes recognized under other comprehensive income are recognized in profit or loss.

Current tax liability is calculated on taxable profit for the current year based on tax laws and tax rates that have been effective for the reporting date including adjustment related to previous years' tax liabilities.

Deferred tax is recognized over temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the differences arising from the initial recognition of goodwill, differences of an asset or liability in a transaction that is not a business combination, at the time of the transaction, which affects neither the accounting profit nor taxable profit and for differences associated with the investments in subsidiaries, associates and interest in joint ventures, to the extent that they probably will not reverse in the foreseeable future.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes as mentioned Note 2.2 and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable, entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (continued)

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(y) Receivables From Reverse Repurchase Agreements

The funds given in return for the financial assets subject to reverse repurchase are accounted for as receivables from reverse repurchase agreements under the cash and cash equivalents. For the difference between the purchase and re-sale prices determined in accordance with the related reverse repurchase agreements, which is attributable to the period, an income rediscount is calculated with the internal rate of return method and is accounted for by adding to the cost of the receivables from reverse repurchase agreements.

(z) Statement of Cash Flows

Cash flows for the period are classified as cash flows from operations, investing activities and financing activities. Cash flows from operations are the cash flows generated from the principal activities of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (purchase of property, plant and equipment and intangible assets and financial investments).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Cash and cash equivalents are short term investments with high liquidity that comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

(aa) Dividends

Dividend receivables are recorded as income in the period of declaration. Dividend payments are recognised in consolidated financial statements when a distribution of profit decided by General Assembly.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make judgments, estimates and assumptions that affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimate.

The accounting judgements, estimates and assumptions used in preparing the consolidated financial statements, are consistent with the accounting judgements, estimates and assumptions used in preparing the consolidated financial statements as at 31 December 2016.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3 Business combinations
- Note 5 Segment reporting
- Note 15 Investment properties

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

- Note 2.5 (d,e,f) Useful lives of property, plant and equipments and intangible assets and concession intangible assets
- Note 3 Fair value of assets and liabilities in business combinations
- Note 10 Impairment losses on trade receivables
- Note 12 Impairment losses on receivables from finance sector operations
- Note 15 Fair value of investment properties
- Note 17 Impairment of goodwill
- Note 19 Provisions, contingent assets and liabilities
- Note 21 Assumptions for provision of employment termination benefit
- Note 28 Income/expense from investing activities
- Note 31 Tax assets and liabilities
- Note 35 Determination of fair value

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3 BUSINESS COMBINATIONS

The subsidiary of the Group, Aristaeus Limited, has acquired 15% of the shares of Axel Corporation Grupo Hotelero SL, which operates in the hotel business, on 15 July 2016.

The acquisition of Ravenna, Cagliari, and Catania Cruise Ports which was accounted provisionally at 31 December 2016 and presented in the note of "Business Combinations" of the consolidated financial statements as at 31 December 2016 is completed as of reporting date, the detailed information about the acquisitions explained as follows.

Ravenna, Cagliari and Catania Cruise Ports

Global Liman has acquired 51% shares of Ravenna Terminali Passeggeri S.r.l (operating Ravenna Passenger Port), 67,55% shares of Cagliari Terminali Passeggieri S.r.l (operating Cagliari Passenger Port) and 59,05% shares of Catania Terminali Passeggieri S.r.l (operating Catania Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.

The details of the accounting of the Group's acquisition in accordance with the acquisition method are as follows:

	Provisional fair values	Adjustments	Final fair value
Acquisition cost	8.484.791	--	8.484.791
Fair value of total net identifiable assets (100%)	(1.713.850)	(11.717.117)	(13.430.967)
Fair value of non-controlling interests	651.052	3.899.768	4.550.820
Goodwill	**7.421.993**	**(7.421.993)**	**--**
Bargain purchase gain (negative goodwill)	**--**	**(395.356)**	**(395.356)**

	Provisional fair values	Adjustments	Final fair value
	100%		100%
Property and equipment	3.304.529	--	3.304.529
Intangible assets	482.130	23.088.474	23.570.604
Other assets	827.012	226.615	1.053.627
Trade and other receivables	2.093.924	--	2.093.924
Cash and cash equivalents	809.416	--	809.416
Loans and borrowings	(2.125.597)	--	(2.125.597)
Trade and other payables	(3.628.295)	--	(3.628.295)
Deferred tax liabilities	--	(4.630.626)	(4.630.626)
Short-term provision	--	(1.032.617)	(1.032.617)
Long-term provision	--	(5.934.729)	(5.934.729)
Provisions for employee benefits	(49.269)	--	(49.269)
Total identifiable net assets acquired	**1.713.850**	**11.717.117**	**13.430.967**

The acquisition of Ravenna, Cagliari, and Catania which was accounted provisionally at 31 December 2016 and presented in the note of "Business Combinations" of the consolidated financial statements as at 31 December 2016 is completed as of reporting date. The above-mentioned changes have been reflected to the consolidated financial statements as at 31 December 2016 retrospectively based on "TAS 8 Changes in Accounting Policies, Estimates and Errors".

Identifiable assets, liabilities and contingent liabilities shown in the table above are recognised at fair value based on TFRS-3 "Business Combinations". The gross amounts of trade receivables and other receivables acquired at the date of the business combination reflect their carrying value.

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3 BUSINESS COMBINATIONS (CONTINUED)

On the condition that, acquisition transactions of Ravenna, Cagliari and Catania Passenger Ports were realized on 1 January 2016 , Ravenna, Cagliari and Catania Passenger Ports would have contributed by TL 4.873.196 on the consolidated revenue and by TL 356.502 on the consolidated loss.

Consideration paid:	8.484.791
Cash associated with purchased assets	(809.416)
Net cash outflow	**7.675.375**

4 INVESTMENT IN OTHER ENTITIES

The detail of joint ventures and equity accounted investees are explained in Note 18.

5 SEGMENT REPORTING

Operating segments considered in performance evaluation of the Group Management are determined by considering the Group's risks and resources and internal reporting structure. The Group's operating segments are finance, naturel gas/mining/energy generation (previously named as energy), port operations (previously named as infrastructure), real estate and other. Brokarage and asset management segment(previously named as finance) includes the finance operations (including Global Yatırım Holding), naturel gas/mining/energy generation segment includes compressed natural gas distribution and electricity generation facilities and mining operations, port operations segment includes domestic and abroad commercial and cruise port operations and investments and real estate segment includes operations in respect of investment property and trading property operations.

Especially in the winter months (December, January, February), the operations of the subsidiaries of the Group operating in the port operation sector under the port operations segment decline in comparison with the other months of the year. The busiest period in the cruise port operations is the third quarter of the year. These seasonality of operations have an impact on the performance of the aforementioned segments.

Information regarding all the segments is stated below. Earnings before interest, tax, depreciation and amortization ("EBITDA") are reviewed in the assessment of the financial performance of the operating segments. The Group management does not present income / expenses incurred by these companies in their EBITDA due to their main activities in order to follow the operational and cash based results of the Group companies. These income / expenses includes other operating income/ expenses, acquisition/sale of subsidiary, project expenses related to the public offering of the subsidiaries, revaluation gains/ impairment losses and other non-cash income and expenses. Information related to the operating segments of the Group is presented later in this note.

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5 SEGMENT REPORTING (CONTINUED)

	Port Operations (**)		Naturel Gas/Mining/Energy Generation		Real Estate		Brokerage & Asset Management (*)		Other		Total	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Segment assets	2.790.232.036	2.333.902.750	736.489.307	650.428.966	517.125.633	550.113.201	294.225.675	324.569.849	32.963.122	31.422.477	4.371.035.773	3.890.437.243
Segment liabilities	1.848.259.764	1.691.032.602	488.859.117	499.810.094	136.577.927	166.114.517	299.564.458	612.351.394	2.979.016	8.520.840	2.776.240.282	2.977.829.447

	Port Operations (**)	Naturel Gas/ Mining/Energy Generation	Real Estate	Brokerage & Asset Management (*)	Other	Total						
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
External revenues	424.469.670	347.042.442	308.359.312	224.752.413	31.432.587	25.802.784	41.395.127	30.536.415	252.070	1.856.301	805.908.766	629.990.355
EBITDA	274.597.802	229.849.076	12.954.528	26.944.798	20.640.862	18.077.577	(25.257.574)	(42.536.076)	(4.548.604)	(1.775.827)	278.387.014	230.559.548
Depreciation and amortisation expense (-)	(156.045.309)	(122.525.846)	(45.676.019)	(34.146.561)	(719.263)	(829.540)	(1.764.352)	(1.581.380)	(2.591.530)	(2.075.676)	(206.796.473)	(161.159.003)
Finance income	41.540.076	24.613.833	1.108.839	4.311.399	567.139	1.716.206	31.021.278	17.064.583	139.538	460.867	74.376.870	48.166.888
Finance expenses	(134.566.235)	(90.870.467)	(52.651.114)	(43.401.081)	(18.457.201)	(12.784.726)	(70.888.370)	(72.333.540)	(1.340.835)	(1.711.898)	(277.903.755)	(221.101.712)

(*) Includes Global Yatırım Holding A.Ş.'s operations.

(**) The IPO in port segment is recognized under equity and is shown as "changes in non-controlling interest without loss in control" in the consolidated changes in shareholder's equity. The transaction has been accounted for in accordance with the paragraphs 30 and 31 of TAS 27 "Consolidated and Separate Financial Statements", which require the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions. The IPO contributed to Equity Attributable to the Owners of the Company by TL 425.000.287 in consolidated financial statements.

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5 SEGMENT REPORTING (CONTINUED)

	1 January- 31 December 2017	1 January- 31 December 2016
Revenues		
Segment revenues	818.058.368	633.032.039
Elimination of inter-segment revenues (*)	(12.149.602)	(3.041.684)
Consolidated revenues	**805.908.766**	**629.990.355**

	1 January - 31 December 2017	1 January - 31 December 2016
Consolidated EBITDA	278.387.014	230.559.548
Finance income (Note29)	55.290.736	34.736.486
Finance expenses (Note 30)	(258.820.411)	(207.596.751)
(Gain)/Loss on sale of shares recognized in equity (Note 23)	--	(1.026.674)
Non-operating income/(expenses)(**)	(272.035.989)	(36.873.670)
Depreciation and amortisation expenses (Note 26)	(206.796.473)	(161.159.003)
Consolidated profit/(loss) before income tax	**(403.975.123)**	**(141.360.064)**

	1 January- 31 December 2017	1 January- 31 December 2016
Segment finance income	74.376.870	48.166.888
Elimination of inter-segment finance income	(19.086.134)	(13.430.402)
Total finance income (Note 29)	**55.290.736**	**34.736.486**

	1 January- 31 December 2017	1 January- 31 December 2016
Segment finance expenses	(277.903.755)	(221.101.712)
Elimination of inter-segment finance expenses	19.083.344	13.504.961
Total finance expenses (Note 30)	**(258.820.411)**	**(207.596.751)**

Fixed asset purchases

	1 January- 31 December 2017	1 January- 31 December 2016
Energy	102.372.854	141.659.500
Finance	6.948.856	1.892.737
Port operations	50.541.624	29.585.553
Real estate	2.270.610	855.633
Other	936.170	340.801
Total	**163.070.114**	**174.334.224**

(*) The total amount of elimination of inter-segment revenues is related to the finance segment.

(**) Includes other operating income/expenses, acquisition/sale of subsidiary, project expenses related to the public offering of the subsidiaries, revaluation gains/impairment losses and other non-cash income and expenses.

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6 RELATED PARTY DISCLOSURES

The related parties shown in the related party disclosures and the nature of the relation of the Group with these parties are as follows:

Related party	Nature of relations
Mehmet Kutman	Shareholder and key management personnel
Erol Göker	Shareholder and key management personnel
IEG	Equity accounted investee (Note 18)
Global A Type ve B Type Funds	Funds of a subsidiary
Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş. (Turkcom)	Company owned by shareholder

Due from related parties

As at 31 December 2017 and 31 December 2016, current receivables from operations in finance sector-due from related parties comprised the following:

Current receivables from operations in finance sector - due from related parties	31 December 2017	31 December 2016
Turkcom [(*)]	8.904.288	11.418.780
IEG Kurumsal Finansal Danışmanlık A.Ş.	934.716	840.152
Global A Type and B Type Funds	102.640	-
Other	4.956	63.002
Total	**9.946.600**	**12.321.934**

[(*)] Balances consist of loans extended for regular margin lending activities. The receivables are secured with equity securities. Interest is charged on the receivables based on market interest rates.

As at 31 December 2017 and 31 December 2016, other current receivables from related parties comprised the following:

Other current receivables from related parties	31 December 2017	31 December 2016
Mehmet Kutman [(1)]	9.494.076	10.378.233
Venezia Investimenti SRL	-	4.140.058
Turkcom	-	29.780
Erol Göker [(1)]	211.194	6.034.338
Other	1.419.341	4.666.507
Total [(2)]	**11.124.611**	**25.248.916**

[(1)] These amounts are related with the personnel and work advances and they are not secured. Interest is charged on advances which have not work advances (Interest rate: 31 December 2017: 9,75 %, 31 December 2016: 10,50%)

[(2)] The amount excludes the loans provided to key management explained below.

6 RELATED PARTY DISCLOSURES (CONTINUED)

A subsidiary of the Group has provided loans to key management with a limit of USD 10.000.000 and an interest rate of Libor +3,5%, having annual coupon payments and a principal payment at the end of period, which mature on 30 December 2013. The maturity of this loan is extended to the date of 31 December 2018. As at 31 December 2017 and 31 December 2016, this receivable has been classified in other current receivables from related parties in the balance sheet. As at 31 December 2017, the principal of this loan amounted to USD 9.806.377 and the accrued interest amounted to USD 1.161.323. The total loan amounted to USD 10.967.700 (equivalent to TL 41.369.068). As at 31 December 2016, the principal of this loan amounted to USD 9.806.377 and the accrued interest amounted to USD 1.050.709 and the total loan amounted to USD 10.857.086 (equivalent to TL 38.208.257).

As at 31 December 2017, current other receivables due from related parties (including the loan provided to key management by the Group) amount to TL 52.493.679 in the consolidated financial statements (31 December 2016: TL 63.457.173).

Transactions with related parties

Transactions with key management personnel

The Company's key management personnel consists of the Chairman and members of the Board of Directors, general manager, assistant general managers and directors. The compensation of key management personnel includes wages, premiums and health insurance. As at 31 December 2017 and 2016, the details of compensation of key management personnel comprised the following:

	1 January-31 December 2017	1 January-31 December 2016
Salaries	17.954.530	15.042.782
Bonuses	39.431.945	2.293.550
Attendance fee	2.080.390	5.963.228
Other	712.028	1.471.021
Total	**60.178.893**	**24.770.582**

The Group's interest income earned from the loan provided to key management for the year ended 31 December 2017amounts to TL 1.160.182 (1 January-31 December 2016: TL 1.194.879).

Transactions with other related parties

For the year ended 31 December 2017 and 2016, significant transactions with other related parties comprised the following:

	1 January-31 December 2017			1 January-31 December 2016			
	Interest Received	Other income	Commission for letter of guarantee given	Interest Received	Other income	Other expense	Commission for letter of guarantee given
Turkcom (*)	1.889.877	-	-	1.260.977	-	293.220	-
Mehmet Kutman (*)	732.436	-	700.000	901.669	-	-	700.000
Erol Göker	14.631	-	-	180.006	-	-	-
Other	118.683	5.407	-	87.809	12.785	-	-
Total	**2.755.627**	**5.407**	**700.000**	**2.430.461**	**12.785**	**293.220**	**700.000**

(*) Includes margin lending and advance interest.

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7 CASH AND CASH EQUIVALENTS

As at 31 December 2017 and 31 December 2016, cash and cash equivalents comprised the following:

	31 December 2017	31 December 2016
Cash on hand	392.503	333.741
Cash at banks	362.458.782	205.888.378
-Demand deposits	*294.434.396*	*78.096.097*
-Time deposits	*68.024.386*	*127.792.281*
Receivables from reverse repurchase agreements	72.825.770	-
Receivables from Takasbank	-	19.193
Other	4.177.297	2.799.678
Cash and cash equivalents	**439.854.352**	**209.040.990**
Blocked deposits	(57.818.160)	(48.096.697)
Cash and cash equivalents for cash flow purposes	**382.036.192**	**160.944.293**

As at 31 December 2017 and 31 December 2016, maturities of time deposits comprised the following:

	31 December 2017	31 December 2016
Up to 1 month	67.965.650	127.470.262
1-3 months	58.736	322.019
	68.024.386	**127.792.281**

As at 31 December 2017 and 31 December 2016, the range of time deposit interest rates included in cash and cash equivalents is as follows:

	31 December 2017	31 December 2016
Interest rate range for time deposit - TL	8,00% - 13,25%	8,50% - 11,00%
Interest rate for time deposit - USD	0,80%-1,25%	0,35%-0,50%

As at 31 December 2017, cash at banks amounting to TL 29.835.291 (31 December 2016: TL 37.858.016) is blocked due to bank borrowings and letters of guarantee by the banks. As at 31 December 2017, TL 8.156.844 deposited at the BIST Settlement and Custody Bank ("Takasbank") is blocked by the CMB (31 December 2016: TL 9.047.863). As at 31 December 2017 TL 19.826.025 (31 December 2016: TL 1.190.818) of other cash equivalents are blocked at banks until their maturities. Financial risk with respect to cash and cash equivalents are detailed in Note 34.

8 FINANCIAL INVESTMENTS

As at 31 December 2017 and 31 December 2016, the details of financial investments comprised the following:

Current assets	31 December 2017	31 December 2016
Financial assets held for trading	2.838.567	10.892.959
Other	2.636.869	1.193.005
Total	**5.475.436**	**12.085.964**
Non current assets		
Financial assets available for sale	5.402.985	4.276.621
Total	**5.402.985**	**4.276.621**

The details of financial assets of the Group is as follows:

a) Financial assets held for trading

	31 December 2017	31 December 2016
Debt securities (governmental bonds)	1.721.398	1.093.957
Equity securities	117.159	8.788.992
Investment funds participations	1.000.010	1.010.010
	2.838.567	**10.892.959**

All financial assets held for trading are financial assets at fair value through profit or loss. The changes in fair value of these assets are accounted for in gain/(loss) on investing activities, net in the consolidated profit or loss and other comprehensive income (Note 28). All the equity securities included in the financial assets held for trading are traded in active markets.

As at 31 December 2017 the equity shares amounting to TL 9.402 are pledged for an ongoing lawsuit case (31 December 2016: TL 9.402).

As at 31 December 2017 and 31 December 2016, the letters of guarantee given to the BIST, Settlement and Custody Bank, the Turkish Derivative Exchange and the Capital Market Board are explained in Note 20.

b) Financial assets available for sale

	31 December 2017	31 December 2016
Equity securities		
- Unquoted to an active market	5.402.985	4.276.621
Total	**5.402.985**	**4.276.621**

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8 FINANCIAL INVESTMENTS (CONTINUED)

Details of equity securities which are not quoted in an active market comprised the following:

	31 December 2017		31 December 2016	
	Share ratio (%)	Book value	Share ratio (%)	Book value
Borsa İstanbul A.Ş.	0,08	3.034.508	0,08	2.683.145
Bakü Borsası	5,50	137.523	5,50	137.523
Other		2.230.954		1.455.953
Total		**5.402.985**		**4.276.621**

The Group recognized and measured the investments that are not quoted in active markets at cost.

9 FINANCIAL LIABILITIES

As at 31 December 2017 and 31 December 2016, financial liabilities comprised the following:

Short term borrowings	31 December 2017	31 December 2016
Short term bank loans	74.456.396	244.383.130
-TL Loans	*20.883.171*	*184.509.500*
-Foreign currency loans	*53.573.225*	*59.873.630*
Other financial liabilities	16.041.426	-
Total	**90.497.822**	**244.383.130**

Short term portion of long term borrwings

	31 December 2017	31 December 2016
Short term portion of long term bank loans	196.282.290	163.851.547
-TL Loans	*22.930.614*	*21.243.452*
-Foreign currency loans	*173.351.676*	*142.608.095*
Debt securities issued	129.140.783	357.131.657
- TL debt securities	*53.650.780*	*233.046.378*
-Foreign currency debt securities	*75.490.003*	*124.085.279*
Finance lease obligations	35.030.672	28.003.611
Total	**360.453.745**	**548.986.815**

9 FINANCIAL LIABILITIES (CONTINUED)

Long term borrowings	31 December 2017	31 December 2016
Long term bank loans	590.623.953	519.282.425
-TL Loans	*27.188.053*	*35.733.871*
-Foreign currency loans	*563.435.900*	*483.548.554*
Debt securities issued	891.143.257	878.557.811
- TL debt securities	*13.021.251*	*57.669.457*
-Foreign currency debt securities	*878.122.006*	*820.888.354*
Finance lease obligations	55.256.257	68.038.654
Total	**1.537.023.467**	**1.465.878.890**
Total borrowings	**1.987.975.034**	**2.259.248.835**

Maturity profile of long term bank loans and debt securities issued comprised the following:

Years	31 December 2017	31 December 2016
2018	-	230.443.572
2019	243.692.332	170.784.824
2020	195.899.733	142.839.359
2021 and after	1.042.175.145	853.772.481
Total	**1.481.767.210**	**1.397.840.236**

Maturity profile of finance lease obligations comprised the following:

	31 December 2017			31 December 2016		
	Future minimum lease payments	Interest	Present value of minimum lease payment	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	38.894.984	3.864.312	35.030.672	30.222.980	2.219.369	28.003.611
Between one and five years	62.826.333	7.570.076	55.256.257	74.530.439	6.491.785	68.038.654
Total	**101.721.317**	**11.434.388**	**90.286.929**	**104.753.419**	**8.711.154**	**96.042.265**

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9 FINANCIAL LIABILITIES (CONTINUED)

			31 December 2017				
Loan Type	**Company Name**	**Currency**	**Maturity**	**Interest Type**	**Nominal Interest Rate %**	**Principal (TL)**	**Carrying Value (TL)**
Loans and issued debt securities used to finance							
Debt securities issued (i)	Holding	USD	2022	Fixed	8%	12.839.548	12.735.716
Bond issued (ii)	Holding	TL	2018	Floating	GDS+5,25 %	50.000.000	51.603.309
Bond issued (ii)	Holding	TL	2019	Floating	GDS+ % 5,25	14.800.000	15.068.722
Secured loan(iii)	Holding	EURO	2018	Floating	Euribor+6,76%	17.010.179	17.611.865
Secured loan(iii)	Holding	EURO	2019	Floating	Euribor + 6,70%	9.322.237	9.590.767
Secured loan(iii)	Holding	EURO	2020	Floating	Euribor + 7,35%	90.084.225	93.021.954
Secured loan(xvi)	Global Ports BV	EURO	2020	Floating	Euribor+ 4,6%	66.152.075	66.062.952
Secured loan(xvii)	VCP	EURO	2020	Floating	Euribor+ 4,6%	38.001.956	39.981.190
Bond issued (iv)	Global Liman	USD	2021	Fixed	8,13%	942.975.000	940.876.293
Secured loan	Ege Liman	USD	2018	Fixed	4,5%	12.530.811	13.042.621
Secured loan	Ege Liman	TL	2020	Fixed	15,60%	2.362.541	2.362.541
Secured loan	Ortadoğu Liman	USD	2018	Fixed	5,93%	13.982.550	14.211.200
Secured loan	Ortadoğu Liman	USD	2019	Fixed	3,60-4,56%	3.831.702	3.838.956
Secured loan	Ortadoğu Liman	EUR	2022	Fixed	5,45%	20.635.835	20.807.162
Unsecured loan	Bodrum Liman	TL	2018	Fixed	16,56%	272.708	177.332
Secured loan(v)	Pera	TL	2021	Floating	TR Libor+5%	9.700.530	9.784.325
Secured loan	Pera	TL	2021	Fixed	14,50%	6.978.759	6.901.024
Secured loan	Pera	TL	2018	Fixed	TR Libor+4,95%	9.571.429	10.324.121
Secured loan(vii)	Naturelgaz	TL	2022	Floating	TR Libor +2,50 %	18.580.976	19.038.308
Secured loan(vii)	Naturelgaz	USD	2022	Floating	Libor + 5,25%	79.308.912	80.362.284
Secured loan(vii)	Naturelgaz	TL	2018	Fixed	10,08-18,85%	10.381.664	10.381.664
Secured loan(vii)	Naturelgaz	USD	2018	Fixed	5,40%	5.103.378	5.103.378
Secured loan	Straton Maden	TL	2018	Fixed	17,40-19,45%	4.100.000	4.101.726
Secured loan(viii)	Straton Maden	EURO	2021	Floating	Euribor + 3,25 %	36.506.176	36.850.666
Secured loan(viii)	Straton Maden	EURO	2018	Fixed	1,34%	594.584	595.744
Secured loan	Straton Maden	EURO	2018	Fixed	5,52%	499.503	499.503
Secured loan	Straton Maden	EURO	2020	Fixed	5%	1.213.617	1.213.833
Secured loan(xiv)	BPI	EURO	2023	Floating	Euribor +4 %	140.893.083	137.770.379
Secured loan(xiv)	BPI	EURO	2024	Floating	Euribor + 4%	10.831.520	10.631.305
Secured loan(xiv)	Malaga Limanı	EURO	2025	Floating	Euribor + 1,75%	24.429.528	24.055.719
Secured loan	Tres Enerji	TL	2018	Floating	15,25-19,45%	433.713	435.998
Secured loan	Tres Enerji	TL	2020	Floating	TR Libor+1,34%	820.629	831.727

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9 FINANCIAL LIABILITIES (CONTINUED)

			31 December 2017				
Loan Type	**Company Name**	**Currency**	**Maturity**	**Interest Type**	**Nominal Interest Rate %**	**Principal (TL)**	**Carrying Value (TL)**
Loans and issued debt securities used to finance							
Secured loan(xv)	Global Ticari Emlak	USD	2025	Floating	Libor+6,20 %	115.287.014	117.606.263
Secured loan	Tenera Enerji	TL	2018	Fixed	16,5%	228.464	228.464
Secured loan	Tenera Enerji	TL	2020	Floating	TR Libor+ 1,34%	820.629	831.727
Secured loan	Mavi Bayrak Enerji	USD	2025	Floating	Libor+5,95%	56.578.500	55.994.023
Secured loan	Mavi Bayrak Enerji	USD	2018	Rotative	-	3.741.725	3.741.725
Secured loan	Doğal Enerji	USD	2024	Floating	Libor+6,50%	22.254.210	22.189.593
Secured loan	Mavi Bayrak Doğu	USD	2026	Floating	Libor+5,95%	18.859.500	18.870.177
Secured loan	Port Operation Holding	EURO	2026	Fixed	2,75%	2.310.423	2.310.423
						1.874.829.833	**1.881.646.679**
Finance Lease Obligations							
Leasing (x)	Ortadoğu Liman	USD	2018 - 2020	Fixed	5,92 - 7,35%	4.023.644	4.023.644
Leasing (xiii)	Ege Liman	USD	2020	Fixed	5,80 - 6,50%	1.308.082	1.308.082
Leasing	Ege Liman	EURO	2020	Fixed	5,75-7,75 %	7.123.588	7.123.588
Leasing (xi)	Naturelgaz	USD	2019	Fixed	7-7,77%	5.616.143	5.616.143
Leasing (xi)	Naturelgaz	EURO	2018	Fixed	6,04 -10,30 %	4.694.349	4.694.349
Leasing	Straton maden	EURO	2021	Fixed	5,80%	1.777.608	1.777.608
Leasing (xii)	Tres Enerji	EURO	2018	Fixed	4,98%	4.569.174	4.569.174
Leasing (xii)	Tres Enerji	EURO	2020	Fixed	5,13%	22.308.287	22.308.287
Leasing (xii)	Tres Enerji	EURO	2023	Fixed	5,15%	8.699.549	8.699.549
Leasing (xii)	Tres Enerji	EURO	2021	Fixed	5,44%	21.710.832	21.710.832
Leasing	Mavi Bayrak Doğu	EURO	2020	Fixed	5%	6.068.926	6.068.926
Leasing	Pera	TL	2020	Fixed	13,90%	2.038.633	2.038.633
Leasing	Port Operation Holding	EURO	2021	Fixed	1,96%	348.114	348.114
						90.286.929	**90.286.929**
						1.965.116.762	**1.971.933.608**

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			31 December 2016				
Loan Type	Company Name	Currency	Maturity	Interest Type	Nominal Interest Rate %	Principal (TL)	Carrying Value (TL)
Loans and issued debt securities used to finance							
Debt securities issued (i)	Holding	USD	2017	Fixed	11%	56.219.220	56.025.293
Bond issued (ii)	Holding	TL	2018	Floating	GDS+ 5,25%	50.000.000	51.598.464
Bond issued (ii)	Holding	TL	2017	Floating	GDS+ 4,75%	110.000.000	112.588.423
Bond issued (ii)	Holding	TL	2017	Floating	GDS+ 4,75%	70.200.000	71.409.670
Bond issued (ii)	Holding	TL	2017	Floating	GDS+ 4,50%	40.000.000	40.055.598
Bond issued (ii)	Holding	TL	2019	Floating	GDS+ 5,25%	14.800.000	15.063.679
Secured loan (iii)	Holding	EURO	2018	Floating	Euribor+6,76%	23.404.024	24.230.504
Secured loan (iii)	Holding	EURO	2019	Floating	Euribor +6,70 %	12.826.046	13.192.227
Secured loan	Holding	TL	Rotative	Fixed	16,35-16,90%	81.567.538	81.567.538
Secured loan (vi)	Holding	EURO	2017	Floating	Euribor + 6,50%	27.824.250	27.864.289
Secured loan (xvi)	Global Ports BV	EURO	2020	Floating	Euribor+ 4,6%	33.042.091	33.832.656
Secured loan (xvii)	VCP	EURO	2020	Floating	Euribor+ 4,6%	72.528.545	72.306.228
Bond issued (iv)	Global Liman	USD	2021	Fixed	8,13%	879.800.000	888.948.340
Unsecured loan	Global Liman	TL	2017	Fixed	13%	900.637	900.637
Secured loan	Ege Liman	USD	2017	Fixed	4,5%	13.284.980	13.284.980
Secured loan	Ege Liman	TL	2017	Fixed	15,60%	897.602	897.602
Secured loan	Ortadoğu Liman	TL	2017	Fixed	13%	1.320.934	1.326.639
Secured loan	Ortadoğu Liman	USD	2017	Fixed	4,95%	10.909.520	10.909.520
Secured loan	Ortadoğu Liman	USD	2019	Fixed	4,40%	438.443	439.059
Unsecured loan	Bodrum Liman	TL	2017	Fixed	14%	1.790.000	1.790.000
Secured loan (v)	Pera	TL	2021	Floating	TR Libor + 5%	12.274.140	12.299.618
Secured loan	Pera	TL	2021	Fixed	14,50%	7.840.489	7.840.489
Secured loan (v)	Pera	TL	2021	Floating	TR Libor+4.95%	13.571.429	13.906.961
Secured loan	Pera	EURO	2017	Fixed	3,5%	5.935.840	6.050.755
Unsecured loan	Naturelgaz	TL	2017	Floating	12-14,30%	796.155	796.155
Secured loan (vii)	Naturelgaz	TL	2022	Floating	TR Libor + 2,50%	10.632.058	10.889.967
Secured loan (vii)	Naturelgaz	TL	2022	Floating	TR Libor +2,50 %	10.914.412	11.180.191
Secured loan (vii)	Naturelgaz	USD	2022	Floating	USD Libor + 5,25%	42.340.375	42.844.768
Secured loan (vii)	Naturelgaz	USD	2022	Floating	USD Libor +5,25 %	43.464.320	43.986.259
Unsecured loan	Naturelgaz	TL	Rotative	Fixed	-	8.382.757	8.382.757
Secured loan	Straton Maden	EURO	Rotative	Fixed	3,5%	20.000.000	20.000.000
Unsecured loan	Straton Maden	TL	Rotative	Fixed	-	249.458	249.458
Secured loan (viii)	Straton Maden	EURO	2021	Floating	Euribor + 3,25%	7.161.029	7.161.029
Secured loan (viii)	Straton Maden	EURO	2017	Fixed	1,34%	26.825.545	26.825.545
Secured loan (viii)	Straton Maden	EURO	2021	Floating	Euribor + 3%	7.087.595	7.401.194
Secured loan	Straton Maden	EURO	2018	Fixed	5,52%	1.373.239	1.385.357
Secured loan	Straton Maden	TL	2018	Fixed	12%	62.722	63.943
Secured loan	Straton Maden	EURO	2020	Fixed	5%	1.392.585	1.394.250

9 FINANCIAL LIABILITIES (CONTINUED)

			31 December 2016				
Loan Type	Company Name	Currency	Maturity	Interest Type	Nominal Interest Rate %	Principal (TL)	Carrying Value (TL)
Loans and issued debt securities used to finance							
Secured loan (ix)	Bar Limanı	EURO	2017	Fixed	8,20%	474.981	474.981
Secured loan (ix)	Bar Limanı	EURO	2017	Fixed	8%	375.901	375.901
Secured loan (ix)	Bar Limanı	EURO	2017	Floating	Euribor + 6,20%	2.802.829	2.802.829
Secured loan (xiv)	BPI	EURO	2023	Floating	Euribor + 4%	132.333.532	128.958.479
Secured loan (xiv)	BPI	EURO	2024	Floating	Euribor + 4%	8.899.092	8.707.853
Secured loan (xiv)	Malaga Limanı	EURO	2025	Floating	Euribor + 1,75%	22.438.269	22.196.001
Secured loan	Tres Enerji	EURO	2017	Fixed	3,5%	20.000.000	20.000.000
Secured loan (xv)	Global Ticari Emlak	USD	2025	Floating	Libor+ 6,20%	121.905.088	123.694.183
Unsecured loan	Menkul	TL	Rotative	Fixed	-	3.650.000	3.650.000
Secured loan	Tenera Enerji	TL	Rotative	Fixed	15%	20.504.159	20.621.196
Secured loan	Mavi Bayrak Enerji	USD	2025	Floating	Libor+5,95%	41.962.941	42.465.222
Secured loan	Doğal Enerji	USD	2024	Floating	Libor+6,50%	20.763.280	21.120.409
Secured loan	Güney Maden	EURO	2017	Fixed	3,5%	20.123.674	20.123.672
Secured loan	Port Operation Holding	EURO	2026	Fixed	2,75%	2.125.802	2.125.802
Secured loan	Consus Enerji	EURO	2017	Fixed	3,5%	5.000.000	5.000.000
						2.145.417.525	**2.163.206.570**
Finance Lease Obligations							
Leasing (x)	Ortadoğu Liman	USD	2017 - 2020	Fixed	5,92 - 7,35%	5.784.033	5.784.033
Leasing (xiii)	Ege Liman	USD	2020	Fixed	5,80 - 6,50%	2.025.964	2.025.964
Leasing	Ege Liman	EURO	2017	Fixed	5,75- 7,75%	7.870.657	7.870.657
Leasing (xi)	Naturelgaz	USD	2019	Fixed	7-7,77%	13.534.204	13.534.204
Leasing (xi)	Naturelgaz	EURO	2017	Fixed	6,04 -10,30 %	10.356.805	10.356.805
Leasing	Straton maden	EURO	2017	Fixed	5,80%	2.524.516	2.524.516
Leasing (xii)	Tres Enerji	EURO	2018	Fixed	4,98%	5.380.129	5.380.129
Leasing (xii)	Tres Enerji	EURO	2020	Fixed	5,13%	21.192.242	21.192.242
Leasing (xii)	Tres Enerji	EURO	2023	Fixed	5,15%	8.393.949	8.393.949
Leasing (xii)	Tres Enerji	EURO	2021	Fixed	5,44%	12.136.721	12.136.721
Leasing	Mavi Bayrak Doğu	EURO	2020	Fixed	5%	6.843.045	6.843.045
						96.042.265	**96.042.265**
						2.241.459.790	**2.259.248.835**

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9 FINANCIAL LIABILITIES (CONTINUED)

Detailed information related to the significant loans and borrowings of the Group is as follows:

(i) The Company has borrowed amounting to USD 100.000.000 long term loan with a 5 year maturity and an interest rate of 9,25 % "loan participation notes" issued on 1 August 2007. The principal amount would be paid on maturity and interest would be paid in January and July each year. On the day the loan was issued, a special purpose entity of the Group invested USD 25.000.000 in the notes, which were issued by Deutsche Bank Luxembourg SA. With subsequent repurchases on various dates, the amount of notes owned by the Group reached a nominal value of USD 26.860.300 as at 31 December 2010. The Group presented these notes acquired as a result of these transactions by netting off its investments in the notes and Group's loan participation notes in accordance with TAS 32.

As at 28 December 2011, the Group exchanged the portion of the aforementioned notes amounting to USD 39.333.000 with the new notes issued by the Company having a nominal value of USD 40.119.000, with a maturity date of 30 June 2017 and an interest rate of 11% p.a. Interest will be paid in January and June each year. Thus, as at 31 December 2011, the nominal value of the aforementioned loan participation notes is USD 60.667.000. As of 31 July 2012, the loan participation notes has been closed by repayment of all interest and principal amounts.

An Extraordinary Resolution was passed at a meeting of the holders of the Notes held on 15 June 2017, where certain amendments were made in favour of the Company, including extension of the maturity of the Notes to 30 June 2022, and a reduction of the interest rate payable on the Notes to 8,0%. A total of USD 11.986.000 has been paid to Noteholders who exercised their Put Option Rights and as of the reporting date, net exposure of the Group was reduced to USD 3.404.000.

As at 31 December 2017, Notes with a nominal value of USD 24.144.000 are held by the Group, out of USD 27.548.000 total outstanding. The Group presented these notes acquired as a result of these transactions by netting off its investments in the notes and Group's notes issued in accordance with TAS 32 "Financial Instruments". As at 31 December 2017, the net nominal value (principal amount) of the issued new notes (presented as debt securities issued) is USD 3.404.000. In addition, as of 6 February 2018, Notes held by the Group amounting to USD 13.944.600 has been redeemed and cancelled.

(ii) The Company has issued bonds to qualified investors amounting to TL 110.000.000 with 728 days maturity and an interest rate of GDS+4,75% on 5 May 2015. The loan amount was paid on maturity and the loan was closed on 2 May 2017.

The Company has issued bonds to qualified investors amounting to TL 40.000.000 with 729 days maturity and an interest rate of GDS+4,50% on 29 December 2015. The loan amount was paid on maturity and the loan was closed on 27 December 2017.

The Company has issued bonds to qualified investors amounting to TL 50.000.000 with 819 days maturity and an interest rate of GDS+5,25 % on 15 April 2016. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 14.800.000 with 819 days maturity and an interest rate of GDS+5,25 % on 17 November 2016. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 70.200.000 with 364 days maturity and an interest rate of GDS+4,75 % on 17 November 2016. The loan amount was paid on maturity and the loan was closed on 16 October 2017.

9 FINANCIAL LIABILITIES (CONTINUED)

The Company has issued bonds to qualified investors amounting to TL 35.000.000 with 91 days maturity and an interest rate of GDS+4,00% on 10 May 2017. The loan amount was paid on maturity and the loan was closed on 9 August 2017.

(iii) As at 31 December 2014, the Company has borrowed a total of EURO 9.000.000, with an interest rate of Euribor + 6,76 % and maturity on 31 December 2018. The interest is paid every six months. The remaining principal amount of the loan as at 31 December 2017 is EURO 3.767.064. (31 December 2016: EURO 6.308.532).

On 30 January 2015, the Company has borrowed a total of EURO 5.000.000, with an interest rate of Euribor + 6,70 % and maturity on 30 January 2019. Interest and principal are paid every six months. The remaining principal amount of the loan as at 31 December 2017 is EURO 2.064.497. (31 December 2016: EURO 3.457.249).

On 23 January 2017, the Company has borrowed a total of EURO 21.000.000, with an interest rate of Euribor + 7,35 % and maturity on 23 January 2020. Interest and principal are paid every six months. The remaining principal amount of the loan as at 31 December 2017 is EURO 19.950.000.

(iv) Liman has issued bonds by pricing resale gain to qualified investors amounting to USD 250.000.000 with 7 years maturity and 8,125 % cupon rate based on 8,250 % reoffer yield was completed on 14 November 2014. The bond is quoted on Irish Stock Exchange. Eurobonds contains the certain following covenants;

- If a concession termination event occurs at any time, Global Liman must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a "Concession Termination Event Offer"). In the Concession Termination Event Offer, the Issuer will offer a "Concession Termination Event Payment" in cash equal to 100% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and additional amounts, if any, on the notes repurchased, to the date of purchase (the "Concession Termination Event Payment Date"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.
- The consolidated leverage ratio would not exceed 5,0 to 1. Notwithstanding the foregoing clause (a), the Issuer and any Restricted Subsidiary will be entitled to incur any or all of the following indebtedness;

  a) Indebtedness incurred by Global Liman ("the Issuer"), Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5.000.000;
  b) Purchase Money Indebtedness Incurred to finance the acquisition by the Issuer or a Restricted Subsidiary (all subsidiaries except Malaga Cruise Port and Lisbon Cruise Port) of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of Indebtedness Incurred pursuant to this sub-clause and then outstanding, does not exceed USD 10.000.000;
  c) Additional Indebtedness of the Issuer or any Guarantor (other than and in addition to Indebtedness permitted above) and (b) Port of Bar Indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time under sub-clauses (a) and (b) of this clause does not exceed USD 20.000.000; and provided further, that more than 50% in aggregate principal amount of any Port of Bar Indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

(v) TL loans amounting to TL 9.784.325, on 10 May 2013, to refinance the loans borrowed to finance Sümerpark Shopping Mall, an investment property of the Group. The amount of TL loans amounting to TL 10.324.121 represent the loans used for Skycity project. The Company, is joint guarantor for the refinancing loans over the term of all commitments and liabilities arising from these loans. As a guarantee for this loan, the land in Denizli Sümer Mahallesi is given as a mortgage and there is pledge over the Sümerpark Shopping Mall in favour of the lender.

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9 FINANCIAL LIABILITIES (CONTINUED)

(vi) On 26 March 2015, the Company has borrowed a total of EURO 10.000.000, with an interest rate of Euribor + 6,50 . The loan amount was paid on maturity and the loan was closed on 22 December 2017.

(vii) Naturelgaz has borrowed a total of TL 18.580.976 and USD 21.026.250 with a maturity date on 2022, with an interest rate of TRLibor+2,5 % and USDLibor+5,25% respectively to finance investing activities. Interest and principal are paid every six months. Under this loan agreement, the shares of a subsidiary of the Group amounting to TL 13.600.000 nominal value has been pledged. The Company, is joint guarantor for the refinancing loans over the term of all commitments and liabilities arising from these loans. The principal payments will start 18 months later and will be paid every six months within a certain payment plan. These loans have financial commitments as defined specifically in relation to their respective debt agreements.

(viii) Straton Maden entered into a loan agreement with interest rates of 0,35%, 1,34% and Eurbior +%3 to finance investing activities. The remaining principal amount of the loans as at 31 December 2017 is EURO 8.084.636.

(ix) The loans used by Port of Bar to finance investing activities.

(x) On 27 August 2010, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 4 September 2015 and interest rate of 5,92% for the purchase of a port tugboat. On 23 December 2013, Ortadoğu Liman has signed a finance lease agreement and interest rate of 5,75% for the purchase of a port tugboat.

On 12 June 2014, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 16 July 2020 and interest rate of 7,35% for the purchase of a port tugboat.

On 27 June 2014, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 16 August 2019 and interest rate of 7,35 % for the purchase of a port of a port forklift.

(xi) Financial lease agreements signed by Naturelgaz with an interest rate of 6,04%-10,30% and expiry date of 2017-2019 for the purpose of leasing machinery and motor vehicles.

(xii) Finance lease agreements signed by Tres Enerji to finance investments.

(xiii) On 25 June 2014, Ege Liman has signed a finance lease agreement with an interest rate of 7,75% and expiry in 2020 to finance investments.

(xiv) Barcelona Port Investments (BPI) has entered into a syndication loan amounting to EURO 60.249.642 with a maturity date on 2023, an interest rate of Euribor+4% and EURO 9.000.000 with a maturity date on 2024, an interest rate of Euribor+1,75% for investing activities. The remaining principal amounts of the loans as at 31 December 2017 are EURO 31.202.100 and EURO 2.398.742 respectively. There is a pledge on BPI shares nominal values amounting to EURO 19.640.360 (TL 88.686.046) and Creuers shares amounting to Euro 1.863.138 (TL 8.413.000) related to this loan.

On 12 January 2010, Malaga Port has borrowed a loan from Unicaja amounted EURO 9.000.000 for a new terminal construction. The loan is a nonrecourse loan which has a 15 year maturity and 18 months non-refundable right effective from the term of the agreement related with Euribor conditions. Malaga Port has guaranteed repayment of principal and interest amounts of the loan by mortgaging its royalty right. The remaining principal amount of the loan as at 31 December 2017 is EURO 5.410.149.

9 FINANCIAL LIABILITIES (CONTINUED)

(xv) Global Ticari Emlak has borrowed a total of USD 34.640.000 with an interest rate of Libor+6,20 % to finance construction over shopping mall in city of Van. Interest is paid every six months (in April and October). The remaining principal amount of the loan as at 31 December 2017 is USD 30.564.706.

(xvi) Global Ports Europe BV entered into a loan amounting to EURO 22.000.000, on 16 November 2015 with a six-year maturity, 12 months grace period and an interest rate of Euribor+4,60%. Principal and interest is paid twice, in May and November each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement. The remaining principal amount of the loan as at 31 December 2017 is EURO 14.650.000.

(xvii) The loan used by Valetta Cruise Port to finance investing activities.

A summary of other guarantees with respect to the loans are presented in Note 20.

The details of the foreign currency risk with respect to financial liabilities are presented in Note 34.

10 TRADE RECEIVABLES AND PAYABLES

Trade receivables - current

As at 31 December 2017 and 31 December 2016, current trade receivables other than due from related parties comprised the following:

	31 December 2017	31 December 2016
Receivables from customers	119.443.362	87.213.441
Doubtful receivables	11.590.377	9.251.994
Allowance for doubtful receivables	(11.590.377)	(9.251.994)
Other	2.980.435	1.314.343
Total	**122.423.797**	**88.527.784**

The movement of the allowance for doubtful trade receivables during the years ended 31 December 2017 and 31 December 2016 comprised the following:

	2017	2016
Balance at the beginning of the period (1 January)	(9.251.994)	(7.332.113)
Allowance for the period	(3.092.724)	(2.271.789)
Cancellation of allowances and collections	749.585	355.106
Exchange differences on translation	4.756	(3.198)
Balance at the end of the period (31 December)	**(11.590.377)**	**(9.251.994)**

The expenses related to the allowance for doubtful receivables are presented under general administrative expenses.

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10 TRADE RECEIVABLES AND PAYABLES (CONTINUED)

Short-term trade payables

As at 31 December 2017 and 31 December 2016, short-term trade payables other than due to related parties comprised the following:

	31 December 2017	31 December 2016
Payables to suppliers	105.916.461	94.175.135
Notes payable	-	715.121
Total	**105.916.461**	**94.890.256**

11 OTHER RECEIVABLES AND PAYABLES

Other receivables - current

As at 31 December 2017 and 31 December 2016, other current receivables other than due from related parties comprised the following:

	31 December 2017	31 December 2016
Deposits and advances given	4.643.015	4.610.022
Receivables from subsidiaries' and joint ventures' other shareholders	549.254	555.940
Tax returns	3.103.206	6.592.811
Other	3.731.606	3.895.806
Total	**12.027.081**	**15.654.579**

Other receivables non-current

As at 31 December 2017 and 31 December 2016, other non-current receivables other than due from related parties comprised the following:

	31 December 2017	31 December 2016
Reimbursement of payments related to Baskent Dogalgaz lawsuit (Note 19)	-	58.665.064
Deposits and advances given	6.410.339	3.206.057
Receivables from Ada Metal	4.312.365	4.312.365
Other	9.984.061	9.359.560
Total	**20.706.765**	**75.543.046**

11 OTHER RECEIVABLES AND PAYABLES (CONTINUED)

Short-term other payables

At 31 December 2017 and 31 December 2016, short-term payables other than due to related parties comprised the following:

	31 December 2017	31 December 2016
Due to subsidiaries' and joint ventures' other shareholders	5.117.122	5.942.980
Taxes payable	19.592.983	9.108.065
Tax amnesty obligations	2.175.956	1.560.225
Other	7.690.940	7.993.339
Total	**34.577.001**	**24.604.609**

Other payables - long-term

At 31 December 2017 and 31 December 2016, other long-term payables other than due to related parties comprised the following:

	31 December 2017	31 December 2016
Consideration payable (*)	4.903.721	4.903.721
Deposits and advances given	6.242	6.030
Non-current concession fee liabilities	1.591.712	-
Other	9.116.854	9.367.482
Total	**15.618.529**	**14.277.233**

(*) The consideration payable amount TL 4.903.721 comprised the balance after deducting TL 4.596.279 that is paid for the property, plant and equipment and TL 1.500.000 that is given as the first advance from the acquisition value of TL 11.000.000 with regards to acquisition of Straton Maden.

12 RECEIVABLES FROM AND LIABILITIES DUE TO OPERATIONS IN FINANCE SECTOR

Current receivables

As at 31 December 2017 and 31 December 2016, current receivables from operations in finance sector other than due from related parties comprised the following:

	31 December 2017	31 December 2016
Receivables from customers	41.741.528	29.594.698
Receivables from money market	30.855.000	16.269.000
Doubtful receivables	1.228.392	1.524.229
Allowance for doubtful receivables	(1.228.392)	(1.524.229)
Other trade receivables	252.299	312.418
Total	**72.848.827**	**46.176.116**

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12 RECEIVABLES FROM AND LIABILITIES DUE TO OPERATIONS IN FINANCE SECTOR (CONTINUED)

Short-term liabilities

As at 31 December 2017 and 31 December 2016, short-term liabilities due to operations in finance sector other than due to related parties comprised the following:

	31 December 2017	31 December 2016
Payables to money market	58.954.055	45.817.001
Payables to customers	4.003.738	3.082.450
Payables to suppliers	3.945.359	3.219.144
Other	19.339	797.426
Total	**66.922.491**	**52.916.021**

13 INVENTORIES

As at 31 December 2017 and 31 December 2016, inventories comprised the following:

	31 December 2017	31 December 2016
Trading properties	57.380.433	42.618.320
Raw materials (*)	33.653.903	36.408.066
Commercial goods (**)	11.207.412	10.885.277
Provision for inventories (**)	(10.131.158)	(10.131.158)
Other	6.180.929	2.283.585
Total	**98.291.519**	**82.064.090**

(*) Bulk of inventories for raw materials comprised of inventories held by the companies which operated in gas/ power/mining investments of the Group.

(**) As at 31 December 2017 and 31 December 2016 commercial goods and provision for inventories amounting to TL 9.435.881 consists of asphalite stocks of Geliş Madencilik.

The details of trading properties as follows:

	31 December 2017	31 December 2016
Balance at the beginning	18.867.513	36.476.936
Additions	15.742.886	7.636.400
Disposals	22.770.034	(1.495.016)
	57.380.433	**42.618.320**

As at 31 December 2017 and 31 December 2016, the Group's land classified as inventory composed of the land plots on which residential flats started to be built in 2011 in the scope of the residential project in Denizli. They were transferred from invesment property to inventories in 2011. The land is located in Denizli, Plot 6224, Parcel numbered 1.

For the year ended 31 December 2017 "disposals" consist of cost of sales of trading property amounting to TL 980.773 (31 December 2016: TL 1.495.016).

For the year ended 31 December 2017 additions consist of expenses for Sky City amounting to TL 15.742.886.

As at 31 December 2017 and 31 December 2016, the mortgage or pledge on the inventory of the Group is explained in Note 20.

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14 PREPAYMENTS AND DEFERRED INCOME

Prepayments-current

As at 31 December 2017 and 31 December 2016, current prepayments comprised the following:

	31 December 2017	31 December 2016
Prepaid expenses (*)	10.485.973	9.732.925
Other advances given(**)	51.170.123	25.609.335
Order advances given for inventories	448.196	828.419
Other	6.666.539	5.959.768
Total	**68.770.831**	**42.130.447**

Prepayments-non current

As at 31 December 2017 and 31 December 2016, non-current prepayments comprised the following:

	31 December 2017	31 December 2016
Advances given (**)	17.360.252	29.670.917
Prepaid expenses (*)	3.680.958	12.024.645
Other	855.909	1.383.693
Total	**21.897.119**	**43.079.255**

(*) As at 31 December 2017 and 31 December 2016, the major part of prepaid expenses comprises of prepaid expenses for energy, mining and port operation activities of the Group.

(**) As at 31 December 2017 and 31 December 2016, the major part of current and non-current advances given comprises of advances given for developing projects of the Group for energy, mining and port operation investments.

Deferred income-short term

As at 31 December 2017 and 31 December 2016, short-term deferred income comprised the following:

	31 December 2017	31 December 2016
Advances received (*)	20.887.863	12.264.058
Deferred income	1.713.361	3.098.728
Other	30.274	99.487
Total	**22.631.498**	**15.462.273**

(*) The major part of advances recieved comprises of advances received for third block sales of residence project of Sümerpark Residences and sales of Sky City office project.

Deferred income-long term

As at 31 December 2017 and 31 December 2016, long-term deferred income comprised the following:

	31 December 2017	31 December 2016
Deferred income	1.393.611	1.570.136
Total	**1.393.611**	**1.570.136**

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15 INVESTMENT PROPERTY

Movements of investment property during the year ended 31 December 2017 and 2016 are as follows:

	1 January 2017	Additions	Valuation difference (Note 28.1)	Transfers	Foreign Currency translation differences	31 December 2017
Construction in progress	13.325.000	-	55.000	-	-	13.380.000
Operating investment property	400.998.250	-	(50.424.707)	1.600.731	14.152.826	366.327.100
Total	**414.323.250**	**-**	**(50.369.707)**	**1.600.731**	**14.152.826**	**379.707.100**

	1 January 2016	Additions	Valuation difference (Note 28.1)	Transfers	Foreign Currency translation differences	31 December 2016
Construction in progress	13.110.000	-	215.000	-	-	13.325.000
Operating investment property	361.802.000	-	1.159.719	-	38.036.531	400.998.250
Total	**374.912.000**	**-**	**1.374.719**	**-**	**38.036.531**	**414.323.250**

Investment property consists of Sümerpark AVM, Van AVM and school and lands in Denizli.

The project which is to be realized upon the land of the Group located in Denizli/Turkey includes a shopping mall, residential flats, a hotel and a hospital.

Operating investment property– Sümerpark Shopping Mall ("Sümerpark AVM")

As at 31 December 2017 and 31 December 2016, the fair values of the Sümerpark Shopping Mall are presented below:

	2017		2016	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Denizli Sümerpark AVM	5 January 2018	109.622.100	30 December 2016	159.978.000
		109.622.100		**159.978.000**

Denizli Sümerpark AVM

Investment properties consist of Sumerpark Shopping Mall which has been officially opened on 12 March 2011.

As at 31 December 2017, there is an insurance amounting to TL 114.719.020 on investment properties of the Group (31 December 2016 : TL 146.560.520).

As at 31 December 2017 and 2016, Sumerpark Shopping Mall is pledged as collateral according refinance loans amounting to TL 35.000.000.

15 INVESTMENT PROPERTY (CONTINUED)

As of 31 December 2017 and 2016, the supermarket within the shopping center is registered as the lessee in the land registry records for 20 years.

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 5 January 2018, the fair value of the Sümerpark Shopping Mall has been determined as TL 109.622.100 by using the income approach method. The income approach method determines the present value of the real estate by capitalizing the future benefits and the net income it brings.

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 30 December 2016, the fair value of the Sümerpark Shopping Mall has been determined as TL 159.978.000 by using the cost value approach method.

As at 31 December 2017, the changes in fair value of Sumerpark Shopping Mall has been accounted under income/expense from investing activities.

Operating investment property– Van Shopping Mall ("Van AVM")

	2017		2016	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Van Shopping Mall	12 January 2018	235.070.000	9 January 2017	219.390.250
		235.070.000		**219.390.250**

As at reporting date, the Group has 16.611 m² area of land in Van province of Turkey acquired for the purpose of capital appreciation, which completed construction and officially opened in 2015 and classified to investment property.

The fair value of the Van Shopping Mall as at 31 December 2017 and as at 31 December 2016 has been determined according to the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB. In accordance with the expertise reports dated 12 January 2018, the fair value of Van Shopping Mall has been determined as TL 235.070.000 by using the discounted cash flow method. In accordance with the expertise reports dated 9 January 2017, the fair value of Van Shopping Mall has been determined as TL 219.390.250 by using the weighted average of cost based and income capitalization method.

The conciliation protocol was signed between the Group and Municipality with respect to withdrawing lawsuits and operating the project based on the decisions of Van City Council and related counciliation comission on 5 July 2014. According to the conciliation protocol, ownership of the property belongs to the Group and the project is started to actualize based on the fullfilment of the certain conditions specified in the protocol (Note 22). As at 31 December 2016 conractor companies progress payments has not been finalized regarding to construction of Van Shopping Mall and recognized accrued liabilities for contractor companies which explained in Note 22 (31 December 2017: None).

As at 31 December 2017 and 31 December 2016, there is a pledge on Van Shopping Mall amounting to USD 50.000.000 related with the loans. In addition there is a pledge on Global Ticari Emlak shares owned by the Group with a nominal value of TL 38.600.000.

As at 31 December 2017 and 31 December 2016 , the changes in fair value of Van Shopping Mall has been accounted under income/expense from investing activities.

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15 INVESTMENT PROPERTY (CONTINUED)

School and Land

The fair values of the land plots and operating investment property of the Group are presented in the table below:

	2017		2016	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Denizli Land (Hotel and hospital)	12 January 2018	13.380.000	9 February 2017	13.325.000
Denizli Land (School)	12 January 2018	21.635.000	9 February 2017	21.630.000
		35.015.000		**34.955.000**

These land plots of the Group in Denizli include the plots on which the Group plans to build residential flats, a hospital and a hotel and is located in Denizli Sümer Mahallesi. The land plot, located in Denizli, Plot # 6224 Parcel # 1 is allocated to a residential flat project. This plot has been transferred to inventory in 2011 as the construction of the residential units project started in 2011. The land plots, located in Denizli, Plot #6227 Parcel 1 and Plot #6225 Parcel 1 will include the hospital and hotel projects.

As at 31 December 2017 , the fair values of these land plots have been determined according to the valuation reports dated 12 January 2018 prepared by an independent real estate apprasial company, which has the authorization licence of CMB.

As at 31 December 2016 , the fair values of these land plots have been determined according to the valuation reports dated 9 February 2017 prepared by an independent real estate apprasial company, which has the authorization licence of CMB.

The Group has made a lease agreement with Final Okulları to operate a school building on the land plot of the Group located in Denizli #6225 Parcel 1 with respect to Sümerpark Multicomponent Project which functions as a shopping mall, flats, a hospital, a hotel and a school and carried out by a subsidiary of the Group, PERA in Denizli. According to the agreement, Final Okulları has a right to operate on the land plot mentioned above as a school for fifteen years. The school has started operations in 2014-2015 education period, consist of 11.450 square meter long closed area with seventy-four classrooms, gym, swimming pool, dining hall, library, conference and meeting rooms.

As at 31 December 2017 the fair value of investment properties is in the scope of level 2 based on the methods used for valuation.

16 PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the year ended 31 December 2017 is as follows:

	Land	Land improvements	Buildings	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Other fixed assets	Construction in progress	Total
1 January 2017										
Cost	13.179.747	30.744.658	94.990.169	246.182.494	105.255.595	128.756.218	240.796.978	417.151	127.908.736	988.231.746
Accumulated depreciation	-	(1.123.721)	(11.715.572)	(93.561.976)	(34.691.705)	(38.634.155)	(53.677.128)	(327.368)	-	(233.731.625)
Carrying value	**13.179.747**	**29.620.937**	**83.274.597**	**152.620.518**	**70.563.890**	**90.122.063**	**187.119.850**	**89.783**	**127.908.736**	**754.500.121**
Additions	8.844.959	1.722	327.254	9.637.182	2.864.788	5.986.733	13.348.012	604.707	112.171.544	153.786.901
Current period depreciation	-	(1.184.781)	(3.053.118)	(22.073.618)	(14.457.770)	(11.961.590)	(16.076.375)	(308.669)	-	(69.115.921)
Disposals	(4.009.748)	(37.334)	(119.503)	(2.113.629)	(1.281.954)	(442.008)	-	-	-	(8.004.176)
Transfer	-	485.690	-	80.462.366	-	239.011	17.813.961	2.417.659	(103.345.236)	(1.926.549)
Foreign currency translation differences	1.506.795	5.639.472	13.586.187	13.324.501	9.382.673	2.465.711	47.152.439	282.663	7.652.210	100.992.651
Addition to scope of consolidation (i)	-	-	-	-	-	-	-	-	2.266	2.266
Carrying value at the end of the period	**19.521.753**	**34.525.706**	**94.015.417**	**231.857.320**	**67.071.627**	**86.409.920**	**249.357.887**	**3.086.143**	**144.389.520**	**930.235.293**
31 December 2017										
Cost	19.521.753	36.834.208	108.784.107	347.492.914	116.221.102	137.005.665	319.111.390	3.722.180	144.389.520	1.233.082.839
Accumulated depreciation	-	(2.308.502)	(14.768.690)	(115.635.594)	(49.149.475)	(50.595.745)	(69.753.503)	(636.037)	-	(302.847.546)
Carrying value	**19.521.753**	**34.525.706**	**94.015.417**	**231.857.320**	**67.071.627**	**86.409.920**	**249.357.887**	**3.086.143**	**144.389.520**	**930.235.293**

(i) Includes the property, plant and equipments of Edusa 1 and Edusa Atık Bertaraf included in the scope of consolidation by the Group.

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16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements of property, plant and equipment for the year ended 31 December 2016 is as follows:

(i) Includes the property, plant and equipments of Port Operation Holding S.r.l. included in the scope of consolidation by the Group.

	Land	Land improvements	Buildings	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Other fixed assets	Construction in progress	Total
1 January 2016										
Cost	12.706.122	27.881.354	78.732.240	185.857.787	77.430.729	104.658.055	204.925.912	386.811	50.188.276	742.767.286
Accumulated depreciation	-	(165.994)	(8.777.647)	(75.632.035)	(22.880.948)	(28.560.508)	(42.924.814)	(316.780)	-	(179.258.726)
Carrying value	**12.706.122**	**27.715.360**	**69.954.593**	**110.225.752**	**54.549.781**	**76.097.547**	**162.001.098**	**70.031**	**50.188.276**	**563.508.560**
Additions	386.616	454.767	2.078.032	19.245.238	18.818.922	12.945.720	5.581.023	14.219	110.209.307	169.733.844
Current period depreciation	-	(957.727)	(2.937.925)	(17.929.941)	(11.810.757)	(10.073.647)	(10.752.314)	(10.588)	-	(54.472.899)
Disposals	(677.115)	(36.029)	(945.159)	(1.372.939)	(2.562.115)	(1.453.780)	-	-	(280.208)	(7.327.345)
Transfer	265.223	269.307	3.802.739	23.983.590	-	12.865.922	3.497.892	-	(40.454.096)	4.230.577
Foreign currency translation differences	498.901	2.175.259	11.322.317	18.362.198	11.563.705	(305.803)	26.101.252	16.121	6.051.471	75.785.421
Acquisition through business combination (i)	-	-	-	106.620	4.354	46.104	690.899	-	2.193.986	3.041.963
Carrying value at the end of the period	**13.179.747**	**29.620.937**	**83.274.597**	**152.620.518**	**70.563.890**	**90.122.063**	**187.119.850**	**89.783**	**127.908.736**	**754.500.121**
31 December 2016										
Cost	13.179.747	30.744.658	94.990.169	246.182.494	105.255.595	128.756.218	240.796.978	417.151	127.908.736	988.231.746
Accumulated depreciation	-	(1.123.721)	(11.715.572)	(93.561.976)	(34.691.705)	(38.634.155)	(53.677.128)	(327.368)	-	(233.731.625)
Carrying value	**13.179.747**	**29.620.937**	**83.274.597**	**152.620.518**	**70.563.890**	**90.122.063**	**187.119.850**	**89.783**	**127.908.736**	**754.500.121**

Mortgage and pledges related to property plant and equipment are presented in Note 20.

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16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

According to the transfer of operational rights agreements ("TOORA") of Ege Liman, Port of Bar, Barcelona Port, VCP and Ortadoğu Liman, subsidiaries of the Group and the Build-Operate-Transfer ("BOT") tender agreement of Bodrum Liman, at the end of the agreement periods, fixed assets with their capital improvements will be returned as running, clean, free of any liability and free of charge.

Pledges on the property, plant and equipment related to loans are presented in Note 9.

Other mortgage and pledges related to property plant and equipment are presented in Note 20.

As at 31 December 2017 and 31 December 2016, the carrying values of the leased assets in property, plant and equipment are as follows:

	31 December 2017	31 December 2016
Furniture and fixtures	12.611.491	19.879.417
Motor vehicles	61.865.875	39.032.672
Machinery, plant and equipments	51.290.404	54.559.917
Land improvements	7.868.010	8.810.349
	133.635.780	**122.282.355**

The depreciation expenses related to the Group's property, plant and equipment are accounted for under the cost of sales and general administrative expenses in the consolidated statement of profit or loss and other comprehensive income (Note 25.2).

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17 INTANGIBLE ASSETS AND GOODWILL

a) Intangible assets:

Movements of intangible assets for the year ended 31 December 2017 is as follows:

	Rights	Software	Port operation rights	Customer relationships	Royalty rights	HEPP License (*)	Naturel gas licenses	Other intangible assets (**)	Total
1 January 2017									
Cost	11.940.025	4.418.281	2.039.443.954	10.324.826	127.065.569	50.672.736	78.201.341	283.863	2.322.350.595
Accumulated amortization	(9.131.950)	(1.691.778)	(523.484.535)	(6.348.557)	(37.968.306)	-	(10.441.894)	(283.863)	(589.350.883)
Carrying value	**2.808.075**	**2.726.503**	**1.515.959.419**	**3.976.269**	**89.097.263**	**50.672.736**	**67.759.447**	**-**	**1.732.999.712**
Additions	894.731	2.241.169	-	-	-	-	33.400	6.113.913	9.283.213
Current period amortization	(1.712.963)	(1.502.411)	(113.194.479)	(1.179.645)	(16.869.725)	-	(3.111.409)	(109.920)	(137.680.552)
Transfers	-	352.011	-	-	-	-	-	3.270.738	3.622.749
Diposals	(560)	-	-	-	-	-	-	-	(560)
Impairment (*)	-	-	-	-	-	(50.672.736)	-	-	(50.672.736)
Foreign currency translation differences	95.396	558.557	222.766.739	748.761	17.144.575	-	-	243.675	241.557.703
Carrying value at the end of the period	**2.084.679**	**4.375.829**	**1.625.531.679**	**3.545.385**	**89.372.113**	**-**	**64.681.438**	**9.518.406**	**1.799.109.529**
31 December 2017									
Cost	12.929.592	7.570.018	2.325.038.516	11.073.587	144.210.144	-	78.234.741	9.912.189	2.526.140.964
Accumulated amortization	(10.844.913)	(3.194.189)	(699.506.837)	(7.528.202)	(54.838.031)	-	(13.553.303)	(393.783)	(727.031.435)
Carrying value	**2.084.679**	**4.375.829**	**1.625.531.679**	**3.545.385**	**89.372.113**	**-**	**64.681.438**	**9.518.406**	**1.799.109.529**

(*) As at 31 December 2017, the Group has accounted provision related to HEPP license as intangible asset, amounting to TL 50.672.736 which is accounted for impairment loss accounted under intangible assets.

(**) The amount of TL 5.838.138 of additions and TL 2.875.648 of transfers are related to stripping costs of mining investments.

17 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

a) Intangible assets (continued):

Movements of intangible assets for the year ended 31 December 2016 is as follows:

	Rights	Software	Port operation rights (i)	Customer relationships	Royalty rights	HEPP License	Naturel gas licenses	Other intagible assets	Total
1 January 2016									
Cost	12.479.700	1.658.990	1.691.954.927	9.706.654	113.767.589	50.672.736	78.201.341	847.567	1.959.289.504
Accumulated amortization	(8.209.230)	(1.202.855)	(352.635.289)	(5.389.763)	(27.432.125)	-	(7.351.120)	(10.603)	(402.230.985)
Carrying value	**4.270.470**	**456.135**	**1.339.319.638**	**4.316.891**	**86.335.464**	**50.672.736**	**70.850.221**	**836.964**	**1.557.058.519**
Additions	3.131.997	1.425.016	-	-	-	-	-	43.367	4.600.380
Current period amortization	(922.720)	(488.923)	(90.415.092)	(958.794)	(10.536.181)	-	(3.090.774)	(273.260)	(106.685.744)
Transfers	(3.364.767)	-	-	-	-	-	-	(865.810)	(4.230.577)
Disposals	(702.825)	-	-	-	-	-	-	(1.386)	(704.211)
Addition to scope of consolidation [(i)]	1.870	-	23.088.474	-	-	-	-	14.019	23.104.363
Foreign currency translation differences	394.050	1.334.275	243.966.399	618.172	13.297.980	-	-	246.106	259.856.982
Carrying value at the end of the period	**2.808.075**	**2.726.503**	**1.515.959.419**	**3.976.269**	**89.097.263**	**50.672.736**	**67.759.447**	**-**	**1.732.999.712**
31 December 2016									
Cost	11.940.025	4.418.281	2.039.443.954	10.324.826	127.065.569	50.672.736	78.201.341	283.863	2.241.916.441
Accumulated amortization	(9.131.950)	(1.691.778)	(523.484.535)	(6.348.557)	(37.968.306)	-	(10.441.894)	(283.863)	(508.916.729)
Carrying value	**2.808.075**	**2.726.503**	**1.515.959.419**	**3.976.269**	**89.097.263**	**50.672.736**	**67.759.447**	**-**	**1.732.999.712**

[(i)] Includes the intangible assets of Port Operation Holding S.r.l. included in the scope of consolidation by the Group.

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17 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

b) Goodwill:

During the years ended 31 December 2017 and 31 December 2016, movement of goodwill is as follows:

	2017	2016
Carrying value as at 1 January	**64.111.729**	**56.242.758**
Currency translation differences	7.875.003	7.868.971
Carrying value as at 31 December	**71.986.732**	**64.111.729**

The distribution of the goodwill according to the segments as at 31 December 2017 and 31 December 2016 is as follows:

Distribution by segments	31 December 2017	31 December 2016
Port Operations	53.136.944	45.261.941
Finance	12.137.491	12.137.491
Real Estate	6.712.297	6.712.297
Total	**71.986.732**	**64.111.729**

Basic assumptions used in each segment for the purpose of impairment testing are as following:

Port operations:

As at 31 December 2017, the Group has carried EURO 12.860.425 Avro (58.071.249 TL) goodwill related to the acquisition of Ege Liman in its consolidated financial statements (31 December 2016: TL 45.258.408).

As at 31 December 2017 and 2016, the Group tested impairment by comparing the goodwill from the acquisition of Ege Liman with the values in use of the cash generating units and concluded that no impairment exists. Cash flow forecasts based on financial budgets of the subsidiary are prepared up to the end of the port usage rights, which is 2033. The basic assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value in use are prepared in EURO. As at 31 December 2017 and 2016, interest rates of 10,65% is used for discounting future cash flows, respectively. 13,7 % considered as average EBIDTA growth rate.

Finance operations:

The Group tested impairment of assets of Global Menkul in order to test the goodwill amounting to TL 10.018.691 as at 31 December 2017 and 2016 recognized in the consolidated financial statements. The Group compared the amount of goodwill with the value in use of cash generating unit and has concluded that there is no impairment. These calculations are based on the cash flows derived from the financial budget for five years approved by the management. Cash flows used to calculate value in use are prepared in TL over 5 year budget. 16% discounted rate is used for discounting future cash flows.

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17 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

b) Goodwill (continued)

Real estate operations:

The Group tested the impairment of the goodwill related to the acquisition of Maya amounting to TL 6.712.296 as at 31 December 2017 and 2016. In such work, the Group compared the amount of goodwill carried in the consolidated financial statements, with Maya's fair value and has concluded that there is no impairment. Maya leased land in Tatlısu Magosa, from the Government of Northern Cyprus in order to build hotels, villas and apartments for the Holiday Village project on the leased land. As at the reporting date, the construction has not been started on leased land, because the expropriation studies have not been completed. As at 31 December 2017 and 2016, the fair value of this leased land is obtained from the appraisal reports prepared by an independent real estate appraisal company. The real estate appraisal company, which is authorized by CMB, uses market approach by reference to market prices of similar properties in the market to determine the fair value and concluded that the fair value of the property is TL 14.235.000 (31 December 2016: TL 12.750.000) which is above the total investment of the Group in Maya recognized in the consolidated financial statements.

18 EQUITY ACCOUNTED INVESTEES

As at 31 December 2017 and 31 December 2016, the details of financial statements related to equity accounted investees are as follows:

			Carrying value	
	Ownership rate	Effective ownership held	31 December 2017	31 December 2016
Assets				
Port of Singapore	40,00%	15,03%	12.386.484	5.582.371
Port of Lisbon	50,00%	28,00%	32.721.018	23.898.054
Venezia(**)	25,00%	6,67%	37.731.377	30.807.943
Axel Corporation Grupo Hotelero SL (***)	15,00%	15,00%	10.188.799	7.376.514
La Spezia	30,00%	17,27%	158.219	129.990
Total Assets			**93.185.897**	**67.794.872**
Liabilities				
IEG (*)	50,00%	38,72%	(597.106)	(566.722)
Total Liabilities			**(597.106)**	**(566.722)**
			92.588.791	**67.228.150**

(*) Since the Group will compansate the liabilities of IEG based on the its shareholding rates, the Group recognized a loss on IEG's financial statements under liabilities related to the equity accounted investees.

(**) Venezia Investimenti Srl is an international consortium formed for investing in Venezia Terminal Passegeri S.p.A (VTP). The international consortium formed by Global Ports Holding (GPH), Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having 25% share of the Company. As of reporting date the Group consolidate its financial statements as equity accounted investment method.

(***) Aristaeus Limited, a subsidiary of the Group, has been acquired a 15% shares of Axel Corporation Grupo Hotelero SL, operating in Spain, on 15 July 2016. As at 30 September 2016, the Group started to consolidate its financial statements as equity accounted investment method.

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18 EQUITY ACCOUNTED INVESTEES (CONTINUED)

31 December 2017	Current Assets	Non Current Assets	Total Assets	Short Term Liabilities	Long Term Liabilities	Total Liabilities	Income	Expenses	Net Profit/ Loss for the period
IEG	540.092	8.875	548.967	(1.743.181)	-	(1.743.181)	39.856	(100.626)	(60.770)
Port of Lisbon	30.466.329	108.931.798	139.398.127	(21.451.908)	(52.504.183)	(73.956.091)	21.451.069	(14.395.535)	7.055.534
Port of Singapore	50.710.514	10.568.587	61.279.101	(23.351.293)	(6.961.597)	(30.312.890)	54.647.611	(40.762.699)	13.884.912
Venezia Investimenti	7.316.621	144.267.047	151.583.668	(658.162)	-	(658.162)	3.845.197	-	3.845.197
Axel Corporation Grupo Hotelero SL	33.702.614	51.450.160	85.152.774	(13.116.105)	(4.111.331)	(17.227.436)	86.457.428	(78.946.541)	7.510.888
La Spezia	527.395	-	527.395	-	-	-	-	-	-

31 December 2016	Current Assets	Non Current Assets	Total Assets	Short Term Liabilities	Long Term Liabilities	Total Liabilities	Income	Expense	Net Profit/ Loss for the period
IEG	507.529	8.875	516.404	(1.649.848)	-	(1.649.848)	127.201	(468.322)	(341.121)
Port of Lisbon	22.095.564	33.801.142	55.896.706	(8.100.598)	-	(8.100.598)	15.714.273	(9.869.723)	5.844.550
Port of Singapore	26.141.088	10.459.085	36.600.173	(14.502.467)	(8.141.779)	(22.644.246)	31.273.461	(26.653.591)	4.619.870
Venezia Investimenti	6.011.280	117.761.231	123.772.511	(540.741)	-	(540.741)	8.452.261	(713.925)	7.738.336
Axel Corporation Grupo Hotelero SL	20.852.669	40.187.180	61.039.849	(9.031.024)	(2.832.067)	(11.863.092)	53.618.131	(48.650.786)	4.967.345
La Spezia	433.304	-	433.304	-	-	-	-	-	-

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

19.1 Other short term provisions

	31 December 2017	31 December 2016
Provision for lawsuits	6.586.852	5.460.285
Provision for consultancy expenses	2.844.014	4.851.333
	9.430.866	**10.311.618**

Other Long-term Provisions

	31 December 2017	31 December 2016
Replacement provisions for Creuers	67.582.003	47.464.473
Restructing provisions for Port of Bar	5.644.375	4.822.870
Replacement provisions for Port Operation Holding	6.289.207	5.934.729
	79.515.585	**58.222.072**

The Group have made a commitment amounting to TL 15.687.965 based on the share transfer agreement regarding with purchasing of Port of Bar and began to fulfill the commitments in 2014. As at 31 December 2017 the remaining amount related to commitment is TL 5.644.375. In addition, as at 31 December 2017 the Group has recognized provision in the consolidated financial statements amounting to TL 67.582.003 and TL 6.289.2017, respectively, for renovations and widescale repairments in compliance with TOORA Contract related to the acquistion of Barcelona Port and the acquisition of Italian ports as explained in detail in Note 3.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(CONTINUED)

19.2 Legal issues

There are lawsuits pending that have been filed against or by the Group. These lawsuits primarily include the labor and debt cases. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for those possible earnings and liabilities. The amount of provision that has been accounted for is stated in Note 19.1. The information related with the significant lawsuits that the Group is directly or indirectly a party is as follows:

(i) The Constitutional Court passed a decision on 6 June 2013 governing the cancellation of the phrase "…except for specific arrangements…" included in the Provisional Article 8 that has been added to the Law No: 4706 amending the contractual terms of agreements regarding easement rights or utilization rights concerning the immovable that are fully owned by the state or private properties of the Treasury, the terms of which are shorter than 49 years, to be extended to 49 years starting from the validity of the relevant agreements.

Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Port Akdeniz"), Ege Liman İşletmeleri A.Ş. ("Ege Ports") and Bodrum Yolcu Limanı İşletmeleri A.Ş. ("Bodrum Cruise Port") filed their applications regarding extension of the operation periods of the ports in accordance with the cancellation decision of the Constitutional Court and the applicable legislation, to the relevant authorities. However, each application was rejected by the authorities. Port Akdeniz, Ege Ports and Bodrum Cruise Port filed lawsuits at the competent administrative courts.

The cases taken to the courts by Ege Liman and Port Akdeniz had been rejected and the Group lawyers appealed the rejection decisions. On appeal, the Council of State reversed the lower court's judgement and allowed the extension of the concession agreement related to Ege Liman. The Privatization Administration applied to the Council of State for reversal of this judgement and the case is pending. Port Akdeniz's lawsuits were rejected at first instance court and were appealed by the Group. The case is pending before the Council of State.

Bodrum Cruise Port's objection was approved by the court and rejection decision of the Ministry of Transportation, Maritime Affairs and Communication had been cancelled in favor of Bodrum Cruise Port. Upon affirmation of this decision by the Council of State the Ministry has filed for rectification and the case is still before the Council of State.

On the other hand, extending operation right terms to 49 years is now a possibility for certain facilities and investments including Bodrum Cruise Port as per provisional clause 23 of the Law on Evaluation of Public Immovable Assets and Amendment on VAT Law No 4706, which was introduced by the Law No 7061 published on the Official Gazette of 5 December 2017. Guidelines as referred in the law are expected to be announced by relevant ministries.

(ii) The employees of Bar Port in Montenegro have filed number of cases with the local courts for the purposes of their claims arising from the Collective Agreement that was signed in 2009, that are related to (i) the period (2011 - 2014) before the handover of the port to Global Ports and (ii) alleged underpaid wages and other rights as of beginning of 2014. In some of these cases, the Basic Court, with its decision resolved that the Collective Agreement is not valid, which is in favor of Global Ports; and rejected the case and the decision became final. In another set of cases, despite this final decision, the court resolved that the Collective Agreement is valid, which were then appealed by the Company at the Higher Court level. The Higher Court resolved in April 2017 that the Collective Agreement is not valid as of 30 September 2010. Remainder of the cases is being examined as per Higher Court's recent decision.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(CONTINUED)

19.2 Legal issues (continued)

(iii) The former owner of the shares of a subsidiary of the Group filed a lawsuit against the Group for the restitution of the shares. On 4 January 2008 a trustee had been appointed for the subsidiary's management and the subsidiary was therefore excluded from the consolidated accounts. On 2 March 2010, the court decided on return of shares on a free of charge basis to the former owners and that the trustee, previously appointed by the Court, shall remain in charge until the final decision. The Group lawyers appealed the decision on 28 April 2010 upon the notification of the justified decision. Although the decision was overruled the first instance court decision was against the Group and the judgment became final on 3 March 2016. The shares that are subject matter of the case was transferred to a foreign company in the course of court hearings and examinations in 2015. On the other hand, the Group has filed counter claims in order to collect the expenditure made for the purposes of the project against the partners on 21 April 2016 and the cases are still pending. Group lawyers succeeded in their application to take and impose an interim injunction on company shares of one of the debtors.

(v) GYH and Global Liman were part of a consortium which participated in the tender process relating to the privatization of İzmir Port. The joint venture in which the Group also attended placed as the highest bid for the tender regarding the privatization of the operating rights of TCDD İzmir Ports via transferring method conducted by the Privatization Administration on 3 July 2007. The High Council of Privatization Administration approved the tender. Liman-İş and Kamu İşletmeciliğini Geliştirme Merkezi Vakfı separately filed lawsuits for the cancellation of the tender. These lawsuits were rejected by the Council of State. Plaintiffs appealed the verdicts. 1st Department of Council of State has approved the Privatization of Operating Rights without waiting for the approval of the 13th Department of Council of State. High Council of Privatization has invited the Joint Venture to sign the Agreement with a declaration dated 23 September 2009.

The Group, on behalf of the joint venture partnership participating in the tender, requested an extension from the PA to complete the privatization by 15 April 2010. The PA granted a 45-day extension on 10 November 2009, permitting the joint venture to complete the privatization by 24 December 2009. Pursuant to the terms of the tender, on 7 January 2010 the PA cancelled the tender and called the USD 15 million bid bond provided by GYH and its joint venture partners during the bid process. On 8 January 2010, the Group deposited USD 6.900.000 in escrow, its portion of the bid bond, and on 12 January 2010 the PA received the bid bond in full from all joint venture partners. Following forfeiture of the bid bond, the Group and its joint venture partners fulfilled all of their obligations to the PA in connection with the tender.

The Group initiated a pilot debt recovery procedure of USD 10.000 against the PA with the Ankara Enforcement Authority (which then is to be followed by the actual procedure) claiming the repayment of the Bid Bond with a total amount of USD 12.750.000 which was liquidated on unjustifiable grounds. However, the proceeding was suspended upon defendant's objection. The cancellation of the defendant's claim and a penalty amounting to 40% of the total amount were requested from Ankara Commercial Court on the ground that defendant's claim was unjustifiable. The expert, in the report, has the opinion that Group's request was rightful. The defendant, Privatization Administration, made an objection to the Report. Although the latter expert report has also represented in favor of the Group, the Group has requested for correction of the expert report due to insufficient examination. The Court dismissed the lawsuit and the lawsuit has been appealed by the Group.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(CONTINUED)

19.2 Legal issues (continued)

(vi) On 14 March 2008 the joint venture ("JV") consisting of Energaz (newly titled as Enerya Gaz Dağıtım A.Ş. ("Enerya")) and GYH placed the highest bid USD 1.610.000.000 for the tender relating to the privatization of the shares of "Başkent Doğalgaz Dağıtım A.Ş." owned by the Municipality of Ankara via the block sale method. STFA Yatırım Holding A.Ş. and ABN Amro Infrastructure Capital Management Ltd. (newly named "Eiser Infrastructure Limited") also became members of the JV. Along with other reasons, as the information in relation to Başkent Doğalgaz Dağıtım A.Ş. within the tender specifications was misleading the shares of Başkent Doğalgaz Dağıtım A.Ş. were not transferred to the JV. As the procedure was continuing, the Municipality applied to the guarantor bank to enable the liquidation of the USD 50.000.000 Letter of Guarantee, procured by the Consortium, submitted to the Municipality as a requirement under specifications by GYH, the 51,66 % participant of the JV.

The Group filed a lawsuit before the Ankara Administrative Court against the Municipality, requesting cancellation of the Municipality Council's resolution dated 22 January 2009, numbered 86/325 regarding the forfeiture of the letter of guarantee given by JV according to Article 10/c of the tender specification. The Group also requested an injunction on 15 January 2010. Ankara Administrative Court decided incompetence and the case has been taken over by the Thirteenth Chamber of Council of State. The Thirteenth Chamber of Council of State rejected the request for a stay for execution. The Group appealed and the Administrative Division of the High Council of the State overturned the rejection on 8 July 2010. At this point, 13th Chamber of Council of State completed the parts which were missed before. Afterwards, 13th Chamber of Council of State dismissed the case and the judgement of dismissal received on 4 August 2014. The decision has been appealed in due of time by the Group lawyers on 2 September 2014. The Chamber of Council of State approved the decision and it was notified on 28 July 2016. Request of rectification has been submitted in due of time by the Group lawyers and it has sent to Pleanary Session of the Administative Law Chamber by prejudice on 12 January 2018.

On 2 July 2009, a decision of the Turkish High Council of Privatization Administration was published in the Official Gazette. Accordingly, the Privatization Administration shall be in charge in order to conduct and finalize the privatization process of the Başkentgaz shares as at the date of the decision as the Municipality could not close the tender in the two years period according to the Law No.4046. Thus, the Turkish Privatization Administration finalized the privatization process of the Başkentgaz shares by means of making several tenders in 2014.

In the meantime Boru Hatları ile Petrol Taşıma A.Ş. ("BOTAŞ") initiated an execution process in accordance with the Article 79 of the Collection of the Public Receivables Act No. 6183 against the Municipality. As a precautionary measure, the Group applied to Beyoğlu Commercial Court to prevent the liquidation of the Letter of Guarantee amounting to USD 50.000.000. The court issued a precautionary measure for 15% of the collateral of the Letter of Guarantee which prevented the liquidation. The Municipality raised an objection against the measure, which was rejected by the Court.

Continuing with their precautionary measure, a lawsuit was filed by the Group against the Ankara Metropolitan Municipality and BOTAŞ before the First Chamber of the Beyoğlu Commercial Court claiming to dissolve the discrepancy for the payment of the bid amount and the restitution of the Letter of Guarantee. The court decided that it is not a competent court to conduct the case and that Ankara courts were the most appropriate forum for the litigation. The guarantor bank that provided the Letter of Guarantee requested an intervention in the lawsuit, which was then approved by the Court. The court additionally allowed the plaintiff to file a separate lawsuit against the PA and enabled this separate lawsuit to be combined with the pending lawsuit. Upon this order, the Consortium filed another lawsuit against the PA, as it became the competent authority to conduct the privatization process. The court decided to combine this lawsuit with the pending lawsuit which is behind Ankara 3rd Chamber Commercial Court.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(CONTINUED)

19.2 Legal issues (continued)

The file has been sent to a three person expert commission for detailed examination on 17 January 2012. Commission declared in their report that the outcome of the Administrative Court case may be a prejudicial question however the Court, has not taken the objections to the Commission report into account and, rejected the case and cancelled the preliminary injunction on the Bid Bond on 26 February 2013. The Bid Bond amounting to USD 50.000.000 has been paid by the Group. The decision has been appealed. As a result of the appeal, the Supreme Court of Appeals acknowledged all objections and reversed the decision in favor of the Group. The defendant Municipality requested for the revision of decision and such revision request has rejected by the Supreme Court. The file has been sent to Ankara 4th Chamber Commercial Court with the file number 2016/37 and been approved the remittitur and ruled an interim decision to wait the decision of the Chamber of Council of State. Following that the Group lawyers submitted a revocation petition in relation to that there is no reasoning to wait for the decision of the Chamber of Council of State. However, at the hearing held on 31 May 2017, such request of Group lawyers was rejected. On the same day, 31 May 2017, a writ of execution was written and sent to the 13th Council of State by the Court. Response of 13th Council of State regarding the writ of execution was also received; and yet the case file has not been sent the Court yet and currently is being held by Pleanary Session of the Administrative Law Chamber. Next hearing will be held on 27 June 2018.

Brielfy as at 31 December 2012, the Group allocated provision amounting to USD 50.000.000 (TL 89.130.000) under "provisions" in its consolidated financial statements. The reimbursement of the provisions is accounted for under "other receivables" as "reimbursement of provisions" amounting to USD 24.170.000 (TL 43.085.422) and a net amount of provision and reimbursement of the provision amounting to USD 25.830.000 (TL 46.044.558) is accounted for as provision expense under "finance costs" in the consolidated financial statements. As of 31 December 2013, since the liability have been paid, the receivables amounting to TL 51.586.031 (31 December 2014: TL 38.656.063) (Note 11) accounted as "reimbursement of payments" in the other receivables. As at 31 December 2014, the Group has come to agreement with the other partners of the Consortium, Enerya and STFA, and the related amount has been collected. The difference between the receivable arising from the recourse and the agreed amount has been written off and expensed under finance costs in the amount of TL 9.379.317. (Note 30) As of 31 December 2016, USD 16.670.000 is accounted for under "other receivables" as "reimbursement of provisions". However, the legal process with regards to the other member of the Consortium is still ongoing and yet the Group management considers that collection of the receivables from the other members of the Consortium shall have a positive impact on the process. Although preparations to start legal proceedings abroad with regards to such receivable, in order to speed up the collectability of such receivable which is already in a high chance upon winning the case, based on the precautionary principle, the Group has allocated provision amounting to TL 62.877.573 for the provision to be indemnified which are accounted under the other receivables as "reimbursement of provisions" in the consolidated financial statements as of 31 December 2017.

On the other hand, the Municipality filed a lawsuit against the Company and Enerya before 4th Ankara Commercial Court on the date of 26 Mach 2013 in request for the compensation for unlawful preliminary injunction. The requested compensation amount is USD 10.000.000, save for the rights to surplus related to lawsuit, request and other damages especially interest income loss of the municipality and damages arising from forced loan, with accruing commercial interest as from 31 December 2008. The lawsuit petition and interim decision related to the lawsuit have been received on 7 May 2013. In the rebuttal petition dated 15 May 2013, the Group's lawyers claimed for nonsuit and requested for awaiting the finalization of the decision of the superior court by reason of the fact that the compensation lawsuit was filed before giving ruling on the primal lawsuits conducted before 4th Ankara Commercial Court numbered 2010/308 E. and the Thirteenth Chamber of Council of State numbered 2010/920 E. Besides, the Group's lawyers requested for evidencing of tangible damages of plaintiff and determining of the scope of compensation in accordance with the Code of Obligation Article 51. The Court has decided to pend the filing until the decision of the file before the same Court with the file number of 2016/37 detailed above. Next hearing will be held on 23 May 2018.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(CONTINUED)

19.2 Legal issues (continued)

(vi) The Company filed a lawsuit of USD 15.000 against ABN Amro Infrastructure Capital Management Ltd. before Beyoğlu Commercial Court claiming that the defendant, with regards to the related articles of the JV Agreement signed between the Parties after the Tender of the Privatization of Başkent Doğalgaz Dağıtım A.Ş. arranging to share jointly all the financial, accounting, legal, tax, commercial and insurance expenses, has not paid its share of USD 236.918, reserving the right to claim the whole amount. The expert report and the additional report has been received and the parties has raised objections to such reports. In the hearing held on 3 March 2014, it has been decided to be pended the filing until the decision of the file numbered 2010/920 before 13th Council of State. Since the lawsuit with the file numbered 2010/920 before 13th Council of State which is regarding the forfeiture of the letter of guarantee has been decided to be pended, interrelation with and the differences from the lawsuit have been indicated in the most recent petition. In the said petition, it has been stated that the decision taken by the Administrative Court has no defect evaluation for Global; and only has an defect evaluation for the JV, and therefore it has been defended that the interrelation of the parties are different and lawsuit must be approved without making it a pending issue. During the hearing held on 24 February 2016, the Court has removed the pending decision and rejected the lawsuit.The decision of the first instance court is appealed by the Group on 27 May 2016. The file number which is 2016/14130 has been obtained by the 3rd Chamber of Supreme Court of Appeals. The case is still on preliminary examination phase.

(vii) Dağören, one of GYH's subsidiaries made an application to the General Directorate of State Hydraulic Works (the "Administration") to obtain a generation licence for the Dağören Hydroelectric Power Plant ("HEPP").

According to correspondence sent by the Administration dated 18 July 2008, the Administration accepted the application with one condition-the generation licence had to be granted by the Energy Market Regulatory Authority ("EMRA"). Subsequently, Dağören completed its licences application to EMRA and EMRA approved the application for a 46 year generation licence on 27 November 2008. Consequently, the Right of Water Usage Agreement was signed and sent to Dağören by the Administration.

Dağören responded stating that the draft agreement was acceptable and the final Right of Water Usage Agreement could be signed. On the grounds that the Bilateral Cooperation Agreement ("Agreement") between Turkey and USA is abrogated, which includes the development of Hakkari Dam and Hydroelectric Power Plant ("HEPP") Project located on the upper level of Dağören Regulator and HEPP Project, the Administration refrained from signing the water utilization rights agreement and subsequently notified Dağören, that Dağören Regulator and HEPP Project is also cancelled.

Dağören lawyers filed a lawsuit in the Sixteenth Administrative Court of Ankara to cancel the administrative decision given by the Administration on grounds that EMRA is the only body entitled to give or cancel any production licence; that the Administration has no authorization to cancel a project which is already approved by EMRA; that the Administration has no right to refrain from signing the water utilization rights agreement of any project that is approved by EMRA and the cancellation of Hakkari Dam and HEPP Project is not automatically a reason for the cancellation of the Dağören Regulator and HEPP Project.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(CONTINUED)

19.2 Legal issues (continued)

The Sixteenth Administrative Court of Ankara decided against Dağören as a matter of public interest and not considering any contradiction against the law. Dağören appealed the verdict to the Council of State and requested an injunction declaring that the process conducted by the Administration cannot be lawful as a matter of public interest where it contradicts the express provisions of the law. The lawyers also requested that the appeal process shall be carried on through court hearings. Since the Thirteenth Chamber of the Council of State which will carry on the appeal process is the specialized court in such processes, the Group lawyers believe that the decision by the Sixteenth Administrative Court of Ankara will be reversed and a judgement made in favour of the Group. The 13th Chamber of the Council of State which carried on the appeal process approved the decision of the Court of the First Instance and such decision was received by Group Lawyers on May, 2017. The Group Lawyers applied for a request of revision of the decision.

As at 31 December 2017, based on the precautionary principle and according to the current existing situation, the Group has accounted provision amounting to TL 50.968.072 for the HEPP license and for the other tangible assets accounted in the consolidated financial statements.

(viii) Raiffeisen Centrobank AG ("Raiffeisen") filed a lawsuit before the 14th Commercial Court of First Instance in request for recognition and approval of the decision numbered 600337-2013 dated 14 October 2014 made by Swiss Chambers' Arbitration Institution and the reimbursement of litigation cost, lawyer expense and other compensable expenses by the Group. The Group lawyers submitted a petition and claimed that the conflict causing arbitration process was out of the scope of the conditions of the agreement signed by the parties so the arbitrator was unauthorized and also Group lawyers asserted other reasons to the Court. Afterwards, Raiffeisen submitted a counter petition against Group's declarations and the Group lawyers submitted rebuttal petition dated 6 July 2015 together with the legal opinion prepared by Prof. Dr. Cemal Şanlı. The Court without holding a hearing made an examination on 12 June 2015 and decided upon that preliminary hearing will be held on 19 November 2015 before the board of the Court. In the preliminary hearing, the copy of registration files of the Company has been requested from the related registry of commerce and granted an extension to Raiffeisen's lawyer for submitting their rebuttal petition against Group's rebuttal petition and legal opinion. Raiffeisen submitted their replies to the file however; this replication has not received yet by the Group. In the hearing held on 10 March 2016, the expert report was submitted to the Court and the parties have raised objections and statements to the report. However, in the hearing held on 02 February 2017, the Court accepted the case and decided to the recognition and approval of the decision numbered 600337-2013 dated 14 October 2014 made by Swiss Chambers' Arbitration Institution. The Group lawyers appealled the decision before the Provincial High Court and it is still being examined by the Provincial High Court.

(ix) On the other hand, Global Enerji Hizmetleri ve İşletmeciliği A.Ş. which is a subsidiary of the Group filed a lawsuit before 2nd Commercial Court of First Instance claiming that the compensation of its damages stemming from the share purchase agreement signed with the former shareholders of Geliş Madencilik Enerji İnşaat A.Ş. The value of the claim was USD 7.958.000 (TL 21.760.355) which was the amount of the advance payment in accordance with the shareholders agreement. The defendants have submitted their rebuttal petition and filed a counter lawsuit for the purpose of compensation of USD 19.000.000 which was an unpaid part of share transfer price USD 26.958.500. This counter lawsuit has been filed as partial therefore in the first phase; the defendants requested USD 20.000 for share transfer price, TL 25.000 for expenses and lost profit damages, TL 50.000 for the compensation of positive damages stemming from decreasing of share price and USD 40.000 for penal clause. The Group lawyers have submitted the entire petitions to the first lawsuit and counter lawsuit. The expert report was submitted to the Court and the parties submitted their statements to the report in February 2018.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

19.3 Contingent liabilities

The details related to the Group's guarantees, pledges and mortgages given are presented in Note 20. Moreover, the Group has the following contingent liabilities:

Ege Liman

The details of the Transfer of Operational Rights Agreement("TOORA") dated 2 July 2003, executed by and between Ege Liman and Privatization Authority ("PA") together with Turkish Maritime Organization ("TDI") are stated below:

Ege Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Kuşadası Cruise Port for an operational period of 30 years. Ege Liman is liable for the maintenance of Kuşadası Cruise Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ege Liman.

Ortadoğu Liman

The details of the TOORA dated 31 August 1998, executed by and between Ortadoğu Liman and PA together with TDI are stated below:

Ortadoğu Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Antalya Port for an operational period of 30 years. Ortadoğu Liman is liable for the maintenance of Antalya Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ortadoğu Liman.

Bodrum Liman

The details of the BOT Contract dated 23 June 2004, executed by and between Bodrum Liman and the State Railways, Ports and Airports Construction Company ("DLH") are stated below:

Bodrum Liman had to construct the Bodrum Cruise Port in a period of 1 year and 4 months following the delivery of the land and thereafter, will operate the Bodrum Cruise Port for 12 years. The final acceptance of the construction was performed on 4 December 2007, and thus the operation period has commenced. Bodrum Liman is liable for the maintenance of the port together with the port equipment in good repair and in operating condition throughout its operating right period. The facilities, equipment, installations and the systems together with the tools and other equipment belonging thereto shall be surrendered to the DLH after the expiry of the contractual period.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

19.3 Contingent liabilities (continued)

Port of Bar

The details of the TOORA dated 15 November 2013, executed by and between Global Liman and Ministry of Transportation and Maritime and Port Administration of Montenegro ("PAM") are stated below:

The contract with respect to acquisition of 62,09 % shares of general freight and cargo terminal of Port of Bar located in Montenegro has been signed on 15 November 2013 after a subsidiary of Group, Global Liman, offered the tender comprised the repair and maintenance of the Port, financing, construction and operating the Port for 30 years and initiated by Ministry of Transportation and Maritime and Port Administration of Montenegro at best, approvals and procedures related to sales transaction was completed on 30 December 2013 which is the Group obtained management and control of the company.

Barcelona Cruise Port

The details of the TOORA Contract dated 29 July 1999, executed by and between Creuers del Port de Barcelona and the Barcelona Port authority are stated below:

Creuers del Port de Barcelona, S.A. ("Creuers") will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in World Trade Center Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of World Trade Center Wharf terminals North and South together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

The details of the TOORA Contract dated 26 July 2003, executed by and between Creuers and the Barcelona Port authority are stated below:

Creuers will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in Adossat Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of Adossat Wharf Terminals A, B and C together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

19.3 Contingent liabilities (continued)

Malaga Cruise Port

The details of the TOORA Contract dated 9 July 2008, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to adapt the Terminal Levante of the Malaga Port and its exploitation, for a 30-year period. However, the Port concession period can be extended automatically for 5 years provided that Creuers has complied with all the obligations set forth in the Port Concession. Therefore, the concession period is considered as 35 years. Cruceros will perform passenger services, terminal usage and luggage services. Cruceros is liable for the maintenance of Terminal Levante together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Malaga Port Authority.

The details of the TOORA Contract dated 11 December 2011, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to adapt the of Terminal El Palmeral of the Malaga Port and its exploitation, for a 30-year period. However, the Port concession period can be extended automatically for 5 years provided that Creuers has complied with all the obligations set forth in the Port Concession. Therefore, the concession period is considered as 35 years. Cruceros will perform passenger services, terminal usage and luggage services. Cruceros is liable for the maintenance of Terminal El Palmeral together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Malaga Port Authority.

19.4 Operating leases

Group as lessee

The Group entered into various operating lease agreements. As at 31 December 2017 and 2016, operating lease rentals are payable as follows:

	2017	**2016**
Less than one year	13.026.375	6.493.621
Between one and five years	48.089.429	19.906.037
More than five years	526.217.065	253.766.498
	587.332.869	**280.166.156**

The Company's main operating lease agreements as lessee are the port rent agreement of Bodrum Liman until 2019, VCP until 2066, Port of Bar until 2043 and the rent agreement signed by Pera with the General Directorate of Foundations with respect to the rental of 6.Vakıf Han for 15 years and other operating lease agreements of Naturelgaz.

For the year ended 31 December 2017, payments recognized as rent expense are TL 19.172.230 (2016: TL 13.468.979).

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

19.4 Operating leases (continued)

Group as lessor

As at 31 December 2017 and 2016, the future lease receivables under operating leases are as follows:

	2017	2016
Less than one year	13.564.630	20.570.556
Between one and five years	40.436.541	42.452.950
More than five years	17.938.001	19.767.136
	71.939.172	**82.790.642**

The Group's main operating lease agreements as lessor are the rent agreements of Pera with the lessees of Sümerpark AVM and 6. Vakıf Han, the marina lease agreement of Ortadoğu Liman until 2028 and various shopping center rent agreements of Ege Liman and Bodrum Liman up to 5 years.

During the year ended 31 December 2017, TL 75.798.690 (2016: TL 68.027.303) have been recognized as rent income in the consolidated financial statements.

20 COMMITMENTS

As at 31 December 2017 and 2016 guarantees, pledges and mortgages (GPMs) given by the Group are presented below:

31 December 2017

		Original Amount		
	TL Equivalent	TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	445.454.591	244.423.211	10.200.000	36.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	1.087.339.383	206.952.644	133.828.942	83.179.571
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	-	-	-	-
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
Total	**1.532.793.974**	**451.375.855**	**144.028.942**	**119.179.571**

20 COMMITMENTS (CONTINUED)

31 December 2016

		Original Amount		
	TL Equivalent	TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	382.285.571	212.833.331	10.200.000	36.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	947.241.324	195.181.598	138.733.459	71.114.838
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	-	-	-	-
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
Total	**1.329.526.895**	**408.014.929**	**148.933.459**	**107.114.838**

As at 31 December 2017 the ratio of other GPMs given to the Group's equity is 0% (31 December 2016: 0%).

As at 31 December 2017 and 2016 guarantees and the details of the GPMs given by the Group are presented below:

	31 December 2017	31 December 2016
Given to Energy Market Regulatory Authority (1)	3.638.780	417.500
Given for tenders	2.893.590	1.446.207
Given as a guarantee for commercial contracts	29.948.425	22.259.400
Given to Borsa Istanbul	2.812.500	9.362.500
Given to Takasbank	33.075.000	30.525.000
Given to Privatization Administration	2.107.709	9.000.099
Given to supply for natural gas	34.457.082	23.952.611
Given to courts, ministries, Tax Administration	6.442.717	1.876.684
Given to Capital Markets Board	4.576	4.576
Other	130.419.079	36.294.543
Total letters of guarantee	**245.799.458**	**135.139.120**
Mortgages and pledges on inventory, property plant and equipment and investment property (2)	608.329.005	556.610.217
Pledges on equity securities (3)	251.677.068	200.480.494
Sureties given (4)	426.988.443	437.297.064
Total contingent liabilities	**1.532.793.974**	**1.329.526.895**

(1) The amounts include the letters of guarantee given by Group companies operating in energy sector to EMRA.

(2) Mortgages and pledges on inventory, property, plant and equipment and investment property:

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20 COMMITMENTS (CONTINUED)

As at 31 December 2017, there is a mortgage amounting to TL 120.000.000 and Euro 15.000.000 (TL 67.732.500) over one of the buildings of Global Yatırım Holding (which is classified as property, plant and equipment) with respect to the loans obtained (31 December 2016: TL 120.000.000 and Euro 15.000.000).

As at 31 December 2017, there is mortgage on the land of the Group located in Denizli , which is classified as investment property, as collateral of the Group's bank loans amounting to TL 84.500.000 and Euro 15.000.000 (TL 67.732.500) (31 December 2016 : TL 84.500.000 and Euro 15.000.000). In additon as at 31 December 2017, there is a mortgage on the land of the Group located in Van ,classified as investment property, related with the loans used by Global Ticari Emlak amounting to USD 50.000.000 (TL 188.595.000) (31 December 2016 : USD 50.000.000 (TL 175.960.000)).

As at 31 December 2017, there is a pledge over the property, plant and equipment of Port of Bar amounting to Euro 1.000.000 (TL 4.515.500) with respect to the loans obtained by Port of Bar and there is a pledge over the property and equipment of Port of Barcelona amounting to Euro 13.493.042 (TL 60.927.831). As at 31 December 2017, there is a pledge over the property, plant and equipment of Ortadoğu Liman amounting to USD 3.150.000 (TL 11.881.485) with respect to the loans obtained by Ortadoğu Liman. As at 31 December 2017, there is a pledge over the property, plant and equipment of Pera amounting to TL 2.444.189 with respect to the lease agreements of Pera.

(3) Pledges on equity securities:

As at 31 December 2017, the Group gave marketable securities with a nominal value of USD 10.200.000 (TL 38.473.380) (31 December 2016: TL 35.895.840) and equity shares amounting to TL 9.400 (31 December 2016: TL 9.402) as collateral with respect to ongoing legal proceedings. There are pledges on shares with a nominal value of subsidiaries of Group which operating in Port Operations amounting to TL 97.099.045, naturelgas/mining/energy generation amounting to TL 20.900.000 and real estate development amounting to TL 38.600.000 with respect to the loans obtained by the Group. As at 31 December 2017, government bonds amounting to TL 98.741 are given for transaction guarantee (31 December 2016:None).

As at 31 December 2017, treasury shares amounting to TL 15.650.000 (31 December 2016: TL 15.650.000) as mentioned in Note 23.1 has been pledged for loans and debt securities. As at 31 December 2017, financial investments with a registered value of TL 102.926 are pledged to the CMB.

(4) Securities given:

As at 31 December 2017, the Group provided surety amounting to EURO 26.070.561, USD 69.243.728 and TL 48.086.410, a total of amounting to TL 426.987.932 (31 December 2016: TL 437.297.064) with respect to loan and lease agreements of subsidiaries of the Group.

20 COMMITMENTS (CONTINUED)

Royalty agreements

The port operation rights, which belongs to Creuers, recognized under intangible assets includes fixed asset elements built or acquired from third parties to adapt Sea Stations North and South of the World Trade Center and A and B of the Adossat Wharf of Port of Barcelona, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The fixed assets model are applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Creuers are annually reviewed and approved by the Port Authorities of Barcelona.

Creuers pays an occupancy and utilization royalty to the Port Authorities of Barcelona on the basis of surfaces occupied and the value of fixtures made available. Additionally, an activity rate is accrued on the basis of the turnover generated by the activity.

On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions is allocated (Note 19).

In accordance with the administrative concession contracts signed between the Port Authorities of Barcelona and Creuers, described below:

- Contract to adapt the Sea Station and render the tourist cruise port service of North and South terminals of the World Trade Center, signed for a 27-year period from its granting date, in October 1999.
- Contract to adapt the Sea Station A of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.
- Contract to adapt the Sea Station B of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.
- The Creuers' main actions in relation to the adaptation of the Sea Station refer to the construction of a building, fixed fixtures and equipment of terminals for their exploitation under the terms contemplated on concession agreements.
- Under the syndicated loan agreement signed on 23 May 2008 the Company had undertaken a mortgage commitment on the concessions in favour of the lenders. In 2014, after settling all the amounts outstanding, the Company cancelled the guarantees extended to secure compliance with the obligations arising from this loan. On 26 September 2014 the Company arranged new guarantees in accordance with the new syndicated loan arranged (Note 9), for which it pledged the receivables from the concession arrangements in favour of the lenders.

Due to the syndicated loan agreement signed on May 23, 2008, the Group's policy is to formalize insurance policies to cover possible risks to which certain elements related to administrative concessions are subject.

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21 EMPLOYEE BENEFITS

Payables related to employee benefits

As at 31 December 2017 and 31 December 2016, payables related to employee benefits comprised the following:

	31 December 2017	31 December 2016
Payables to personnel	5.135.514	2.462.075
Social security premiums payable	3.846.697	4.560.247
Other	788.504	2.985.146
Total	**9.770.715**	**10.007.468**

Provisions for employee benefits

As at 31 December 2017 and 31 December 2016, provisions for employee benefits comprised the following:

Short term provisions

	31 December 2017	31 December 2016
Provision for notice pay and vacations	3.675.502	3.079.790
Provision for personnel premium	164.640	185.906
	3.840.142	**3.265.696**

Long term provisions

Long term provisions included provision for employment termination indemnities. The details of the long term provisions are as follows:

	31 December 2017	31 December 2016
Provision for employment termination indemnity	7.945.868	9.960.330
	7.945.868	**9.960.330**

The assumptions used to recognize provision for employment termination benefits are explained below:

Under the Turkish Labor Law, the Group is required to pay employement termination benefits to each employee who has qualified for such benefits as the employment ended. The amount payable consists of one month's salary limited to a maximum of TL 5.001,76 for each period of service as of 31 December 2017 (31 December 2016: TL 4.426,16).

Provision for employment termination indemnity are not subject to any statutory funding.

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21 EMPLOYEE BENEFITS (CONTINUED)

For the year ended 31 December 2017 and 2016, the movement of the provision for employement termination indemnity as follows:

	2017	2016
Balance at 1 January	9.960.330	7.497.354
Interest for the period	292.651	354.624
Current service costs	1.444.770	1.256.024
Paid during the period	(1.099.358)	(2.396.296)
Currency translation differences	(1.700.157)	1.100.311
Addition to scope of consolidation	-	49.219
Actuarial gain/losses	(952.368)	2.099.094
Balance at 31 December	**7.945.868**	**9.960.330**

22 OTHER ASSETS AND LIABILITIES

a) Other current assets

As at 31 December 2017 and 31 December 2016, other current assets comprised the following:

	31 December 2017	31 December 2016
Deferred value added tax (*)	33.291.347	30.533.621
Job and salary advances given to personnel	6.711.706	5.274.661
Income accruals	2.968.688	3.977.054
Other	1.112.510	1.957.648
Total	**44.084.251**	**41.742.984**

(*) The Group has classified deferred VAT assets as current or non-current assets on basis of future realizable projections.

b) Other non current assets

As at 31 December 2017 and 31 December 2016, other non-current assets comprised the following:

	31 December 2017	31 December 2016
Deferred value added tax (*)	4.416.802	4.428.595
Job and salary advances given to personnel (**)	11.513.671	10.080.373
Total	**15.930.473**	**14.508.968**

(*) The Group has classified deferred VAT assets as current or non current assets on basis of future realizable projections.
(**) Includes long term personnel and job advances given by a subsidiary of the Group which is operating abroad.

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22 OTHER ASSETS AND LIABILITIES (CONTINUED)

c) Other short-term liabilities

As at 31 December 2017 and 31 December 2016, other short-term liabilities comprised the following:

	31 December 2017	31 December 2016
Liability accruals for contracting firms	-	6.574.831
Liabilities related with real estate (*)	2.168.000	4.168.000
Expense accruals	9.859.297	6.663.687
Other	4.465.079	2.732.195
Total	**16.492.376**	**20.138.713**

(*) Includes payables based on the protocol between the Group and Van Municipality.

d) Current income tax assets

As at 31 December 2017 and 31 December 2016, current income tax assets comprised the following:

	31 December 2017	31 December 2016
Prepaid taxes and funds	13.144.305	7.679.536
Others	360.718	5.733.747
Total	**13.505.023**	**13.413.283**

23 CAPITAL AND RESERVES

23.1 Share capital / treasury shares

Share capital:

As at 31 December 2017, the Company's statutory nominal value of paid-in share capital consists of 325.888.410 registered shares with a par value of TL 1 each. As at 31 December 2016, the Company's statutory nominal value of paid-in share capital consists of 193.500.000 registered shares with a par value of TL 1 each. Number of shares is presented in lots in the consolidated financial statements and the accompanying notes (1 lot= 100 shares).

23 CAPITAL AND RESERVES (CONTINUED)

23.1 Share capital / treasury shares (continued)

As at 31 December 2017, The issued capital of the Company is TL 325.888.410 and the authorized capital ceiling is TL 650.000.000. The shareholder structure of the Company is as follows:

	31 December 2017		31 December 2016	
	Proportion of share %	Value of share	Proportion of share %	Value of share
Mehmet Kutman (*)	21,89%	71.327.853	35,66%	69.006.595
F.A.B Partners LP	30,68%	100.000.000	-	-
Erol Göker	0,15%	488.707	0,25%	488,707
Publicly traded other shares	47,78%	154.071.850	64,09%	124.004.698
Total	**100%**	**325.888.410**	**100%**	**193.500.000**
Inflation accounting adjustment		34.659.630		34.659.630
Inflation adjusted capital		**360.548.040**		**228.159.630**

(*) Disclosed together with the shares of Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş which is owned by Mehmet Kutman.

The Company, as per CMB's approval dated 14 April 2017, the application regarding the capital increase has been approved, and, in line with CMB's same dated resolution, the Board of Directors of the Company has resolved to issue up to 100.000.000 new shares to existing new shareholders, that increase the issued capital of TL 193.500.000 considering the authorized capital ceiling which is TL 650.000.000. Following the completion of the rights issue, with a nominal value of TL 32.388.410 shares have been issued to and subscribed by existing shareholders and unused preemptive rights amounting to TL 67.611.590 have been cancelled.

Following the completion of the rights issue in The Wholesale Market of Borsa Istanbul, 100.000.000 new shares has been issued to and subscribed by F.A.B Partners LP on 14 June 2017.

The shares of the Company include privileged shares. The privileges of the (A), (D) and (E) group shares are explained below:

Two of the members of the Board of Directors are chosen among the candidates nominated by the owners of the group (A) shares. One of the members of the Board of Directors is chosen among the candidates nominated by the owners of the group (D) shares and one of them is chosen among the candidates nominated by the owners of the group (E) shares. Each member of the board is chosen by the decision of the majority of the shareholders of the privileged share group that nominated the candidate. All the shareholders have the right to nominate any candidate but, in order to select such candidates for the General Assembly; the nominations should be approved by the group (A) shares before the selection. All the shareholders have the right to nominate for two candidates for the Board. In case that group (D) and group (E) shares cannot nominate any candidate, any shareholder can nominate a candidate.

23 CAPITAL AND RESERVES (CONTINUED)

23.1 Share capital / treasury shares (continued)

Treasury shares

The Company and some of the subsidiaries of the Company repurchased shares of the Company from the capital markets in prior periods. These repurchased shares are called as treasury shares. The shares can be sold back to the market. Profit or loss that arises as the result of the sale of the shares is accounted for under retained earnings in the consolidated financial statements. The shares are accounted for at cost under treasury shares owned by the Company and treasury shares owned by the subsidiaries. Amounts related to these transactions are presented under "Own shares acquired and sold" in the consolidated statement of changes in equity. As at 31 December 2017, the Company held 24.591.587 shares of Global Yatırım Holding A.Ş (31 December 2016: 16.017.730 shares), with the cost of TL 40.974.259 (31 December 2016: TL 19.909.777). For the period ended 31 December 2016, the profit before tax of the Group companies from the sale of the shares of the Company amounted to TL 1.026.674 and has been recognized in equity in the consolidated financial statements (31 December 2017: None).

In accordance with Article 520 of the Turkish Commercial Code no 6102, reserve provision is made for the treasury shares owned by the Company as the amount allocated to meet the acquisition value. As at 31 December 2017, the Group made provision for the shares owned by the Company amounting to TL 40.974.259 accounted under restricted reserves in the consolidated financial statements (31 December 2016: TL 19.909.777).

23.2 Share premium/ discounts

Share premium represents the inflow of cash arising from the sales of shares at market value. The premium amount is included in equity and cannot be distributed. It can only be used for the future capital increases.

23.3 Other comprehensive income/ expense reclassified/ not to be reclassified to profit or loss

Other comprehensive income/expense not to be reclassified to profit or loss

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and in no case transferred directly in equity through profit or loss such as following:

a) Gain/loss on revaluation and remeasurement

- Actuarial gain/(loss) on employee benefits

b) Other gain/loss

23 CAPITAL AND RESERVES (CONTINUED)

23.3 Other comprehensive income/expense reclassified/not to be reclassified to profit or loss (continued)

Special funds

The application filed by Pera, a subsidiary of the Group operating in the real estate segment, to the CMB in relation to permission for a share capital decrease by TL 35.900.000 and simultaneous share capital increase (in cash) by TL 29.000.000, was approved by the CMB on 24 January 2011 in the decision numbered 86-928. The amendment to Article 8 of the Association of Pera was approved by the Extraordinary General Assembly Meeting on 15 February 2011, and the share capital of Pera was decreased to TL 60.100.000. The pre-emptive rights of the existing shareholders were used between 1 March and 15 March 2011 and after that the remaining shares were offered to investors between 1 April and 15 April 2011. Finally, the portion of the new shares, for which the pre-emptive rights were not used, has been purchased by Global Yatırım Holding A.Ş. and the capital increase to TL 89.100.000 was completed. The process was approved by the CMB on 3 May 2011. As a result of the capital increase, a total of TL 29.000.000 has been accounted for as "Special Reserve" by Pera, of which TL 14.357.900 has been reflected in the consolidated financial statements of the Group.

Actuarial Losses on Employee Benefits

Effective from 1 January 2012 and based on temporary clauses of the TAS 19 (2011), accumulated actuarial gain and losses are recognized in those accounts in accordance with Capital Market Board's ("CMB") Communique "Principles of Financial Reporting in Capital Markets" ("Communique") which was published in the Official Gazette dated 13 June 2013 and numbered 28676 Series II, No. 14.1.

Other comprehensive income/expense to be reclassified to profit or loss

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and subsequently transferred directly in equity through profit or loss such as following:

a) Currency translation differences

Currency translation differences comprise the foreign exchange differences arising from the translation of the financial statements of subsidiaries and joint ventures from their functional currencies to the presentation currency (TL) recognized in the equity.

b) Gain/loss on revaluation and remeasurement

- Gain/loss on revaluation and remeasurement of available-for-sale financial assets

Gain/loss on revaluation and remeasurement comprises from the change in fair value of available for sale financial assets.

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23 CAPITAL AND RESERVES (CONTINUED)

23.3 Other comprehensive income/expense reclassified/not to be reclassified to profit or loss (continued)

c) Gain or loss on net investment hedge

A subsidiary of the Group, Global Liman's foreign exchange differences arising from foreign currency loans into currency of the related subsidiary's functional currency other than TL which are part of net investments made to its subsidiaries have been considered as hedging instruments and effective portion of them has been recognised in other comprehensive income in the consolidated financial statements. The accounting method mentioned above has been applying since 1 October 2013. The Group has recognised loss amounting to TL 48.837.012 in other comprehensive income within other comprehensive income and equity for the year ended 31 December 2017 (31 December 2016: TL 143.976.945). As at 31 December 2017, related loss balance is TL 285.393.095 (31 December 2016: TL 330.083.300). . Additionally in 2017, Group has recognized gain amounting to TL 504.529 in other comprehensive income within equity for "swap and option agreements", "interest rate swap" and "forward currency agreements" related with investment hedges.

23.4 Restricted reserves

As at 31 December 2017, the Group's restricted reserves are total of TL 69.027.309 (31 December 2016: TL 95.445.951).

As explained in Note 23.1, in accordance with Article 520 of the Turkish Commercial Code no 6102, reserve provision is made for the treasury shares owned by the Company as the amount allocated to meet the acquisition value. As at 31 December 2017, the Group made provision for the shares owned by the Company amounting to TL 40.974.259 (31 December 2016 : TL 19.909.777) accounted under restricted reserves in the consolidated financial statements.

23.5 Retained earnings / accumulated losses and non-controlling interests

The retained earnings/accumulated losses excluding the net income/loss for the period, and the general reserves which have retained earnings/accumulated losses nature are included in retained earnings/accumulated loss account.

The net assets of the subsidiaries attributable to the shares not controlled directly or indirectly by the parent company are presented as "Non-controlling interests" in the consolidated balance sheet.

23.6 Dividend Distribution

Publicly held companies distribute dividends according to "Dividend Distribution Announcement" numbered II-19.1 and issued by CMB at 1 February 2014. Dividends of companies are distributed based on dividend distribution policy and related regulations approved by General Assembly There is not any minimum rate for distribution in the announcement mentioned-above. Companies distribute dividends according to their prime contracts or dividend distribution policy. In addition, it is possible to pay dividends in equal or different instalments and distribute dividend advance in cash for profit in interim financial statements.

The Company recognized net profit amounting to TL 176.358.875 for the period 1 January-31 December 2017 (1 January-31 December 2016: TL 6.826.140 net profit) in its stand-alone statutory financial statements prepared in accordance with Tax regulation and TCC.

23 CAPITAL AND RESERVES (CONTINUED)

23.7 Transactions with owners of the Company, recognized directly in equity

The Group has completed the initial public offering ("IPO") of its' port operations ordinary shares and is trading on the main market of the London Stock Exchange. Global Ports Holding Plc, shareholder of Global Liman, the company whic shares is started to be trading on the London Stock Exchange is owned by Global Ports Holding B.V (89,16% ownerhisp & 49.038.000 shares) (a wholly subsidiary of the GIH) and European Bank for Reconstruction and Development (EBRD) (10,84% ownership & 5.962.000 shares).

The Offer Price has been set at 740 pence per share and 7.826.963 new shares has been issued with the share capital increase. EBRD has sold 2.802.140 shares. Together with the additional shares sale option (724.553 shares), GIH has sold a total of 10.967.532 shares in IPO and continue to own 60,6% of shares of Global Ports Holding Plc indirectly.

The result of transaction is recognized under equity and is shown as "changes in non-controlling interest without loss in control" in the consolidated changes in shareholder's equity. The transaction has been accounted for in accordance with the paragraphs 30 and 31 of TAS 27 "Consolidated and Separate Financial Statements", which require the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

The IPO in port segment is recognized under equity and is shown as "changes in non-controlling interest without loss in control" in the consolidated changes in shareholder's equity. The transaction has been accounted for in accordance with the paragraphs 30 and 31 of TAS 27 "Consolidated and Separate Financial Statements", which require the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions. The IPO contributed to Equity Attributable to the Owners of the Company by TL 425.000.287 in consolidated financial statements.

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24 REVENUE AND COST OF SALES

For the years ended 31 December 2017 and 2016, the Group's gross profit on the basis of operations comprised the following:

Revenue	1 January- 31 December 2017	1 January- 31 December 2016
Natural gas revenues	212.163.111	172.190.936
Port operating revenues	424.469.670	347.042.442
Mining revenues	60.686.600	36.165.076
Real estate rent and service revenues	31.432.587	25.802.784
Other	35.761.671	18.252.702
Total	**764.513.639**	**599.453.940**
Cost of sales		
Cost of natural gas sales and services	(187.927.459)	(133.400.317)
Cost of port operations	(275.578.648)	(217.909.195)
Cost of mining operations	(52.638.111)	(34.282.371)
Cost of real estate service	(4.498.288)	(3.694.159)
Other	(38.979.211)	(16.428.992)
Total	**(559.621.717)**	**(405.715.034)**
Gross Profit from Non-finance Operations	**204.891.922**	**193.738.906**

Revenues from Finance Operations	1 January- 31 December 2017	1 January- 31 December 2016
Agency commissions	25.942.320	16.106.913
Interest received from customers	8.144.697	7.979.100
Portfolio management fees	2.059.230	3.604.119
Gain on sale of marketable securities, net	911.260	597.375
Other revenue	4.337.620	2.248.908
Total	**41.395.127**	**30.536.415**
Cost of Revenues from Finance operations (-)		
Commission charges	(728.825)	(22.606)
Interest charges from loans delivered to customers	(3.692.758)	(4.180.122)
Total	**(4.421.583)**	**(4.202.728)**
Gross Profit from Finance Operations	**36.973.544**	**26.333.687**
GROSS PROFIT	**241.865.466**	**220.072.593**

25 GENERAL AND ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

25.1 Marketing expenses

For the years ended 31 December 2017 and 2016, marketing expenses comprised the following:

	1 January- 31 December 2017	1 January- 31 December 2016
Personnel expenses	7.517.431	8.790.135
Depreciation and amortization expenses (Note 16-17)	6.487.021	5.597.924
Export expenses of mining operations	22.629.431	8.678.528
Advertising and promotion expenses	4.552.674	2.935.364
Rent expenses	1.207.872	1.531.047
Taxes and duties	2.390.355	2.051.152
Commission expenses of derivative exchange market	1.575.233	543.030
Representation expenses	400.291	403.237
Stock market participation share	1.477.668	1.077.715
Money market settlement and custody expenses	666.163	1.231.671
Vehicle expenses	416.443	374.302
Repair and maintenance expenses	744.612	809.539
Building management expenses	704.044	788.962
Insurance expenes	710.268	673.773
Travelling expenes	466.988	481.313
Other	2.791.523	1.613.771
	54.738.017	**37.581.463**

25.2 General and administrative expenses

For the years ended 31 December 2017and 2016, general and administrative expenses comprised the following:

	1 January- 31 December 2017	1 January- 31 December 2016
Personnel expenses	111.605.816	73.808.154
Consultancy expenses	18.314.298	15.682.601
Travelling expenses	6.929.994	13.773.754
Taxes and duties other than on income	5.623.622	4.983.198
Depreciation and amortization expenses (Note 16-17)	16.938.208	12.134.324
IT expenses	5.472.702	5.128.931
Communication expenses	1.861.183	1.960.573
Building management expenses	1.918.901	2.142.615
Vehicle expenses	3.081.400	2.108.577
Representation expenses	6.206.370	4.230.326
Repair and maintenance expenses	631.853	1.980.889
Other expenses	11.393.361	12.664.717
	189.977.708	**150.598.659**

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26 EXPENSES BY NATURE

For the years ended 31 December 2017 and 2016, the breakdown of personnel, depreciation and amortization expenses comprised the following:

Personnel expenses	1 January- 31 December 2017	1 January- 31 December 2016
Cost of sales	41.651.561	38.550.104
Marketing expenses	7.517.431	8.790.135
General administrative expenses	111.605.816	73.808.154
	160.774.808	**121.148.393**

Depreciation and amortization expenses	1 January- 31 December 2017	1 January- 31 December 2016
Cost of sales	183.371.244	143.426.755
Marketing expenses	6.487.021	5.597.924
General administrative expenses	16.938.208	12.134.324
	206.796.473	**161.159.003**

27 OTHER OPERATING INCOME / EXPENSES

27.1 Other operating income

For the years ended 31 December 2017 and 2016, other operating income comprised the following:

	1 January- 31 December 2017	1 January- 31 December 2016
Dividend income	45.606	577.475
Rental income	606.717	644.341
Foreign currency exchange gain on trade operations, net	2.979.667	3.866.600
Reversal gain of provisions	1.342.436	1.272.397
Other miscalleneous income	9.167.320	8.413.340
Total	**14.141.745**	**14.774.153**

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27 OTHER OPERATING INCOME / EXPENSES (CONTINUED)

27.2 Other operating expenses

For the years ended 31 December 2017 and 2016, other operating expense comprised the following:

	1 January- 31 December 2017	1 January- 31 December 2016
Donations	673.271	373.431
Project expenses (*)	43.769.564	10.421.553
Impairment loss (**)	50.968.072	-
Provision related to Baskent Dogalgaz lawsuit (Note 19)	62.877.574	-
Penalty expenses	2.426.543	2.442.588
Concession fee expense	5.941.961	1.502.910
Other miscalleneous expenses	9.950.288	9.537.662
Total	**176.607.273**	**24.278.144**

(*) The major part of project expenses comprises of uncapitalized project expenses for port investments of the Group.

(**) As at 31 December 2017, the Group has accounted provision related to HEPP license as intangible asset, amounting to TL 50.672.736 which is accounted for impairment loss accounted under intangible assets.

28 INCOME AND EXPENSE FROM INVESTING ACTIVITIES

28.1 Income from investing activities

For the years ended 31 December 2017 and 2016, income from investing activities comprised the following:

	1 January- 31 December 2017	1 January- 31 December 2016
Investment property valuation gain (Note 15)	60.000	1.347.719
Gain on sale of financial assets	3.089.934	1.527.811
Gain on sale of fixed assets	1.436.575	-
Other	347.666	659.207
Total	**4.934.175**	**3.534.737**

28.2 Expense from investing activities

For the years ended 31 December 2017 and 2016, expense from investing activities comprised the following:

	1 January- 31 December 2017	1 January- 31 December 2016
Investment property valuation loss (Note 15)	50.429.707	-
Loss on sale of fixed assets	-	1.189.856
Other	-	512.507
Total	**50.429.707**	**1.702.363**

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29 FINANCE INCOME

For the years ended 31 December 2017 and 2016, finance income of the Group comprised the following:

	1 January- 31 December 2017	1 January- 31 December 2016
Foreign currency exchange gain	35.546.816	23.433.232
Interest income	18.309.962	9.566.093
Other	1.433.958	1.737.161
Total	**55.290.736**	**34.736.486**

30 FINANCE EXPENSES

For the years ended 31 December 2017 and 2016, finance expense of the Group comprised the following:

Recognized in profit or loss	1 January- 31 December 2017	1 January- 31 December 2016
Foreign currency exchange loss	59.972.584	44.853.314
Interest expense on borrowings	184.671.217	152.043.812
Letter of guarantee commissions	2.906.998	1.810.691
Comission expenses	5.029.532	3.559.868
Other	6.240.080	5.329.066
Total	**258.820.411**	**207.596.751**

Recognized in other comprehensive income	1 January- 31 December 2017	1 January- 31 December 2016
Gain/(losses) from net investment hedges (Note 23)	(48.837.013)	(143.976.945)
	(48.837.013)	**(143.976.945)**

31 TAX ASSETS AND LIABILITIES

Corporate tax:

Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are measured and accrued on a quarterly basis. The advance corporate income tax rate for each quarter and as at 31 December 2017 is 20% (31 December 2016: 20%).

31 TAX ASSETS AND LIABILITIES (CONTINUED)

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April (between private accounting period with the period in which the fourth month following the closing date 1-25) following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The corporate tax rate in Spain for the 2017 year is determined at 28% (2016: 25%). The corporate tax rates in Netherlands, Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively.

Losses can be carried forward for offsetting against future taxable income for up to 5 years while it is for up to 18 years in Spain.

"Law Regarding Amendments on Certain Tax Laws and Other Laws" No.7061 was published in the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the aforementioned Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017. As per the Article 91 of the aforementioned law as well as the provisional Article 10, the corporate tax rate will be increased from the current 20% rate to 22% for tax years 2018, 2019, and 2020 (and for accounting periods started during the relevant year for the entities appointed with special accounting periods). This rate will be applied for the first time in the first temporary tax period of 2018.

Transfer pricing

The transfer pricing provisions are set out under the Article 13 of the Corporate Tax Law under the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets out details about the implementation of these provisions. If a tax payer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with an arm's-length basis, the related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

Tax exemption of real estate investment trusts

The real estate investment trusts are exempt from corporate tax in accordance with the Corporate Tax Law numbered 5520, 5th Article and the subparagraph (1) d. According to the 15th Article of this law, even when the earnings of the real estate investment trusts are not distributed, they are subject to the withholding tax of 15 %. However, in the scope of the authorization provided by the law to the Council of Ministers, the withholding tax rate to be applied was determined to be zero with the decision of the Council of Ministers numbered 2003/6577.

Tax exemption on maritime operations:

The Turkish International Ship Registry Law, authorized on 16 December 1999, is designed to accelerate the development of the Turkish maritime sector and increase its contribution to the Turkish economy. The law supports the procurement and operation of ships registered on the Turkish International Ship Registry, and yachts registered to the inventory of tourism companies. Income generated through the vessels covered by the law is not subject to income tax and expenses related to these operations are considered as disallowable expenses.

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31 TAX ASSETS AND LIABILITIES (CONTINUED)

Income withholding tax:

5 th Article of Tax Law, numbered 6009 and dated 23 July 2010, and temporary 69th and 61th Articles of tax law, numbered 193 were changed and declared in Official Gazette on 1 August 2010. Accordingly, to be applied onto the 2010 calendar year income, investment incentives that will be subject to the deducted amount shall not exceed 25% of income for the year of interest, while determining the tax base.

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 September 2006. After the resolution, declared in Official Gazette on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilised in a share capital increase within five years from the date of the sale and the sale amount is collected within two years following the year in which the sale is realized.

Current tax income assets

As at 31 December 2017 and 2016, current tax income assets of the Group comprised the following:

	31 December 2017	31 December 2016
Prepaid taxes and funds	13.144.305	7.679.536
Others	360.718	5.733.747
Total	**13.505.023**	**13.413.283**

Tax expenses:

For the years ended 31 December 2017 and 2016, tax income/(expense) comprised the following:

	2017	2016
Current tax charge	(32.634.356)	(17.969.652)
Deferred tax benefit	50.214.246	23.719.075
Total	**17.579.890**	**5.749.423**

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31 TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2017 and 2016, current tax liability for the period comprised the following:

	2017	2016
Current tax charge	(32.634.356)	(17.969.652)
Taxes paid during period	29.213.366	13.391.131
Total	**(3.420.990)**	**(4.578.521)**
Payment of previous year tax liability	6.320.041	5.525.114
Change in prepaid taxes	5.464.769	5.373.448
Income tax payable	**8.363.820**	**6.320.041**

The tax reconciliation for the years ended 31 December 2017 and 2016 is as follows:

	%	2017	%	2016
Profit/(loss) before income tax		(403.975.123)		(141.755.420)
Corporate tax using domestic rate	20,00	80.795.025	20,00	28.351.084
Disallowable expenses	(1,25)	(5.043.678)	(3,90)	(5.533.471)
Effect of unrecognized tax losses	(12,22)	(49.356.079)	(13,74)	(19.477.450)
Effect of tax exemption on maritime operations	0,62	2.514.433	3,89	5.511.141
Effect of change in tax rates	(1,23)	(4.950.011)	(0,98)	(1.387.719)
Other	(1,58)	(6.379.800)	(1,21)	(1.714.162)
		17.579.890		**5.749.423**

Deferred tax:

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

In Turkey the tax legislation does not permit a parent company, its subsidiaries and associates to file a consolidated tax return. Therefore, deferred tax positions of companies with deferred tax assets and companies with deferred tax liabilities are not netted and are disclosed separately.

The tax rate used in the calculation of deferred tax assets and liabilities is 22% over the temporary differences expected to reverse in 2018, 2019 and 2020, and 20% over the temporary differences expected to reverse after 2021 (2016: 20%).

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31 TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2017 and 31 December 2016, the deferred tax assets and liabilities reflected to the consolidated financial statements are as follows:

	31 December 2017	31 December 2016
Deferred tax assets	92.289.733	90.248.691
Deferred tax liabilities	(401.934.029)	(390.541.533)
Total	**(309.644.296)**	**(300.292.842)**

For the years ending 31 December 2017 and 31 December 2016, the movement of deferred tax assets and liabilities is as follows:

	2017	2016
Balance at the beginning of the year	(300.292.842)	(268.196.427)
Deferred tax income	50.214.246	23.719.075
Foreign currency translation differences	(59.327.608)	(51.709.638)
Recognized in equity	(238.092)	524.774
Addition to scope of consolidation	-	(4.630.626)
	(309.644.296)	**(300.292.842)**

Deferred tax assets and deferred tax liabilities as at 31 December 2017 and 31 December 2016 are attributable to the items presented in the table below:

	2017		2016	
	Temporary differences	Deferred tax assets / liabilities	Temporary differences	Deferred tax assets / liabilities
Accumulated tax losses	182.746.565	36.549.313	173.982.310	34.796.462
Receivables	105.236.663	21.047.333	21.634.920	4.326.984
Valuation differences of marketable securities	287.022	57.404	24.410.360	4.882.072
Provisions	9.597.083	1.919.417	(6.043.545)	(1.208.709)
Provision for employement termination indemnity	7.945.868	1.589.174	7.518.450	1.503.690
Valuation of derivative instruments	3.366.437	673.287	4.976.480	995.296
Property, plant and equipment, intangible assets and concession intangible assets	(1.802.340.704)	(360.468.141)	(1.738.715.595)	(347.743.119)
Loans and prepaid commissions of the loans	(12.838.840)	(2.567.768)	(742.275)	(148.455)
Valuation of investment property	(57.821.052)	(11.564.210)	(1.374.720)	(274.944)
Other	15.599.479	3.119.896	12.889.405	2.577.881
		(309.644.296)		**(300.292.842)**

31 TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2017 and 31 December 2016, the breakdown of the accumulated tax losses carried forward in terms of their final years of utilization is as follows:

Expiry years of the tax losses carried forward	31 December 2017		31 December 2016	
	Recognized	Unrecognized	Recognized	Unrecognized
2017	-	-	-	8.291.738
2018	-	2.453.103	-	2.453.103
2019	-	18.099.662	7.037.689	18.099.662
2020	7.857.526	8.797.998	7.857.526	8.797.998
2021	19.901.247	7.267.309	19.901.247	7.267.309
2022	8.790.540	17.457.618	-	-
	36.549.313	**54.075.690**	**34.796.462**	**44.909.810**

Unrecognized deferred tax assets and liabilities

At the reporting date, the Group has statutory tax losses available for offsetting against future profits which are shown above. Such losses carried forward expire until 2022. Deferred tax assets have not been recognized in respect of some portion of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

32 EARNINGS PER SHARE

For the years ended 31 December 2017 and 2016, earnings per share are calculated by dividing the net profit attributable to owners of the Company by the weighted average number of shares outstanding.

	1 January-31 December 2017	1 January-31 December 2016
Net loss for the period	(329.154.218)	(130.299.491)
Net loss from continuing operations for the period	(329.154.218)	(130.299.491)
Weighted average number of shares	325.888.410	193.500.000
Weighted average number of ordinary shares	325.888.410	193.500.000
Number of shares held by the Group (Note 23.1)	(24.591.587)	(16.017.730)
Weighted average number of shares	301.296.823	177.482.270
Earnings per share with par value of TL 1 (TL full)	(1,0925)	(0,7342)
Earnings per share of continuing operations with par value of TL 1 (TL full)	(1,0925)	(0,7342)

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33 DERIVATIVE INSTRUMENTS

The Group uses foreign exchange derivatives to hedge its future significant transactions and cash flows from financial risks. The Group is party to various forward foreign exchange contracts, depending on the management of currency fluctuations. Derivative instruments purchased are principally denominated in the currency of the market in which the Group operates.

	31 December 2017		31 December 2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward currency agreement				
Short Term	-	-	1.346.268	1.409.612
Long Term	-	2.719.553	-	3.981.186
	-	**2.719.553**	**1.346.268**	**5.390.798**

As at 31 December 2017, the fair value of the Group's foreign currency derivatives is estimated at approximately TL (2.791.553) (2016: TL (4.044.530)). The valuation of this amount (2016: TL 1.346.268 assets and TL 5.390.799 liabilities) is based on quoted market prices for similar instruments at reporting date.

34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposure to the various risks from its use of financial instruments. These are credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The responsibility of setting up and following up of risk management processes belongs to management of the Group.

The risk management policies of the Group were set up according to ascertaining and measuring the risk faced, determining adequate risk limits and monitoring the fluctuations. Risk management policies and systems are reviewed to cover the operations of the Group and changes in market conditions.

34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial investments.

Management has a credit risk policy in place to monitor the exposure to credit risk on an ongoing basis. The Group has the ability to receive collaterals for its financial assets. Furthermore, the Group obtains letters of guarantee or similar collaterals from third parties for specific agreements and projects, if necessary.

Regarding the credibility of the counterparty, letters of guarantee or advance payments are received as collaterals of trade receivables from port operations. Credit risk resulting from brokerage activities of the Group are managed by the related companies' risk committees through the regulations on credit sales of securities promulgated by the CMB. Within the context of credit risk policies described in this paragraph, the Group does not have significant credit risk from port operations, natural gas sales and financial operations which constitute major part of the Group's operations.

The Group enters into transactions with accredited parties or the parties that an agreement is signed in financial markets. The transactions in the treasury operations are performed by conditional exchanges through custody cash accounts.

As at 31 December 2017 and 2016, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivatives, in the consolidated balance sheet.

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.1 Credit risk (continued)

Carrying amounts of financial assets present maximum exposure to credit risk. As at 31 December 2017 and 2016 maximum credit risk exposure is as follows:

31 December 2017	Trade receivables (*)	Receivables from related parties	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Short-term financial investments	Advances given	Total
Maximum credit risk exposure at the reporting date	**122.423.797**	**62.440.279**	**72.848.827**	**32.733.846**	**362.458.782**	**5.358.277**	**75.242.081**	**733.505.889**
Portion of maximum risk covered by guarantee	16.618.330	-	-	-	-	-	-	16.618.330
A. Net book value of financial assets neither past due nor impaired	**101.028.005**	**62.440.279**	**72.848.827**	**32.733.846**	**362.458.782**	**5.358.277**	**75.242.081**	**712.110.097**
B. Financial assets that would otherwise be past due or impaired whose terms have been renegotiated	**21.395.792**	**-**	**-**	**-**	**-**	**-**	**-**	**21.395.792**
Portion of maximum risk covered by guarantee	802.958	-	-	-	-	-	-	802.958
C. Net book value of assets past due but not impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-Past due (gross book value)	11.590.377	-	1.228.392	-	-	-	-	12.818.769
-Impairment (-)	(11.590.377)	-	(1.228.392)	-	-	-	-	(12.818.769)
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-
-Not past due (gross book value)	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-
-Portion of the net book value covered by guarantee	15.815.372	-	-	-	-	-	-	15.815.372
D. Off-balance sheet items exposed to credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties".

34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.1 Credit risk (continued)

31 December 2016	Trade receivables (*)	Receivables from related parties	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Short-term financial investments	Advances given	Total
Maximum credit risk exposure at the reporting date	88.527.784	75.779.107	46.176.116	91.197.625	205.888.378	3.296.972	60.554.913	571.420.895
Portion of maximum risk covered by guarantee	10.083.364	-	-	-	-	-	-	10.083.364
A. Net book value of financial assets neither past due nor impaired	**80.523.914**	**75.779.107**	**46.176.116**	**91.197.625**	**205.888.378**	**3.296.972**	**60.554.913**	**563.417.025**
B. Net book value of financial assets past due but not impaired whose terms have been renegotiated	**8.003.870**	**-**	**-**	**-**	**-**	**-**	**-**	**8.003.870**
Portion of maximum risk covered by guarantee	702.393	-	-	-	-	-	-	702.393
C. Net book value of assets past due but not impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-Past due (gross book value)	9.251.994	-	1.524.229	-	-	-	-	10.776.223
-Impairment (-)	(9.251.994)	-	(1.524.229)	-	-	-	-	(10.776.223)
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-
-Not past due (gross book value)	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-
-Portion of the net book value covered by guarantee	9.380.970	-	-	-	-	-	-	9.380.970
D. Off-balance sheet items exposed to credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties.

During the impairment tests of the financial assets, the Group considered the factors which show that the amounts to be collected are not collectible.

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.1 Credit risk (continued)

The maturity analysis of the assets overdue but not impaired is as follows:

	31 December 2017	31 December 2016
	Trade Receivables	Trade Receivables
1 to 30 days overdue	5.187.088	2.841.581
1 to 3 months overdue	5.659.974	1.083.172
3 to 12 months overdue	3.998.637	3.534.687
1 to 5 years overdue	6.550.093	544.431
Total	**21.395.792**	**8.003.871**
Portion of assets secured by guarantee etc.	802.958	702.393

34.2 Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

Current and future loan needs of the Group are supplied by continuous accessibility of sufficient number of high quality creditors for each segment of the Group.

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Liquidity risk (continued)

31 December 2017

Contractual Maturities	Carrying Value	Total cash outflows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-Derivative Financial Liabilities						
Bank loans	861.362.639	935.226.002	119.773.424	185.797.956	534.391.041	95.263.581
Debt securities issued	1.020.284.040	1.408.180.900	37.916.566	99.647.093	1.270.617.241	-
Liabilities due to operations in finance sector	58.954.055	58.954.055	-	58.954.055	-	-
Finance lease obligations	90.286.929	95.362.912	16.264.147	22.630.837	56.467.928	-

Expected Maturities	Carrying Value	Total expected cash outflows	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-derivative Financial Liabilities						
Trade payables	105.916.461	105.916.461	14.107.577	91.808.884	-	-
Other payables	50.791.127	50.791.127	44.138.721	6.652.406	-	-
Liabilities due to operations in finance sector	7.968.436	7.968.436	-	7.968.436	-	-

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Liquidity risk (continued)

31 December 2016

Contractual Maturities	Carrying Value	Total cash outflows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-Derivative Financial Liabilities						
Bank loans	927.517.102	1.005.444.121	267.694.725	169.416.547	433.520.387	134.812.462
Debt securities issued	1.235.689.468	1.583.959.878	10.213.993	350.341.428	1.223.404.457	-
Liabilities due to operations in finance sector	45.817.001	45.817.001	-	45.817.001	-	-
Finance lease obligations	96.042.265	97.435.446	10.361.440	19.861.540	67.212.466	-

Expected Maturities	Carrying Value	Total expected cash outflows	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-derivative Financial Liabilities						
Trade payables	94.890.256	94.890.256	13.539.938	81.350.318	-	-
Other payables	39.016.936	39.016.936	24.504.495	6.824.387	7.688.054	-
Liabilities due to operations in finance sector	7.099.020	7.099.020	-	7.099.020	-	-

31 December 2017

Derivative Financial Liabilities

Contractual Maturities	Carrying Value	Total cash outflows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Derivative cash inflows	-	98.421.709	-	98.421.709	-	-
Derivative cash outflows	(2.719.553)	(95.702.156)	-	(92.982.603)	(2.719.553)	-

31 December 2016

Derivative Financial Liabilities

Contractual Maturities	Carrying Value	Total cash outflows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Derivative cash inflows	-	76.499.870	-	76.499.870	-	-
Derivative cash outflows	(4.044.530)	(80.417.713)	-	(76.436.527)	(3.981.186)	-

34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk for all subsidiaries is monitored and managed by the Company's centralized Treasury and Fund Management Department. Treasury and Fund Management Department uses forward transactions and option contracts to minimize possible losses from money market fluctuations.

i) Foreign currency risk

The Group is exposed to currency risk through transactions (such as borrowings) in foreign currencies, especially in USD and Euro. As the currency in which the Group presents its consolidated financial statements is TL, the consolidated financial statements are affected by movements in the exchange rates against TL. For the subsidiaries, whose functional currency is USD, main foreign currency is TL.

Regarding the port operations, the Group has limited exposure to currency risk since port tariff currency, which is the base of functional currency, and material transactions such as revenues and loans are denominated by the same currency.

The Group uses interest swaps and options in order to limit exposure to currency risk mainly arising from financial liabilities.

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.3 Market risk (continued)

i) Foreign currency risk (continued)

As at 31 December 2017 and 31 December 2016, foreign currency risk exposures of the Group comprised the following:

31 December 2017

	TL Equivalent	USD	EURO	GBP	TL
1.Trade Receivables	22.538.912	2.517.679	1.295	-	13.036.632
2.a Monetary Financial Assets	136.774.759	18.993.831	4.324.002	4.518	45.583.945
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**159.313.671**	**21.511.510**	**4.325.297**	**4.518**	**58.620.577**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	10.389.723	2.034.785	-	-	2.714.718
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**10.389.723**	**2.034.785**	**-**	**-**	**2.714.718**
9. Total Assets (4+8)	**169.703.394**	**23.546.295**	**4.325.297**	**4.518**	**61.335.295**
10. Trade Payables	35.479.082	1.063.056	1.773.220	555.246	20.641.551
11. Financial Liabilities	198.062.136	30.108.141	18.419.860	-	1.322.360
12.a. Other Monetary Liabilities	13.534.020	-	-	13.534.020	
12.b. Other Non-monetary Liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**247.075.238**	**31.171.197**	**20.193.080**	**555.246**	**35.497.931**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	1.069.420.272	249.854.772	27.883.510	-	1.085.073
16.a. Other Monetary Liabilities	3.905.548	-	-	-	3.905.548
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Long-term Liabilities (14+15+16)	**1.073.325.820**	**249.854.772**	**27.883.510**	**-**	**4.990.621**
18. Total Liabilities (13+17)	**1.320.401.058**	**281.025.969**	**48.076.590**	**555.246**	**40.488.552**
19.Off-balance Sheet Foreign Currency Derivative Instruments Net Position (19a-19b)	**95.702.156**	**25.372.400**	**-**	**-**	**-**
19a. Foreign currency derivative assets	95.702.156	25.372.400	-	-	-
19b. Foreign currency derivative liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/ Liability Position (9-18+19)	**(1.054.995.508)**	**(232.107.274)**	**(43.751.293)**	**(550.728)**	**20.846.743**
21. Net Foreign Currency Position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.150.697.664)**	**(257.479.674)**	**(43.751.293)**	**(550.728)**	**20.846.743**
22. Fair Value of Derivative Instruments Held for Hedging	**-**	**-**	**-**	**-**	**-**
23. Derivative Assets Held for Hedging	**-**	**-**	**-**	**-**	**-**
24. Derivative Liabilities Held for Hedging	**-**	**-**	**-**	**-**	**-**
Export	**-**	**-**	**-**	**-**	**-**
Import	**-**	**-**	**-**	**-**	**-**

TL foreign currency risk of subsidiaries and joint ventures whose functional currency is other than TL, is shown in TL line in the foreign currency risk table.

34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.3 Market risk (continued)

i) Foreign currency risk (continued)

31 December 2016

	TL Equivalent	USD	EURO	GBP	TL
1.Trade Receivables	16.158.557	3.225.158	93.743	-	4.460.807
2.a Monetary Financial Assets	205.644.102	18.498.843	23.438.096	-	53.589.982
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**221.802.659**	**21.724.001**	**23.531.839**	**0**	**58.050.789**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	84.418.121	20.901.355	-	-	10.862.075
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**84.418.121**	**20.901.355**	**-**	**-**	**10.862.075**
9. Total Assets (4+8)	**306.220.780**	**42.625.356**	**23.531.839**	**-**	**68.912.864**
10. Trade Payables	36.882.870	2.569.822	2.888.498	1.160	17.118.103
11. Financial Liabilities	244.206.169	49.237.535	18.785.313	-	1.237.803
12.a. Other Monetary Liabilities	8.505.541	-	-	-	8.505.541
12.b. Other Non-monetary Liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**289.594.580**	**51.807.357**	**21.673.811**	**1.160**	**26.861.447**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	970.454.720	257.020.257	16.429.631	-	4.996.745
16.a. Other Monetary Liabilities	4.544.056	74.227	-	-	4.282.837
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Long-term Liabilities (14+15+16)	**974.998.776**	**257.094.484**	**16.429.631**	**-**	**9.279.582**
18. Total Liabilities (13+17)	**1.264.593.356**	**308.901.841**	**38.103.442**	**1.160**	**36.141.029**
19.Off-balance Sheet Foreign Currency Derivative Instruments Net Position (19a-19b)	**80.417.713**	**-**	**21.676.518**	**-**	**-**
19a. Foreign Currency Derivative Assets	80.417.713	-	21.676.518	-	-
19b. Foreign Currency Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/ Liability Position (9-18+19)	**(877.954.863)**	**(266.276.485)**	**7.104.915**	**(1.160)**	**32.771.835**
21. Net Foreign Currency Position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	**(958.372.576)**	**(266.276.485)**	**(14.571.603)**	**(1.160)**	**32.771.835**
22. Fair Value of Derivative Instruments Held for Hedging	**888.948.340**	**252.599.551**	**-**	**-**	**-**
23. Derivative Assets Held for Hedging	**-**	**-**	**-**	**-**	**-**
24. Derivative Liabilities Held for Hedging	**888.948.340**	**252.599.551**	**-**	**-**	**-**
Export	**-**	**-**	**-**	**-**	**-**
Import	**-**	**-**	**-**	**-**	**-**

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.3 Market risk (continued)

i) Foreign currency risk (continued)

Sensitivity Analysis – Foreign currency risk

A 10 percent strengthening or depreciation of the Turkish Lira against the following currencies as at 31 December 2017 and 31 December 2016 would have changed equity or profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2017	**PROFIT / LOSS**		**EQUITY (*)**	
	Strengthening of foreign currency	**Depreciation of foreign currency**	**Strengthening of foreign currency**	**Depreciation of foreign curreny**
	A 10 percent change in USD against Turkish Lira:			
1-Net USD asset/liability	(97.118.758)	97.118.758	-	-
2- Hedged portion against USD risk (-)	-		-	-
3- Net effect of USD (1+2)	**(97.118.758)**	**97.118.758**	**-**	**-**
	A 10 percent change in Euro against Turkish Lira:			
	(19.755.896)	19.755.896	-	-
4- Net Euro asset/liability	-	-	(9.570.216)	9.570.216
5- Hedged portion against Euro risk (-)				
6- Net effect of Euro (4+5)	**(19.755.896)**	**19.755.896**	**(9.570.216)**	**9.570.216**
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	(279.786)	279.786	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	**(279.786)**	**279.786**	**-**	**-**
TOTAL (3+6+9)	**(117.154.440)**	**117.154.440**	**(9.570.216)**	**9.570.216**

(*) Profit and loss excluded.

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34.3 Market risk (continued)

i) Foreign currency risk (continued)

Sensitivity analysis – foreign currency risk (continued)

31 December 2016	PROFIT / LOSS		EQUITY (*)	
	Strengthening of foreign currency	Depreciation of foreign currency	Strengthening of foreign currency	Depreciation of foreign curreny
	A 10 percent change in USD against Turkish Lira:			
1-Net USD asset/liability	(4.813.187)	4.813.187 0	-	-
2- Hedged portion against USD risk (-)	-	- 0	(88.894.834)	88.894.834
3- Net effect of USD (1+2)	**(4.813.187)**	**4.813.187**	**(88.894.834)**	**88.894.834**
	A 10 percent change in Euro against Turkish Lira:			
4- Net Euro asset/liability	(5.405.919)	5.405.919 0	-	-
5- Hedged portion against Euro risk (-)	-	-	(8.041.771)	8.041.771
6- Net effect of Euro (4+5)	**(5.405.919)**	**5.405.919**	**(8.041.771)**	**8.041.771**
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	(501)	501	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	**(501)**	**501**	**-**	**-**
TOTAL (3+6+9)	**(10.219.607)**	**10.219.607**	**(96.936.605)**	**96.936.605**

(*) Profit and loss excluded.

ii) Interest rate risk

The Group’s operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in different amounts. This risk is managed through balancing the assets and liabilities exposed to interest rate risk and restricted use of derivative instruments.

Interest Position Table

		31 December 2017	31 December 2016
Financial Instruments with fixed Interest		**(1.051.900.701)**	**(1.174.641.373)**
Financial Assets	Financial assets held for trading	1.721.398	1.093.957
	Due from related parties	9.946.600	12.351.714
	Receivables from money markets	36.504.600	24.271.616
	Bank deposits	68.024.386	127.792.281
Financial Liabilities	Loans and borrowings	(1.139.998.630)	(1.310.602.940)
	Liabilities due to operations in finance sector	(28.099.055)	(29.548.001)
Financial Instruments with variable interest		**(786.824.185)**	**(910.437.638)**
Financial Assets	Loans granted to the key management	41.369.068	38.208.257
Financial Liabilities	Loans and borrowings	(828.193.253)	(948.645.895)

As at 31 December 2017 and 2016, the Group used interest rate derivatives (swap) to hedge interest rate risk (Note 33).

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

34.3 Market risk (continued)

Sensivity analysis – interest rate risk

As at 31 December 2017, had the interest rates been higher by 100 base points and all other variables remain constant, profit before tax would have been lower by TL 18.816.467 (31 December 2016: profit before tax lower by TL 9.486.459), the net profit attributable to the owners of the Company would have been lower by TL 15.053.173 (31 December 2016: TL 8.016.307) and total equity attributable to equity holders of the Company would have been lower by TL 10.423.152 (31 December 2016: TL 6.796.099). Had the interest rates been lower by 100 base points, the effect would be the same but in reverse position.

Capital risk management

The Group's objectives when managing capital are to provide the sustainability of the Group's operations in order to bring returns and benefits to the shareholders and to reduce the cost of the capital for maintaining an optimal capital structure.

The Group monitors the capital management by using debt / capital ratio. This ratio is calculated by dividing the net debt to total capital. Net debt is calculated by deducting cash and cash equivalents from total liabilities (the sum of financial liabilities). Total capital is the sum of net debt and equity. The Group's net debt ratio calculated with this method is 53% as of 31 December 2017 (2016: 75%).

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Group, and where it exists, using appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. While the management of the Group has used available market information in estimating the fair values, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Fair values of cash and cash equivalents and other monetary assets are assumed to approximate their carrying amounts. The carrying amounts of trade and other receivables less the related provisions for impairment are assumed to approximate their fair values. Carrying amounts of floating rate foreign currency liabilities, which are translated to Turkish Lira using the period-end rates, are assumed to reflect their fair values.

Carrying amounts and fair values of financial assets and liabilities are listed below:

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		31 December 2017		31 December 2016	
Financial Assets	**Notes**	**Carrying Value**	**Fair value**	**Carrying Value**	**Fair value**
Cash and Cash Equivalents	7	439.854.352	439.854.352	209.040.990	209.040.990
Financial Investments	8	10.878.421	10.878.421	16.362.585	16.362.585
Trade Receivables	10	122.423.797	122.423.797	88.527.784	88.527.784
Receivables from Operations in Finance Sector	12, 6	82.795.427	82.795.427	58.498.050	58.498.050
Other Receivables	11, 6	85.227.525	85.227.525	154.654.798	154.654.798
Other Current and Non-current assets	22	60.014.724	60.014.724	56.251.952	56.251.952
Total		**801.194.246**	**801.194.246**	**583.336.159**	**583.336.159**
Financial Liabilities					
Borrowings	9	1.987.975.034	1.987.975.034	2.259.248.835	2.259.248.835
Trade Payables	10	105.916.461	105.916.461	94.890.256	94.890.256
Liabilities due to Operations in Finance Sector	12, 6	66.922.491	66.922.491	52.916.021	52.916.021
Other Payables	11, 6	50.791.127	50.791.127	39.016.936	39.016.936
Other Liabilities	22	14.779.015	14.779.015	17.039.985	17.039.985
Total		**2.226.384.128**	**2.226.384.128**	**2.463.112.033**	**2.463.112.033**

The table below analyses the valuation method of the financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	2.838.567	-	-	2.838.567
Financial assets available for sale	-	-	5.402.985	5.402.985
Derivative financial liabilities	-	2.719.553	-	2.719.553
	2.838.567	**2.719.553**	**5.402.985**	**10.961.105**

31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	10.892.959	-	-	10.892.959
Financial assets available for sale	-	-	4.276.621	4.276.621
Derivative financial liabilities	-	4.044.530	-	4.044.530
	10.892.959	**4.044.530**	**4.276.621**	**19.214.110**

36 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2017 and 2016, the detail of assets held for sale is as below:

	31 December 2017	**31 December 2016**
Real Estates	862.751	862.751
	862.751	**862.751**

The Group's real estates held for sale amounting to TL 862.751 (31 December 2016: TL 862.751) can be summarized as land in the Bozüyük district of the Bilecik province, with a total area of 29.500 m2 and land in the Bodrum district of the Muğla province, with a total area of 3.000 m2 which is owned by Global Yatırım Holding A.Ş.

Global Yatırım Holding A.Ş. and its Subsidiaries
Notes to the Consolidated Financial Statements
As at and for the Year Ended 31 December 2017
Currency Turkish Lira ("TL") unless otherwise stated

37 GOVERNMENT GRANTS

As explained in detail in Note 31, the Group benefits from investment allowance and miscellaneous tax exemptions.

38 EVENTS AFTER THE REPORTING PERIOD

(i) On 5 January 2018, the Company has issued bonds to qualified investors amounting to TL 50.000.000 with 370 days and 10 January 2019 maturity. Within the scope of approval by CMB decision dated on 5 April 2017, the sale of bonds with "TRSGLMD11918" ISIN code issued to qualified investors without going public has completed on 9 January 2018.

(ii) On 5 January 2018, the Company has issued bonds to qualified investors amounting to TL 25.000.000 with 735 days and 10 January 2020 maturity. Within the scope of approval by CMB decision dated on 5 April 2017, the sale of bonds with "TRSGLMD12015" ISIN code issued to qualified investors without going public has completed on 9 January 2018.

(iii) On 29 January 2018 F.A.B Partners LP, shareholder of the Company with a 30,68% shareholding rate, has transferred its'shares, which equals 100.000.000 TL nominal value, to Centricus Holdings Malta, a subsidiary of the F.A.B Partners LP with 100% shareholding rate. As aresult of this transfer transaction there has been no change in the final beneficial owner.

(iv) The capital increase right of the Board of Directors of the Company had been finished at the end of 2017 therefore the board has applied to the Capital Market Board and Ministry of Cuastom and Trade for amendments of Company's 6th Article's of Association and extending the merit of the Article's of Association 5 years more and after completion of required permission from regulatory authorities. The Company has made an application to the CMB as at 26 January 2018 and as at 2 February 2018 the CMB published the confirmation of the application of the Company.

(v) On 1 March 2018, Board of Directors of the Company resolved to a share buyback program in order to reduce share price fluctuation and to support the price of the shares which are being traded at BIST. The shares with the nominal value of TL 32.588.840, (that is 10% of the paid capital) can be repurchased and a fund at the maximum amount of TL 150.000.000 to be absorbed from the Company.

(vi) Taking into consideration that with the 12 February 2018 dated and 12233903-340.13E.1609 numbered article of the Institutional Investors Departmant of the CMB considering the facts that the receivable advance payment which was made to the jointly controlled entity Maya, the Company accounted byequity method occurred a long time ago, the Group constitutes 65% of total receivables (commercial and non-commercial) in its subsidiary's, Pera assets, a concrete development did not occur in the process of the project being set up by Maya in Northern Cyprus, Pera has no other receivables from related parties can be deemed as a contradiction to the Article 23/1-f of the III-48.1 numbered Communiqué on Principles of Real Estate Investment Companies, in the scope of the Article 96 of the Capital Market Law No. 6362 (the Law), it is stated that;

i) The aforementioned receivable is required to be collected until 31 December 2018 or the project must start,

ii) In case either of these cases do not occur, Maya is required to be excluded from the assets of Pera until 31 December 2018 in the manner that it will not be less than the declared capital and receivable amount and Pera does not incur any losses, otherwise required procedures can be performed on Pera and the responsible authorities within the scope of the Article 103 and 105 of the Law.

39 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR MAKE THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

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