It all begins with a dream

ANNUAL REPORT 2019

GLOBAL
INVESTMENT HOLDINGS

Contents

Our journey to success started 30 years ago in Turkey, then crossed continents and oceans to reach the most distant corners of the world, including the Americas and Singapore.

We have started each new project with the excitement of a voyage of discovery. We have always set our course for a productive future and have chosen appropriate routes. We have continuously grown and developed with bold yet well-reasoned moves in the strategic areas of port infrastructure, clean energy and asset management.

We see our ports as de facto ambassadors to other markets. As a result, we strive to represent our country in the best way possible. We see our energy business as the clean and productive future. We focus on creating value for Turkey in real estate and finance.

With our market leadership, we are navigating forward to record many more successful 30 year periods to come. The huge successes we see when we look back at our history give us *tremendous optimism about our future.*

The Story of Success

FROM KUŞADASI TO NASSAU

We are expanding our port infrastructure network to destinations across the continents of the world where cruise tourism is intense. We are successfully executing our growth strategy, particularly in the Americas with a specific focus on the Caribbean. We operate our ports with a forward-looking perspective.

21 PORTS IN **13** COUNTRIES ON **4** CONTINENTS

Leading CNG Distributor

from Elaziğ to Izmir

Our CNG (Compressed Natural Gas) subsidiary continues to take concrete steps with the vision of being in the leading position in non-pipe natural gas market in Turkey and turning the experience in this field into international projects, while making moves in terms of product diversity, operations in different regions were undertaken and a success was achieved in geographical diversity.

10 bulk CNG plants, 3 auto-CNG stations, 296 CNG road tankers and 47 industrial scale compressors

Energy Generation

from Mardin to Montenegro

We aim to reduce our country's dependence on energy imports by focusing on renewable resources and contribute to the country's economy. Having been involved in clean and efficient energy solutions for the last few years, we intend to establish a diversified and a balanced power generation portfolio, both in terms of resources and geography. Our strategy thanks to our integrated business approach is to develop green energy projects with attractive long-term feed-in tariffs and innovative energy efficiency solutions in destinations we operate ports, especially in the Caribbean.

100.1 MW total installed capacity of which
46.0 MW is from renewable sources

Real Estate Business

FROM DENİZLİ TO VAN

We have opened an exceptionally fast lane of growth in the real estate business. We diversified our investments by evaluating potential in Turkey's Anatolian region. The SkyCity office project in DENİZLİ is now complete. The strong performance of Van Shopping CENTRE has boosted revenue in our real estate business.

VAN Shopping CENTRE has attracted more than **7.5** million visitors in 2019 and boasts an occupancy rate of 96%.

Growth Potential

FROM BROKERAGE TO ASSET MANAGEMENT

We have served as a bridge between international capital markets and our country since 1990, when we hit the road with capital markets brokerage activities. In 2017, when we went to a strategic partnership with Centricus, one of our goals was to create the largest domestic and independent asset management company in Turkey. In 2019, our asset management subsidiary Actus has reached an agreement to merge with another major player to realize this goal.

Over TL 1 billion Assets Under Management

Chairman's Message

STRONG DELIVERY ON OUR GROWTH STRATEGY

Esteemed Stakeholders:

Across the world, 2019 was a middling year. While the US and China continued to demonstrate robust economic growth, other major economies were in a gradual downshift. The on-again, off-again trade disputes – mainly between the US and China, but also between the US and the rest of the world, in turn – added unnecessary drama to the global stage. This had a geopolitical component too, as the world slipped into a new de facto cold war. All these factors suppressed global economic growth, which is expected to have been the lowest since the 2008 financial crisis.

Turkey continued the considerable re-adjustment of its economy and particularly foreign balance, so that the currency more or less stabilised by the summer. That and the exceptional interest rate cuts provided an accelerating impetus to growth, whose fruits will be seen in fourth quarter numbers.

However, the world economy and Turkey's comeback performance in 2019 were quickly overshadowed by the fast unfolding events of early 2020. The Covid-19 pandemic led to unprecedented restrictions on the movement of people, goods and services worldwide. Great swathes of the global economy came to a halt as the world battles a health care crisis unseen in modern times. What the "new normal" will look like in the months ahead is anyone's guess. Ongoing disruption of trade and commerce, widespread economic volatility and contraction, negative consumer sentiment due to mass unemployment are all likely.

That said, our first thoughts are of those directly impacted by the virus on a personal level and to health care workers around the world who are on the frontlines to save lives.

Most Global Investment Holdings companies improved their performance over the prior year. We did not emerge from the turbulent environment of 2019 unscathed, however. Operating as a Turkish company during a time when perceptions often hold sway over facts has its own particular challenges, even under the best of circumstances.

Now, we are faced with a vastly changed economic landscape and murky outlook. With our core business in particular, cruise operations, virtually on hold due to temporary global travel restrictions, the challenges of 2020 will be immense. From day one, our Board and management have taken steps to protect the business from the impact of this unprecedented crisis, by reducing costs, conserving cash, and safeguarding the balance sheet. This is not the first external crisis Global Investment Holdings has faced and we are confident that we will navigate the Company through these tumultuous times.

We are well accustomed to outperforming expectations, thriving in the face of adversity, seeing opportunity where others cannot. This successful track record will serve us well going forward, as we enter a world of heightened uncertainty and a new normal.

In consequence, in 2019, Global Investment Holdings reported record high Consolidated Net Revenues of TL 1,441 million and Operating EBITDA of TL 563.3 million up 28% and 21% compared to 2018, respectively and we expect the overall trend to be positive in 2020, though the contributions of each subsidiary may well change.

During the reporting year, our strategic focus remained on our core businesses: port infrastructure, clean energy, and asset management.

Global Investment Holdings continues to build upon its leadership position as the world's largest independent cruise port operator. With the addition of the storied Prince George Wharf Cruise Port in Nassau, The Bahamas to our portfolio, we now operate one of the world's busiest cruise ports in an iconic destination. Continuing our push into the Caribbean, we have also started cruise port operations in Antigua. Expanding into the world's largest cruise market is an immensely exciting leap forward for Global Ports Holding, our LSE-listed ports subsidiary.

During the year, apart from the remarkable steps taken in the Caribbean, we also extended the Marina Bay Cruise Centre Singapore concession to 2027, further anchoring our presence in the fast-growing Asia-Pacific region. Additionally, we concluded the acquisition of the operator of La Goulette in Tunisia, thus operating in three oceans and four continents, proving to be literally a "Global" power as our name indicates. After adding our newest family member – Ha Long Cruise Port in Vietnam, for which we have the management contract, initially for a period of 15 years – we now operate 21 ports, including two

TL 563.3 MILLION
OPERATING EBITDA

Chairman's Message

TL 7.1 BILLION TOTAL ASSETS

commercial ports, across 13 countries. The coming months should see a further increase in this number. We are always actively seeking to boost our portfolio of cruise ports across the world. Our dreams are coming to fruition on a global scale.

Strong growth in the cruise ports division was overshadowed by a slowdown in the commercial port of Antalya ("Port Akdeniz"), which was negatively affected by macro-economic issues outside our control. While these external macro challenges are unlikely to improve in the short run, Antalya will become strategically more important due to its close proximity to extensive natural gas reserves in the Eastern Mediterranean. The total amount of natural gas reserves determined so far in the region is some 3.5 trillion cubic meters, which likely is the tip of the iceberg. The regional economy and trade will get a significant boost and Port Akdeniz is positioned to benefit with increased trade, investments, and maritime services for the exploration and extraction infrastructure (which Port Akdeniz already provides) as well as project cargo.

With climate change topping the world agenda, especially with extreme weather events becoming the norm globally, our focus on clean energy is more important to us than ever.

During the year, Global Investment Holdings took major steps forward with its clean energy efforts. Our electricity generation business started to deliver better results after a lengthy learning curve and testing process. Rising to the challenge, we added our first solar power plant, Ra Solar, to renewable portfolio with 10.8 MWp installed capacity in Mardin/Turkey. GIH's first international solar plant, Barsolar, will sell electricity with a capacity of 6 MWp in Bar/Montenegro and is scheduled to become operational in 2020. Our innovative biomass power plants boast an installed capacity of 29.2 MW at three separate facilities. GIH's co/tri-generation plants have a total installed capacity of 54.1 MW. 2020 is looking bright for renewable energy at Global Investment Holdings.

Naturelgaz, our compressed natural gas distributor, stood out for its excellent performance in 2019. The company's management has remained committed to continuous, material and ongoing improvement in the operational and financial performance of our CNG business.
With their drive and professionalism, Naturelgaz rationalized operating processes and aggressively acquired new customers. While part of the company's robust performance during the year was due to circumstances outside our control, 2019 would have been Naturelgaz' best year ever regardless. I am confident that the underlying business performance will continue to improve.

Naturelgaz has signed an agreement to purchase 100% of SOCAR Turkey LNG (as of the publishing of this report). Such acquisition will further strengthen the position of Naturelgaz in LNG, bulk CNG, and auto-CNG businesses; increasing volume and geographical coverage while diversifying the product portfolio. This acquisition is a perfect fit to Naturelgaz' strategies to enter into the LNG business, grow in bulk CNG, and establish an auto-CNG station network on critical routes of heavy duty vehicle transportation in Turkey.

In 2020, Naturelgaz aims to extend its experience and investments to surrounding markets that have an underdeveloped power infrastructure, and therefore solid growth prospects. New international expansion opportunities will be evaluated as well. We also have tentative plans for an IPO for Naturelgaz in 2020, market conditions permitting.

Asset management is our third focus area at Global Investment Holdings. Turkey has great potential in this burgeoning filed and we plan to capitalize on it. Our asset management firm – Actus – had a bright year even before being put into full context. Thanks to continued strong growth in market share, our assets under management expanded nearly 20% in real terms in 2019. This robust result was recorded before our merger with İstanbul Portföy Yönetimi was complete. The transaction is expected to be finalized in 2020. Actus' pension and equity funds posted a stellar performance for the year. Actus Asset Management's Equity Funds (Equity Intensive Funds) ranked first among all mutual funds in the market with 73.0% return in 2019, compared to the BIST 100's 25.4% return. Meanwhile, Actus' pension fund Vakif Emeklilik Variable Mutual Fund, has had the highest return in its peer group comprising 70 pension funds, with 47.0% return, compared to 27.9% return of its benchmark.

Actus is well positioned to greatly boost Global Investment Holdings' net asset value. The tie-up between İstanbul Portföy and Actus will give Turkey's second and third-largest money managers total assets of almost TL 4 billion, with plans to boost assets under management a further 40% by end-2020. This dream is attainable thank to our accumulated knowhow, experience and expert human capital.

One encouraging turnaround story at GIH is our brokerage business. Under new leadership, our brokerage business has completed another very difficult year by navigating through extremely tough market conditions. In the end, Global Securities recorded an impressive trading volume of TL 80.4 billion for the year.

Straton Mining, one of Turkey's leading players in industrial minerals with ~ 1.5 million tons feldspar annual production capacity, performed in line with its budget despite a mixed year stemming from temporary ore quality issues and exchange rate movements. Unfortunately, international supply and demand conditions are likely to worsen in 2020 so the outlook is not as strong this year. Regardless, respectable profitability should still ensue.

Real estate, as represented by Ardus, endured another difficult year, along with the entire industry in Turkey. Even in this challenging environment, Ardus worked hard, contained costs and hit its budget targets – no easy feat.

One area we all work hard to embrace, across the Group, is sustainability. Our efforts here run wide and deep. In recognition of our success in this key area, GIH was included in the BIST Sustainability Index for another term along with other Borsa Istanbul listed companies that demonstrate high performance in sustainability. Listing in the index provides companies with reputational and competitive advantages as well. GLYHO is also included in the BIST Corporate Governance Index.

As you can see, even in times of great adversity and challenge, there is much to be positive about at Global Investment Holdings. We continue to execute an exceptional performance across the Group – and to dream big.

Looking beyond Global, however, we see a growing number of "known unknowns" that are cause for attention and concern. Even prior to Covid-19, the world was slipping into a new, undeclared cold war. Now, coupled with the ongoing pandemic and economic upheaval on a global scale, the stakes are higher than ever.

OUR LONG TRACK RECORD OF SUCCESS, DURING BOOM PERIODS AND THROUGH CHALLENGING TIMES, DEMONSTRATES THAT WE KNOW WHAT WE ARE GOOD AT AND HOW TO DO IT BEST.

The established economies of the "first world" will struggle to preserve the order instituted at their behest at the end of WWII. In the challengers' corner are China, possibly India, and other, emerging market countries of Asia. Turkey has for many years tied its fortunes to what happens in and to Europe. Our country finds itself caught between its traditional friends and partners and emerging new opportunities. How we navigate the fast shifting waters will largely determine what sort of society we become and how successful.

China will also remain at the forefront of world news. Not merely due to the ongoing trade dispute and now Covid-19 row with the US but also due to increasing Chinese self-confidence in its near abroad, especially the South China Sea. Even if these conflicts are resolved amicably, and both economies stabilize quickly, other similar spats are sure to arise. In addition, Hong Kong and North Korea will no doubt continue to roil the region.

Chairman's Message

WE THANK YOU VERY MUCH FOR ADDING NEW VALUES TO OUR VALUES AND FOR WALKING WITH US IN THIS PROCESS, AND WE WISH TO CELEBRATE THE NEW 30 YEARS TOGETHER.

In this new fast-changing world are markets long discussed as being of growing importance but, for one reason or another, have not attracted the attention of all Turkish businesses – and here I mean those of both Sub-Saharan and North Africa – are expected to see greater interest. Of these, North Africa, by virtue of the sea that we all share is a natural extension of the greater European and Near Eastern sphere in which Turkey is located. While these markets may be overlooked in the near term because of the Covid-19 crisis, we are certain that Africa holds promise for Turkey going forward.

2020 should be a far more volatile and unpredictable year than 2019. After regaining its footing in the latter half of 2019, Turkey now faces stronger headwinds, battling Covid-19 with the rest of the world, shrinking commerce and trade in the near term as well as a temporarily diminished tourism industry. Recession in the Turkish economy seems unavoidable in the coming year, like in most quarters of the world. The Turkish lira is more exposed than in mid-2019. Turkey entered the new year with a small current account surplus but will struggle in the short term to maintain exports in this unchartered environment. Frankly, it will be unclear sailing ahead, with choppy waters and the fog of recession descending with the rising uncertainty of Covid-19.

Moving forward with our strong management, skilled and hardworking employees, prudent risk management and robust financial structure, Global Investment Holdings posted another exceptional year overall.

In 2020, Global Investment Holdings celebrates 30 years since its foundation. It has been an exhilarating ride with its ups and downs. We began operations as a brokerage house in June 1990, with paid-in cash capital of 5 million (old) Turkish Liras (then equivalent to roughly USD 1,900), occupying only one floor of offices above a department store in Şişli. Along the way, we transformed into a diversified conglomerate, with operations in 4 continents and 13 countries – stretching from Nassau and Antigua in the Caribbean to Singapore and Ha Long Bay in the Far East, and to Barcelona in the Mediterranean. In this 30-year unique and perfect journey, the trust, faith and professionalism of all our business partners have become indispensable values for us. We thank you very much for adding new values to our values and for walking with us in this process, and we wish to celebrate the new 30 years together.

Our long track record of success, during boom periods and through challenging times, demonstrates that we know what we are good at and how to do it best. Our true measure of success is the value we create over the long term and the strength of our market leadership. We are especially grateful to our shareholders, for their ongoing support and encouragement, and to the rest of the Global Family, for their hard work and commitment to excellence. Meanwhile, we at Global Investment Holdings will not only continue to dream big but also work to realize our ambitious dreams, even during these unprecedented times.

Mehmet Kutman
Chairman

Global Investment Holdings Group in Summary

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.

TOTAL ASSETS
(TL MILLION)

25% growth

GIH AT A GLANCE

Global Investment Holdings (GIH) is a diversified conglomerate with investments in a number of businesses – port infrastructure, energy generation, compressed natural gas distribution, mining, real estate development, brokerage and asset management. GIH focuses on maximizing shareholder value by diversifying investments in its operational areas and executing agile investment strategies. Since 1990, the year the Group was founded as a brokerage firm, GIH has transformed into a dynamic investment vehicle. The Holding focuses on a variety of nascent business sectors and traditional non-banking financial service providers that offer high growth potential with "first mover" advantages. GIH functions as an umbrella to manage key issues, such as investment, financing, organization, and management, of its affiliates by participating in their capital and management

Over the last 14 years, GIH has grown its total assets by 29 and total equity by 11-folds, transforming from a brokerage firm into a diversified conglomerate. As of end-2019, GIH reported total assets of TL 7.1 billion and total equity of TL 1.5 billion.

Global Investment Holdings is registered with the Capital Market Board (CMB). GIH's shares have traded on Borsa Istanbul (BIST) since May 1995 (GIH stock formerly traded under the company name Global Menkul Değerler A.Ş. from May 1995 to October 1, 2004). Currently, 99.99% of the Holding's shares are traded on BIST. GIH completed its first IPO abroad, on London Stock Exchange, in May 2017 with its affiliate Global Ports Holding Plc.

At this time, Global Investment Holdings Group operates in four key business areas:

- **Port Infrastructure:** Operation of cruise ports and commercial seaports;
- **Energy:** Renewable and clean energy generation, compressed natural gas sales and distribution, energy efficiency and mining;
- **Real Estate:** Development and operation of real estate projects;
- **Finance:** Non-banking financial services, including brokerage, advisory and asset management.

STRATEGIC FOCUS: PORT INFRASTRUCTURE, CLEAN ENERGY & ASSET MANAGEMENT

Going forward, the Group's new strategy is to develop regional and global enterprises only in select core businesses: port infrastructure, 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:

- **Port Infrastructure:** To continue fast-paced inorganic growth in the Caribbean and Asia, and focus on ensuring organic growth by boosting revenues at existing ports;
- **Clean Energy:** To develop innovative green energy solutions by utilizing long-term, attractive and guaranteed tariffs;
- **Asset Management:** To become a leader in asset management with strategic partner Centricus.

GIH AIMS TO STAY FOCUSED ON ITS STRATEGIC SECTORS, WHILE SELECTIVELY PURSUING NEW INDUSTRIES

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 and evolving the business environment around the world.

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 conformity with global standards. The Holding is also responsible for updating strategies for its subsidiaries, along the lines of the changing local and global environment, as to ensure their quick adaptations to changing business conditions and help their continuous growth.

CAPABILITIES

FAST MOVING

- Identifies attractive investment opportunities in rapidly growing industries
- Not limited by geographic or sector restrictions
- Proven track record of successful exits

FIRST ENTRANT

- Unique position as industry consolidator in its port operations
- Always prioritizes potential for future growth

DYNAMIC

- Investment portfolio unlike traditional holding companies
- Robust investment vehicle with interests across a variety of emerging business sectors
- Immediately responsive to a continuously changing business environment and focused on operational efficiency
- Significant operational value-added capabilities to improve underlying business fundamentals

Global Investment Holdings Group in Summary

GIH FOCUSES ON MAXIMIZING SHAREHOLDER VALUE BY DIVERSIFYING INVESTMENTS IN ITS OPERATIONAL AREAS AND EXECUTING AGILE INVESTMENT STRATEGIES.

OPERATING EBITDA (TL MILLION)

21% growth

Our Key Investment Principles

- Businesses with robust/defensible competitive positions and regional/global expansion potential
- High and sustainable barriers to entry
- Business models with high revenue visibility
- Multiple value creation levers that we have the power to influence
- Partnerships with global leaders on a case by case basis

Our Strategy

- Expanding all our portfolio companies
- Creating a worldwide & class asset (consolidating the cruise port industry globally)
- Attach value to portfolio companies
- Create regional/international entities with a strategic focus on infrastructure, clean energy and asset management
- Opportunistic approach to new business areas

GLOBAL INVESTMENT HOLDINGS' SHAREHOLDING STRUCTURE

As of December 31, 2019, GIH's issued capital amounted to TL 325,888,409.93 with an authorized capital ceiling of TL 650,000,000. The authorized capital ceiling permit given by the Capital Markets Board is valid for the years 2018 – 2022 (five years). Global Investment Holdings' shareholder structure is as follows:

Share Buyback Program Continues with an Additional TL 100 Million

Pursuant to the Board of Directors' resolution dated March 1, 2018, Global Investment Holdings bought back 34,072,330 nominal shares (10.46% of share capital) at an average price of TL 3.40 per share, and at a total consideration of TL 115,958,909.87, while the maximum share price stood at TL 4.47. The Board of Directors resolved to continue the share buyback program to complete the TL 150 million allocated maximum fund, which was announced on March 1, 2018; while announcing an additional maximum fund of TL 100 million maximum funds, both to be completed by December 31, 2020. Once completed, this effort will yield shareholders total proceeds of TL 334 million inclusive of previous share buybacks.

Strong and Committed Shareholder Structure

	December 31, 2019	
	Shares (TL)	(%)
Centricus Holdings Malta Limited	101,826,967	31.2
Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş.*	84,875,163	26.0
Treasury Shares**	43,126,651	13.2
Lansdowne European Equity Master Fund Limited	28,257,295	8.7
Publicly Traded Other Shares	67,802,334	20.8
TOTAL	**325,888,409.93**	**100.0**

** Fully owned by Mehmet Kutman, who is founding shareholder, Chairman and Chief Executive Officer of Global Investment Holdings.*
*** Treasury shares repurchased by the Company based on share buyback programs.*

GOING FORWARD, GLOBAL INVESTMENT HOLDINGS DEVELOP REGIONAL AND GLOBAL ENTERPRISES IN CORE BUSINESSES: PORT INFRASTRUCTURE, CLEAN ENERGY AND ASSET MANAGEMENT.

Global Investment Holdings Group

Port Infrastructure

The world's largest independent cruise port operator, with 21 ports, including two commercial ports, in 13 countries

c.14 million passengers annually with an established presence in the Caribbean, Mediterranean, and Asia-Pacific

Listed on the London Stock Exchange

Caribbean
Nassau Cruise Port
Antigua Cruise Port
La Habana Cruise Port**

Adriatic
Port of Adria, Bar*
Ravenna Cruise Port
Venice Cruise Port
Zadar Cruise Port

West Mediterranean
Lisbon Cruise Port
Barcelona Cruise Port
Cagliari Cruise Port
Catania Cruise Port
Valletta Cruise Port
Málaga Cruise Port

East Mediterranean
Ege Port Kuşadası
Port Akdeniz, Antalya*
Bodrum Cruise Port
La Goulette Cruise Port

Asia
Singapore Cruise Port
Ha Long Cruise Port

**Mainly commercial ports with some minor cruise activities*
***Where the Group has not invested*

Mining

One of Turkey's leading players in industrial minerals with ~ 1.5 million tons feldspar annual production capacity

Total feldspar sales
483,454 tons

Export volume
362,015 tons

Energy Generation

Co/tri-generation with 54.1 MW installed capacity

Biomass power plants with an installed capacity of 29.2 MW at three separate facilities

2 solar power plants with 16.8 MWp installed capacity ~ 10.8 MWp already in operation and 6 MWp scheduled to become operational in 2020

Aydın
12 MW biomass power plant

Şanlıurfa
5.2 MW biomass power plant

Mardin
12 MW biomass power plant
10.8 MWp solar power plant

Bar/Montenegro
6.0 MWp solar power plant (under development)

Cogeneration/Trigeneration
54.1 MW capacity at eight different points in Turkey

Real Estate

Developing and operating real estate projects

Consolidated total gross leasable area
84,797 m²

Retail gross leasable area
63,502 m²

Office gross leasable area
21,295 m²

- **Sümerpark Shopping Centre:** Denizli's third-largest shopping centre with 35,836 m² gross leasable area (GLA)
- **Van Shopping Centre:** Van's first shopping centre with 26,047 m² GLA
- **Denizli SkyCity Office Project:** Denizli's first and largest modern office project with a construction area of 33,055 m²
- **Sümerpark Residences:** First modern mass-housing project in Denizli with eight blocks over 68,000 m² construction area
- **Vakıfhan No:6:** 1,619 m² rent operate transfer (ROT) type office re-development
- **Salıpazarı Global Building:** Second degree listed building with 5,230 m² area
- **Denizli Hospital Land:** 10,745 m²
- **Denizli Final Schools:** 11,565 m² GLA
- **Cyprus Aqua Dolce Hotel Project:** 260,177 m² land with 48,756 m² hotel and residential project area
- **Bilecik Industrial Zone Land:** 29,500 m²

Natural Gas

Compressed Natural Gas Sales and Distribution
Turkey and Europe's leading CNG (Compressed Natural Gas) distributor in terms of station infrastructure and bulk sales volume

Controls c.20% market share in Turkey's total non-piped natural gas market

10 bulk CNG plants, 3 auto-CNG stations, 296 CNG road tankers and 47 industrial-scale compressors. All facilities and equipment established and used by the company conform to international standards and regulations.

- **CNG Plants:** İzmir, Bursa, Adapazarı, Antalya, Konya, Kayseri, Kırıkkale, Osmaniye, Rize, Elazığ
- **Auto CNG Stations:** İstanbul (Alibeyköy), Bolu, Kocaeli (Çayırova)

Finance

Asset Management
One of the leading independent players in the market serving domestic, international, institutional and individual investors with its innovative product portfolio

Brokerage
Ranking among Turkey's leading independent brokerage firms offering securities and derivatives trading and portfolio management services to international and Turkish institutional investors

Actus Asset Management

Assets Under Management
TL 987 million

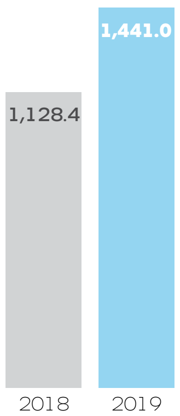
Global MD Portfolio Management Assets Under Management
TL 291 million

Global Securities
Trading volume of TL 80.4 billion

Consolidated Financial Highlights

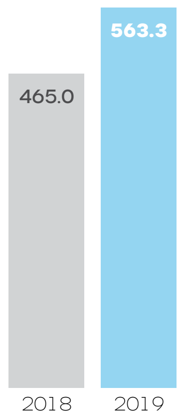
TURNOVER
(TL MILLION)

28% GROWTH

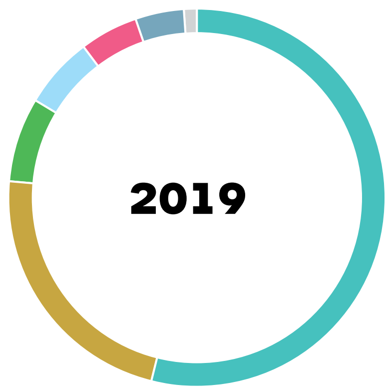


EBITDA
(TL MILLION)

21% GROWTH



GROSS TURNOVER
(%)

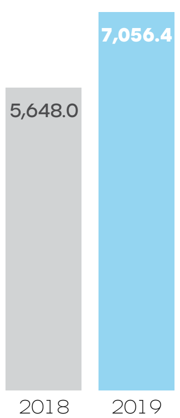


Ports	**46.4%**
Gas	**29.7%**
Energy Generation	**10.3%**
Mining	**6.7%**
Finance	**3.7%**
Real Estate	**2.9%**
Other*	**0.3%**

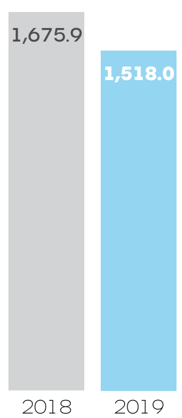
Includes Global Investment Holdings' solo operations

TOTAL ASSETS
(TL MILLION)

25% GROWTH



EQUITY
(TL MILLION)



Key Financial Indicators

Consolidated Balance Sheet (TL million)	2018	2019
Current Assets	1,104	1,350
Non-Current Assets	4,544	5,706
Total Assets	5,648	7,056
Short-Term Liabilities	1,203	1,579
Long-Term Liabilities	2,769	3,959
Total Shareholders' Equity	1,676	1,518
Total Liabilities and Shareholders' Equity	5,648	7,056

Consolidated Income Statement (TL million)	2018	2019
Turnover	1,128	1,441
Gross Profit	380	437
Operating EBITDA	465	563
Profit/(Loss) Before Tax	(86)	(134)
Net Profit/(Loss) for the Period	(90)	(131)

GIH'S MAIN TARGET WAS TO MAINTAIN AND IMPROVE THE POSITIVE RESULTS IT HAD ACHIEVED WHILE THE GROUP PLACED GREATER IMPORTANCE ON BEING EFFICIENT, COMPETITIVE AND PROFITABLE IN THE CORE BUSINESSES.

Milestones

A MULTINATIONAL HOLDING COMPANY, WITH A LEAN MANAGEMENT APPROACH THAT FACILITATES SWIFT DECISION MAKING AND TIMELY RESPONSE WHILE EXTRACTING MAXIMUM VALUE BY SUCCESSFUL EXIT.

1990
- GIH was established (as Global Securities)

2004
- Global Securities became GIH
- GPH was established (commenced operations in Ege Port Kuşadası in 2003)
- Acquired Energaz at USD 36.3 million valuation

2006
- Acquired 40% stake in Port Akdeniz, Antalya

2007
- Acquired Yeşil Energy at USD 33.7 million valuation

2008
- Acquired 60% stake in Bodrum Cruise Port

2009
- Sold Yeşil Energy to Statkraft (Norway) at USD 115.8 million valuation

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

2011
- Global Asset Management sold 60% shares to Azimut, Italy at TL 7.8 million valuation
- IPO of Global Securities for 10,000,000 shares (25%) at TL 66.2 million valuation
- Sale of 22% of GPH shares to VEI, Italy at USD 350 million valuation
- Acquisition of 25% of Naturelgaz CNG Distributor
- Opened Sümerpark Shopping Centre

2012
- Sold Energaz to STFA at USD 75 million valuation
- Acquired additional 55% of Naturelgaz
- Sümerpark Apartments phase I completed

2013
- Acquired minority stake in Creuers (Barcelona, Málaga and Singapore Cruise Ports)
- Acquired 62% stake in Port of Adria, Bar, commercial port
- Straton Mining acquired

2014
- Acquired further stake in Creuers (GPH stake 62%)
- Signed concession agreement for Lisbon Cruise Terminals (GPH's effective stake: 46%)
- Opened Final Private School in Denizli

2015
- Acquired 55.6% stake in Valletta Cruise Port
- European Bank for Reconstruction and Development (EBRD) acquired 10.84% stake in GPH
- GIH decided to enter Biomass business in Turkey
- Opened VAN Shopping Centre
- Sümerpark Apartments phase II completed
- Global Securities completed the acquisition of a 100% stake in Eczacıbaşı Securities

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
- IPO of GPH on the London Stock Exchange @ GBP 465m market cap
- Centricus invesment into GIH (31% share sale)
- Greenfield investments for 2 biomass pp's with 17.2 MW installed capacity completed
- SkyCity (Sümerpark Office) project phase I completed

2018
- GIH is included in the BIST Sustainability Index
- Awarded management contract for Havana Cruise Port
- Signed a concession agreement for Zadar Gazenica Cruise Port, Croatia
- Extended Bodrum Cruise Port concession to 2067
- Operational biomass portfolio increased to 29.2 MW
- Construction of 10.8 MWp solar power plant started (Mardin/ Turkey)

2019
- Started operating Prince George Wharf Cruise Port, Nassau, the Bahamas for a 25-year term
- Commenced cruise port operations in Antigua for a 30-year term
- Reached merger agreement with İstanbul Portföy
- Extended Marina Bay Cruise Centre Singapore concession to 2027
- GIH secured its place in BIST Sustainability Index for another term
- Added first solar power plant, Ra Solar, to a renewable portfolio with 10.8 MWp installed capacity in Mardin/Turkey
- Signed a 15-year management service agreement for Ha Long Cruise Port, Vietnam
- GIH's first international solar plant, Barsolar, will sell electricity with a capacity of 6MWp in Bar/Montenegro
- Concluded acquisition of the operator of La Goulette, Tunisia
- GIH reported record-high revenue and EBITDA

Port Infrastructure

WELCOMING
MILLIONS OF PASSENGERS
THROUGH
21 PORTS IN
13 COUNTRIES ON
4 CONTINENTS...

Port Infrastructure
Global Ports Holding at a Glance

Global Ports Holding Plc is the world's largest independent cruise port operator with an established presence in the Caribbean, Mediterranean, Asia-Pacific regions, including extensive commercial port operations in Turkey and Montenegro.

WHO WE ARE

GPH was established in 2004 as an international port operator with a diversified portfolio of cruise and commercial ports. As an independent cruise port operator, the group holds a unique position in the cruise port landscape, positioning itself as the world's leading cruise port brand, with an integrated platform of cruise ports serving cruise liners, ferries, yachts and mega-yachts. The group also offers commercial port operations that specialise in container, bulk and general cargo handling.

A portfolio of award-winning ports and terminals allows GPH to transfer best practices to its subsidiaries. With a strong focus on operational excellence, enhanced security practices and customer-oriented services, GPH aims to contribute to the development of the cruise industry.

WHAT WE DO

Our Cruise Port Business

GPH serves the needs of the world's cruise lines, ferries and mega yachts through a strategically located network of 19 cruise ports in 13 countries. We offer our customers and their passengers top quality service that address specific requirements, and that are delivered with premium standards of safety, security and performance worldwide.

GPH's Cruise business model is focused on delivering both organic and inorganic growth. Organic growth focuses on increasing passenger volumes over the medium-term and deploying the portfolio of services to grow the revenue yield per PAX. The inorganic strategy is to expand the network through the selective acquisition of strategically chosen ports. GPH invests in them and applies the global best practice to maximise their full potential, increase passenger capacities and generate strong returns.

We welcomed 5.3 million cruise passengers to our consolidated and managed portfolio in 2019, a very pleasing growth rate of 17.7%. While at all ports including Venice, Lisbon and Singapore, our equity accounted for associate ports we welcomed 9.3 million* passengers, an 8.5% increase over the previous year. Over the year, our Cruise ports business generated 53.5% of the Company's revenue and 53.2% of our segmental EBITDA.

Our Commercial Business

GPH operates two strategically located ports that handle commercial business. Port Akdeniz-Antalya, located on southern Turkey's Mediterranean coast, is one of Turkey's leading container export traffic ports. We are also the majority owner of the Port of Adria in Montenegro, a vital link in the chain of intermodal transport in the Balkans.

*2018 Venice passenger volumes used in calculation due to unavailability of Q4 2019 data. 9M 2019 data implies modest YoY growth.

21 PORTS IN 13 COUNTRIES

A TRULY GLOBAL NETWORK

Port Infrastructure

Global Ports Holding at a Glance

THE SUCCESSFUL DELIVERY OF OUR STRATEGIC OBJECTIVES IN CRUISE WILL TRANSFORM THE GROUP.

4

ADDED FOUR NEW PORTS TO THE PORTFOLIO IN NASSAU, ANTIGUA, HA LONG BAY AND LA GOULETTE

Our Commercial business generates most of its revenue from handling goods for export and import through our two dedicated ports, Port Akdeniz and Port of Adria. Each is focused on introducing new services and revenue streams to drive revenue and EBITDA growth, while also seeking new cargo volumes to further diversify their business mix.

These two ports together handled around 199 thousand TEU and 743 tons of throughputs in 2019. They generated 46.5% of the Company's revenue and 46.8% of its segmental EBITDA in the reporting year.

WHERE WE OPERATE

GPH's portfolio of cruise and commercial ports has been carefully and deliberately built over more than a decade, since our very first operation began in Ege Port Kuşadası, Turkey in 2004. With the strategically located network of 21 ports in 13 countries GPH serves the needs of the world's cruise lines, ferries and megayachts through interests in a strategically located network of cruise ports in 13 countries, as well as operating 2 strategically located commercial ports.

During 2019, we were successful in expanding the global reach of our portfolio. We grew our network in the Caribbean, winning the cruise port concessions for Nassau Cruise Port in the Bahamas and Antigua Cruise Port, in Antigua. We also added to our presence in Asia, with a management contract for Ha Long Bay in Vietnam. And our 50:50 JV successfully acquired the operator of La Goulette Cruise Port, Tunisia.

We onboarded the Caribbean ports into GPH's systems and approach in Q4 2019, and the investment phase has begun at both ports, the other two ports will be onboarded in H1 2020.

We look forward to transforming the passenger experience at these ports and increasing the volume of passenger numbers in the years ahead.

OWNERSHIP

The table below shows the percentage ownership that GPH holds in our ports.

ITALY
- 11.1%* VENICE CRUISE PORT
- 62.2% CATANIA CRUISE PORT
- 70.9% CAGLIARI CRUISE PORT
- 53.7% RAVENNA CRUISE PORT

SPAIN
- 62.0% BARCELONA CRUISE PORT
- 62.0% MÁLAGA CRUISE PORT

TURKEY
- 72.5% EGE PORT, KUŞADASI
- 99.9% PORT AKDENIZ, ANTALYA (Commercial Port)
- 60.0% BODRUM CRUISE PORT
- 99.9% ANTALYA CRUISE PORT

PORTUGAL
- 46.2%* LISBON CRUISE PORT

MALTA
- 55.6% VALLETTA CRUISE PORT

SINGAPORE
- 24.8%* SINGAPORE CRUISE PORT, SATS CREURS

MONTENEGRO
- 63.8% PORT OF ADRIA, BAR (Commercial Port)
- 63.8% BAR CRUISE PORT

CROATIA
- 100% ZADAR CRUISE PORT

CUBA
- MANAGEMENT AGREEMENT
- LA HABANA CRUISE PORT**

VIETNAM
- MANAGEMENT AGREEMENT
- HA LONG CRUISE PORT

TUNUSIA
- 50.0%* LA GOULETTE CRUISE PORT

BAHAMAS
- 49.0% NASSAU CRUISE PORT

ANTIGUA & BARBUDA
- 100% ANTIGUA CRUISE PORT

Cruise Port

Commercial Port

*Equity accounted investee
** Where the Group has not invested

Port Infrastructure

Global Ports Holding at a Glance

A truly transformational year

A year of 'marquee' additions to the portfolio and a good Cruise performance, but challenges in the Commercial segment.

9.3 million*

A record number of passengers (including Equity Accounted Investee's passenger)

2019: HIGHLIGHTS

A year of marquee additions to the portfolio and good cruise performance, but challenges in the Commercial segment. Our physical reach grew with the addition of our second and third Caribbean cruise ports in Nassau and Antigua and towards the end of the year; we added interests in cruise ports in Vietnam and Tunisia.

Group highlights

- FY revenue of USD 117.9 million down 5.6%
- Adjusted EBITDA of USD 77.0 million down 8.0%
- An interim dividend of USD 12.5 million (15.5p per share) was paid in November 2019
- The unprecedented level of disruption to the cruise industry caused by the Covid-19 outbreak and the associated short-term uncertainty, the Board has decided that it is prudent, and in the best interests of all stakeholders, to suspend temporarily the dividend for the full year 2019 until the situation improves
- Underlying profit for the period USD 27.3 million

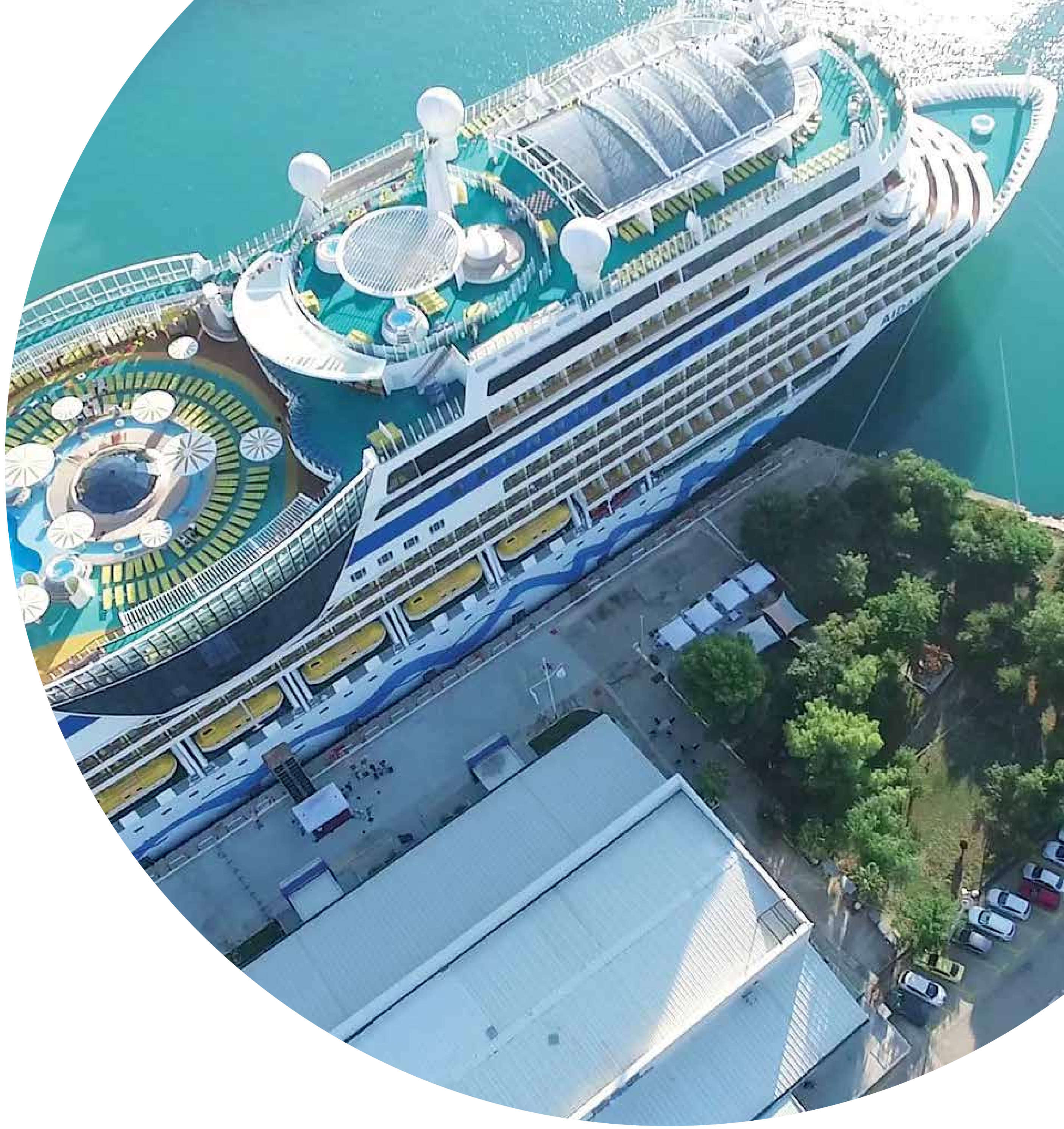
Cruise highlights

- Transformational year for Cruise, with Nassau, Antigua, Ha Long and Tunisia added into our network during the year
- These new ports are expected to add over 4 million passengers a year to the Group
- Record total cruise passenger volumes up 8.5% to 9.3 million* from all ports, including our equity associate ports of Venice, Lisbon and Singapore
- Record consolidated and managed portfolio passenger volumes of 5.3 million, up 17.7%
- Record Cruise revenue of USD 63.0 million up 14.8% vs. 2018 and Cruise Segmental EBITDA USD 44.4 million up 18.0% vs 2018

Commercial highlights

- Commercial business performance was disappointing, with EBITDA in declining by 26.4%
- Container volumes were down 15.9% and general bulk cargo volumes fell 49.7%
- Trade tariffs contributed to a general uncertainty around global trade, particularly involving China.
- Port of Adria delivered USD 1.7 million of EBITDA, down 56.5%
- Commercial EBITDA margin fell to 71.2%

*2018 Venice passenger volumes used in calculation due to unavailability of Q4 2019 data. 9M 2019 data implies modest YoY growth.



A cornerstone of our stratey is to add cruise ports to the portfolio where we can create value for shareholders and add value for all stakeholders.

Port Infrastructure

A Portfolio Mapped for Success

A GLOBALLY DIVERSIFIED PORT NETWORK, WITH OPERATIONAL AND MANAGEMENT SYNERGIES

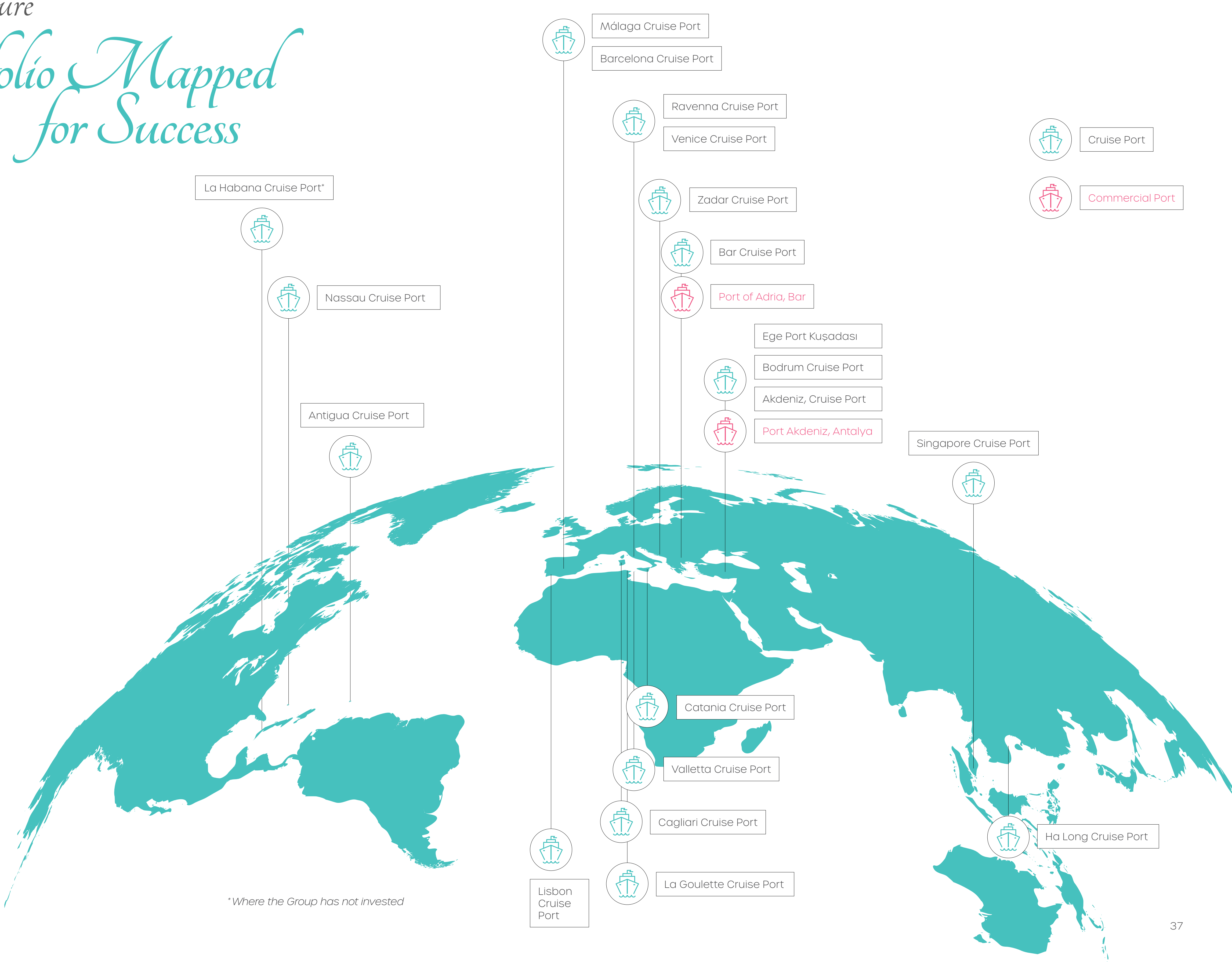
CARIBBEAN
- Nassau
- Antigua
- La Habana*

WESTERN MEDITERRANEAN
- Lisbon
- Málaga
- Barcelona
- Valletta
- Catania
- Cagliari
- Tunisia

ADRIATIC
- Bar, Montenegro
- Ravenna
- Venice
- Zadar

EASTERN MEDITERRANEAN
- Kuşadası
- Bodrum
- Antalya

ASIA
- Singapore
- Vietnam



*Where the Group has not invested

Port Infrastructure

Industry Sector Report and Outlook

WELL ESTABLISHED STRUCTURAL GROWTH TRENDS TO CONTINUE

THE GLOBAL CRUISE INDUSTRY CONTINUES TO BE DOMINATED BY JUST FOUR MAJOR GROUPS: CARNIVAL CORPORATION, ROYAL CARIBBEAN CRUISE, NORWEGIAN CRUISE LINES AND MSC.

THE CRUISE SECTOR

Cruise lines and cruise brands

The global cruise industry continues to be dominated by just four major groups: Carnival Corporation (41.8% of passengers worldwide), Royal Caribbean Cruise (23.8%), Norwegian Cruise Lines (9.0%) and MSC (8.6%). Between them, they hosted 83.2% of total worldwide cruise passengers in 2019.

This 'big four' dominance, however, does not mean a lack of choice for the passenger. All the groups operate a portfolio of differentiated cruise brands across the world, enabling them to target passengers across different source markets, be that by geography, demographics, life stage and the particular type of cruise experience they're looking for.

This means that a constant reinvention of 'the cruise' is giving customers a broader choice than ever before. New ships, brands, concepts, food, design and a transformation in on-board entertainment are all attracting new passengers. With product and brand segmentation playing a critical part in this process, a cruise holiday is no longer a homogenous product.

The major groups' success in this endeavour is creating ever-broader customer bases, consistent levels of growth and returns and, inevitably, more competition. Smaller cruise lines are accelerating their plans to increase the size of their fleets, as evidenced by the shipyards' order books. And significantly, major brands are entering the fray for the first time, attracted by the strong fundamentals and returns. In 2020, Virgin Voyages and The Ritz-Carlton Yacht Collection cast off for the first time.

This ever-widening choice will be a major driver of growth for destinations in the years ahead. However, it could also fundamentally change the dynamics of the industry.

As the market continues to evolve established market shares are expected to fragment, as new entrants and smaller cruise lines outgrow the more established lines. This new market structure is disrupting the status quo in the relationship between cruise lines and cruise destinations could fundamentally change.

The market share of any cruise region and destination is driven by a range of factors. They include the proximity to source markets, the perceived attractiveness of a destination as well as the practical issues of seasonality, weather and direct flights to homeports. Although many of these factors are beyond our control, Global Ports Holding works tirelessly in the mutual interest of helping our cruise destinations to drive new demand. We believe this activity will become increasingly important as market shares fragment.

This activity can range from direct marketing to the cruise lines' itinerary planners through to working with local airport operators to deliver flight schedules that can help a port become a homeport. We help to develop destinations, supporting local stakeholders to offer a wide range of attractions that ensure a cruise passenger's stay is full of adventure.

Environmental progress

Like other travel sectors, the cruise industry's impact on the environment is being increasingly scrutinised, particularly given its forecasted growth. We welcome this and it is pleasing to see a real determination across the industry to reduce environmental impact. According to the Cruise Lines International Association's (CLIA) most recent Environmental Technologies and Practice Report, 44% of new-build capacity will use LNG as its primary fuel, with two such ships entering service in 2020. This will rise to 67% of LNG-fuelled capacity in 2026.

Using LNG reduces sulphur emissions by 100%, nitrogen oxide emissions by 96 -100%, nitrogen oxide by 85% and CO_2 by 25%. Of the new-build ships that do not use LNG, 75% of them will be fitted with Exhaust Gas Cleaning Systems (EGCS). These 'scrubbers' significantly reduce emissions.

	Sulphur oxide	Total Particular matter	Nitrogen oxide	CO_2
LNG	0%	96-100%	85%	25%
EGCS scrubbers	99%	65%	2%	0%

Source: D. Kolich & F. Kurtovic University of Rijeka, Croatia.

The industry is also taking small but important steps such as banning single-use plastic, not only onboard but along the cruise supply chains. There is also a continued focus on new technology in areas such as wastewater treatment systems, solar energy, fuel cell technology and efficient lighting.

Perhaps one of the most significant developments will be the increase in shore power. Being able to plug into the local power grid while in port will significantly reduce emissions from cruise ships. According to CLIA, 88% of new-build ships will be equipped with shore-side power capabilities.

On the ground, the cruise industry has a positive economic impact on its destinations. But as the sector grows, so will its demands on local social and environmental eco-systems and infrastructure. While cruise tourism often only represents a small percentage of the total number of tourists in a destination, the size of the ships means the industry can receive a disproportionate amount of attention.

We are sensitive to the impact of cruise tourism in our local communities. We work with local stakeholders to minimise the impact on the local environment, for example by taking steps to manage the passenger flow and encouraging a wide dispersal of passengers by alerting them to the full range of attractions on-shore.

GPH takes its responsibility to the environment and our local ecosystems seriously. Most of our ports have been awarded one or more accreditations, including ISO 14001 (Environmental Management System) and/or the EcoPort certification. Our goal is for all our ports to be EcoPort certified and where this is not possible, we are committing to running our operations in line with the EcoPort Certification and our HSE manual.

Port Infrastructure

Industry Sector Report and Outlook

THE CRUISE SHIP ORDER BOOK CONTINUES TO BE SUPPORTIVE OF FUTURE GROWTH, WITH 115 SHIPS CURRENTLY ORDERED FOR DELIVERY OVER THE NEXT DECADE.

Resilient growth in cruise tourism
Cruise tourism is an extraordinary success story, rising from 230 ships and 10.3 million passengers in 1998 to today's 300 ships and nearly 30 million passengers. But as importantly, it has proved to be exceptionally resilient, with a passenger base that has grown despite headwinds such as Gulf wars, SARS, Asian Flu, the financial crisis and terrorism.

A key driver of this resilience in passenger growth is the long lead times for cruise holiday bookings, which means that holiday plans have often been decided long before a given crisis starts to impact consumer sentiment.

The impact of Covid-19 and the subsequent introduction of significant travel restrictions is going to test the industry's previous high levels of resilience. However, while there may be uncertainty as to when things will return to normal, the attractions of the industry to tourists is likely to remain.

Perhaps most importantly, the business model of the cruise lines revolves around managing occupancy levels. Historically, when demand falls, promotions and pricing are used to stimulate demand and drive up occupancy levels.

Longer term, this growth is driven by a combination of the cruise lines' business model and the shipyards' order books. The model dictates that cruise ships almost always sail full, driven by long booking patterns, global source markets, strong distribution and, when required, dynamic pricing. With ships sailing full, new cruise ships coming on stream effectively generate their own growth.

The cruise ship order book continues to be supportive of future growth, with 115 ships currently ordered for delivery over the next decade. This supply of new vessels indicates that by 2027, passenger capacity will have grown to nearly 41 million – and this could be a conservative estimate.

Most established shipyards are working at capacity for the foreseeable future, and with such sound industry fundamentals it is not surprising that new ship building capacity is beginning to enter the market. In turn, this could allow some cruise lines to accelerate their ship building, plans and itineraries.

In 2019, the first ocean-going cruise ship to be built on the Chinese mainland entered production, at a new shipyard backed with an investment of more than USD 260 million. The ship, with a capacity of 5,246 passengers, is due for delivery in September 2023, with a second due the following year and with an option for a further four.

The Chinese Government has made cruise ship building a major objective of its "Made in China 2025" programme. With China now the second largest source market in the world for cruise passengers, much of the increased cruise ship building capacity could be used to accommodate demand sourced from China.

No matter which demographics or destinations the ships ultimately serve, the combination of increased build capacity and the options to order additional ships means that industry capacity is likely to grow beyond the current cruise ship order book.

But this cruise industry growth will come with challenges. With more ships in the water, and with a trend towards increasing sizes, destinations must look hard at their cruise port infrastructure. Being ready for today's buoyant market is not enough; they need to be looking now at the demands of the next 10-20 years.

For many destinations, that will mean investing in their port infrastructure to expand their capacity and improve the passenger experience. While tendering passengers to shore has previously allowed some ports the flexibility to handle more people than their infrastructure allows, the capacity of the newest ships means that tendering is not realistic. A failure to invest now and future-proof their infrastructure will risk being left behind.

We believe Global Ports Holding is well-positioned to be a key enabler of the infrastructure investment, not just for today's demands but tomorrow's passenger volumes, tastes and needs.

New Ships Debuting in 2020

Cruise Line	Ship	Cruise Line	Ship
Carnival	Mardi Gras	**Ponant**	Le Jacques Cartier
Celebrity	Celebrity Apex	**Princess**	Enchanted Princess
Coral Expeditions	Geographer	**Regent Seven Seas Cruises**	Seven Seas Splendor
Costa Cruises	Firenze	**Royal Caribbean**	Odyssey of the Seas
Crystal	Crystal Endeavour	**Saga Cruises**	Spirit of Adventure
Dream Cruises	Global	**Scenic**	Scenic Eclipse II
MSC Cruises	Virtuosa	**Silversea**	Silver Moon
Mystic Cruises	World Voyager	**Silversea**	Silver Origin
P & O Cruises UK	Iona	**Virgin Voyages**	Scarlet Lady
Ponant	Le Bellot		

Investing in an adventure
Cruise ports need to be more than just a facility to embark or disembark. Passengers increasingly expect a well-designed and well-invested cruise terminal, with tailored services, contemporary and locally-focused food and drink, and exciting retail outlets. And their expectations do not stop there.

The experience beyond the port is also important, whether its tasting local food specialties, visiting special heritage sites and ancient ruins or going snorkelling and scuba diving – they're looking for adventure. In addition, when they call at a port, whether that is touring ancient ruins or going scuba diving. In some destinations, these adventures are readily available, but in others coordination between all stakeholders is needed.

NEARLY 30 MILLON PASSENGERS

CRUISE TOURISM IS AN EXTRAORDINARY SUCCESS STORY, FROM 230 SHIPS-10.3 MILLION PASSENGERS IN 1998 TO 300 SHIPS AND 30 MILLION PASSENGERS.

Port Infrastructure

Industry Sector Report and Outlook

Global Ports Holding's all stakeholder approach ensures a great experience for cruise passengers, but it also ensures cruise tourism benefits the local businesses and local people.

Through our all stakeholder approach we believe we are well-positioned to help stakeholders manage the growth in their passenger volumes.

We:

- help the cruise lines to manage the growth in their passenger volumes;
- show destinations how to plan and be future-ready in their infrastructure;
- combine significant investment with our global expertise, maximising passenger capacity by enabling ports to handle the world's largest cruise ships;
- understand how to deliver an excellent cruise port experience that meets passengers' highest expectations;
- bring stakeholders together to ensure the cruise port experience for passengers extends to the destination; and
- specialise in bringing about an all-stakeholder approach to ensure cruise tourism benefits the local businesses and local people.

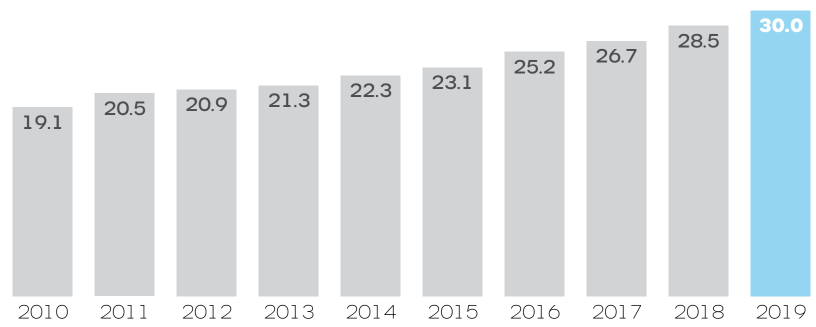
We believe that we are well-positioned to help the cruise lines manage the growth in their passenger volumes while helping destinations not just is future-ready in terms of their infrastructure but to also be ready to meet the wider needs of not just today's cruise passengers, but also the cruise passengers of tomorrow.

By combining significant investment into ports with our global expertise, we are not only maximising the passenger capacity at ports by enabling them to handle the world's largest cruise ships but, as importantly, we are also aiming to improve the experience that each passenger has at both the port and destination.

We work closely with all our stakeholders, creating new and dynamic services that elevate the passenger experience in the port but also bring stakeholders together to ensure the cruise port experience for passengers extends to attractions, excursions and services in the destination.

Global Ports Holding's all stakeholder approach ensures a great experience for cruise passengers, but it also ensures cruise tourism benefits the local businesses and local people and that ports and destinations are well prepared to meet the cruise passengers of today and tomorrow.

2009-2018 PASSENGER TRAFFIC SNAPSHOT GLOBAL OCEAN CRUISE PASSENGER (MILLION)

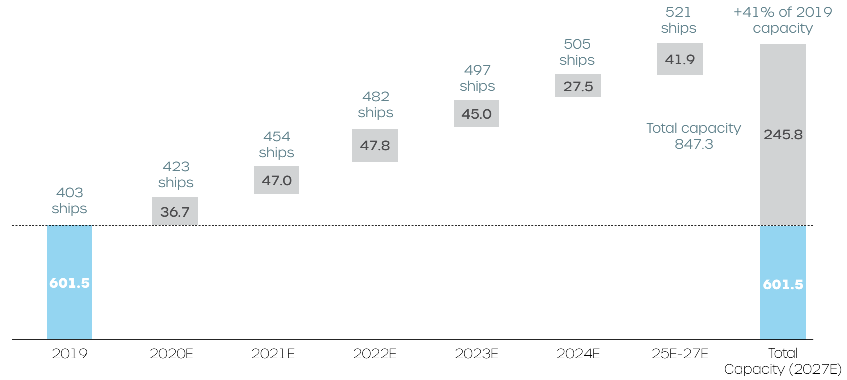


Source: CLIA - State of the Industry 2019

2020 = 32 Million Passengers expected to cruise

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.

HIGHLY VISIBLE INDUSTRY EXPANSION GLOBAL ORDERBOOK/TOTAL SHIP CAPACITY '000 PAX

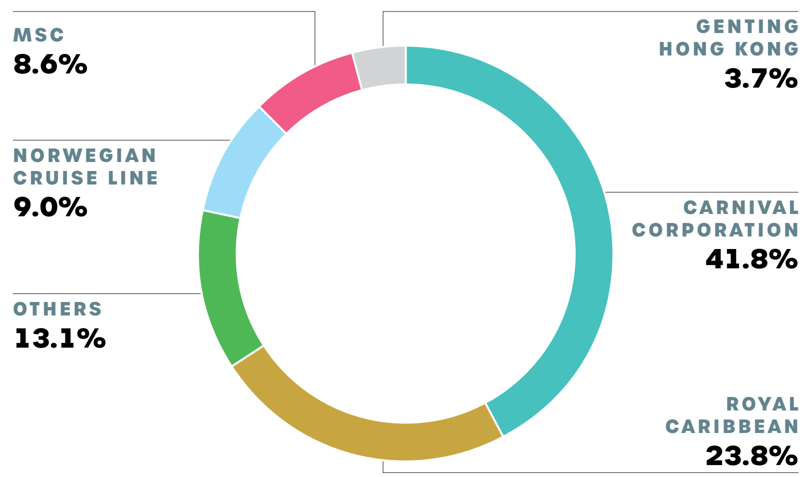


Source: 2020 State of the Industry and Future Forecast Annual Report 33rd Edition; Cruise Industry News

115

Ships on order

MARKET SHARE OF CRUISE LINES BY WORLDWIDE PASSENGERS 2019



Source: 2020 State of the Industry and Future Forecast Annual Report 33rd Edition; Cruise Industry News

Cruise ship order books have scaled record highs globally, and are set to register substantially in terms of cruise passenger volumes.

Port Infrastructure
Antalya

A very popular tourist destination in Turkey

DEVELOPMENTS IN 2019
As we reported last year, projections pointed to a slow 2019 for cruise port activity, and so it proved. Nevertheless, Antalya's allure still attracted some 11 million visitors as land-based tourism increased, and it continues to rank as the fourth most visited city in the world. Cruise tourism tends to lag behind land-based visits, both into and out of any downturn in volumes, but the fundamentals of Antalya remain strong. We continue to work with the tourism ministry, cruise lines and tourism agencies

GPH AND ANTALYA CRUISE PORT
Antalya Cruise Port falls under Port Akdeniz, our commercial port. GPH acquired a 40% stake in Port Akdeniz, Antalya in 2006, thereafter increasing its share to 99.9% in July 2010. In order to sustain a steady rise in both commercial and cruise operations, GPH has made significant investments in port capacity.

ANTALYA CRUISE PORT

Turkey/Antalya

Maximum Ship Dimensions for Berthing
Length: 350 m
Width: No limit
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

Antalya Cruise Port
Acquisition Date: 2006
End of Concession*: 2028

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

99.9%
GPH OWNERSHIP

Port Infrastructure
Antigua

A MARQUEE PORT IN THE EASTERN CARIBBEAN

DEVELOPMENTS IN 2019

GPH welcomed Antigua into our portfolio in Q4 2019, when we signed a 30-year concession agreement, with a right to extend for a further 10 years, for St. John's cruise port in Antigua & Barbuda.

This initial period, under the direction of a new General Manager, has been focused on laying ambitious plans for the development of the port, embedding our culture and working practices, and working closely with all stakeholders to improve aspects of the port and the port experience.

ANTIGUA
CRUISE PORT

Antigua & Barbuda/ Antigua

Maximum Ship Dimensions for Berthing
Length: 362 m
Width: 65.7 m
Draught: 9.3 m

Quays / Berths
Total Number of Berths: 5
Total Berthing Line Length: Approx. 1904m incl. dolphins
Quay Depth: 9 – 11 m

Bus Capacity:
52 buses (capacity of 28 seats)
105 busses (capacity 14 seats)
45 vans (capacity 8 seats)

Anchorage
Available: Yes
Ship Tender Allowed: Yes
Tugs Available: Yes, on request
Tidal Movement/Range: 0.7 m- negligible

Antigua Cruise Port
GPH Acquisition Date: 2019
End of Concession: 2049

100%

GPH OWNERSHIP

Port Infrastructure
Bar

MAINTAINING PROGRESS

DEVELOPMENTS IN 2019

Bar was successful in maintaining the significant increase in passengers it achieved in the prior year. The port's status and profile continue to rise within the cruise industry as we work with all stakeholders to promote this compelling destination. The plan to develop a small terminal and retail area, first planned for 2019, remains under consideration.

GPH AND BAR CRUISE PORT

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

BAR
CRUISE PORT

Montenegro Adria/Bar

Maximum Ship Dimensions for Berthing
Length: 330 m
Width: No limit
Draught: Max 12 m

Quays/Berths
Total Berths:
2 for cruise ships
Total Berthing Lines Length: 490 m
Quays Depth: 10.5 m -12 m

Distances/Transportation
City Centre: 1 km
Airport: Podgorica 68 km/ Tivat 56.9 km

General Information
Region: Adriatic
Terminal: No
Bus Capacity: 80
Turnaround Port: Yes

Bar Cruise Port
GPH Acquisition Date: 2013
End of Concession: 2043

63.8%

GPH OWNERSHIP

Port Infrastructure
Barcelona

A RETAIL TRANSFORMATION

DEVELOPMENTS IN 2019
Another remarkable year where we helped more than 2 million passengers enjoy this vibrant city.

But the year was also significant for the redesigned, refurbished and relaunched immersive travel retail offering in two of the terminals.

The passenger experience has been completely transformed, with floor designs inspired by the artwork of Antoni Gaudí, and goods displayed in an open market style.

This has translated into a significant uplift in sales.

GPH AND BARCELONA CRUISE PORT
GPH holds a 62% stake in Creuers through Barcelona Port Investment (BPI), established 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, and an annual operating license contract for a fifth cruise terminal.

BARCELONA CRUISE PORT CREUERS TERMINALS

Spain/Barcelona

Maximum Ship Dimensions for Berthing
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: 2,350 m
Quays Depth: Up to 8 m (Barcelona), up to 12 m (Adossat Pier)

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
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.*

62.0%
GPH OWNERSHIP

Port Infrastructure
Bodrum

PREPARING FOR AN IMPROVED 2020

DEVELOPMENTS IN 2019
A quiet year, as expected, with the effects of previous geopolitical issues in the Eastern Mediterranean continuing to be felt. We appointed a new General Manager in January 2019 which invigorated the marketing of both the port and the destination to the cruise industry. In addition, we ramped up marketing activity to the super- and mega-yacht sectors.

The port was also proud to attain EcoPorts certification, the highly respected international environmental initiative.

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%).

BODRUM
CRUISE PORT

Turkey/Bodrum

Maximum Ship Dimensions for Berthing
Length: 350 m
Width: No limit
Draught: 9 m

Quays/Berths
Total: 4
Total Berthing Lines Length: 680 m
Quays depth: 8 m - 22 m

Distances/Transportation
City Centre: 1.5 km
Airport: 36 km

General Information
Region: Eastern Mediterranean
Terminal: 1
Bus Capacity: 75
Turnaround Port: Yes

Bodrum Cruise Port
GPH Acquisition Date: 2007
End of Concession: 2067

60.0%
GPH OWNERSHIP

Port Infrastructure Cagliari

PASSENGER VOLUMES CONTINUE TO IMPROVE

DEVELOPMENTS IN 2019

During the year we welcomed the major cruise lines to Cagliari for familiarisation trips, so that they could see first-hand what the city and region have to offer them and their passengers. These experiences were highly successful; almost all of the operators who visited then added Cagliari to their schedules for 2020. Separately, we were pleased to see growing revenues from our Guest Information Centres (GICs), driven by new products and services.

GPH AND CAGLIARI CRUISE PORT

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

CAGLIARI
CRUISE PORT

Italy/Cagliari

Maximum Ship Dimensions for Berthing
Length: No Limit
Width: No limit
Draught: 10 m

Quays/Berths
Total Berth: 2
Total Berthing Lines Length: 1,250 m
Quays depth: 8 m - 11 m

Distances/Transportation
City Centre: 500 m
Airport: 7 km

General Information
Region: Western Mediterranean
Terminal: 1
Bus Capacity: 40
Turnaround Port: Yes

Cagliari Cruise Port
GPH Acquisition Date: 2016
End of Concession*: 2027

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

70.9%
GPH OWNERSHIP

Port Infrastructure
Catania

GREATER AWARENESS, HIGHER VOLUMES

DEVELOPMENTS IN 2019
The port welcomed a strong increase in passenger volumes, reflecting the awareness campaign conducted in recent years to raise the profile of Catania within the industry. We also continued to make improvements: despite a delay in extending the cruise terminal (due to a management change at the port authority) we still succeeded in increasing the retail area within the current terminal footprint.

GPH AND CATANIA CRUISE PORT
Global Ports Holding acquired the majority stake in Catania Cruise Terminal Srl in 2016, along with other Italian ports located in Ravenna and Cagliari.

CATANIA CRUISE PORT

Italy/Catania

Maximum Ship Dimensions for Berthing
Length: No Limit
Width: No limit
Draught: 8 m -10 m

Quays/Berths
Total Berth: 3
Total Berthing Lines Length: 1,600 m
Quays Depth: 10 m -13 m

Distances/Transportation
City Centre: 500 m
Airport: 5.3 km

General Information
Region: Western Mediterranean
Terminal: 1
Bus Capacity: 30
Turnaround Port: Yes

Catania Cruise Port
GPH Acquisition Date: 2016
End of Concession*: 2026

**Potential extension being discussed with Port Authority*

62.2%

GPH OWNERSHIP

Port Infrastructure
Ege Port Kuşadası

PASSENGER VOLUMES START TO RECOVER

DEVELOPMENTS OF 2019
It is always pleasing to see a projected recovery materialise, and 2019 brought an increase in passenger numbers of over 30% at Kuşadası. The jewel in the crown of Turkey's cruise ports, it welcomed not only numerous visitors but attracted all the major cruise lines.

Another significant milestone was Ege Port becoming the world's first cruise port to receive the EcoPorts certificate.

GPH AND EGE PORT KUŞADASI
In July 2003, as a result of privatization, the operation rights of the Port of Kuşadası were transferred to Global Ports Holding. RCCL holds a 27.5% stake.

EGE PORT KUŞADASI

Turkey/Kuşadası

Maximum Ship Dimensions for Berthing
Length: 370 m
Width: No limit
Draught: 10 m

Quays/Berths
Total Berth: 8
Total Berthing Lines Length: 1,297 m
Quays Depth: 9 m - 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 Kuşadası
GPH Acquisition Date: 2003
End of Concession*: 2033

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

72.5%
GPH OWNERSHIP

Port Infrastructure
Ha Long

A GATEWAY TO CRUISE VIETNAM

DEVELOPMENTS IN 2019

Towards the end of Q4, we welcomed Ha Long International Cruise Port into the portfolio when we signed a 15-year management agreement. It is the first purpose-built cruise port in Vietnam, having recently benefited from a USD44 million investment. Ha Long is capable of accommodating the world's largest cruise ships and handled c. 75,000 passengers in 2019.

Vietnam/Ha Long

Maximum Ship Dimensions for Berthing
Length: 362 m
Width: 65.7 m
Draught: 9.3 m

Quays/Berths
Total Number of Berths: 2
Total Berthing Line Length: Approx. 924 m incl. dolphins
Quay Depth: Vary from 10 m -14 m
Bus Capacity: 30

Anchorage
Available: Yes
Ship Tender Allowed: Yes
Tugs Available: Yes
Tidal Movement/Range: Min.0.3 m Max.4.0 m

Ha Long Cruise Port
GPH Acquisition Date: 2019
End of Concession: 2034

Management Agreement

Port Infrastructure
La Habana

A DISRUPTED YEAR IN HAVANA

DEVELOPMENTS IN 2019
During 2019, the number of cruise ships travelling to Cuba declined.

Our management agreement is focused on us advising the port on best practice for cruise port operation, and GPH has not invested in the port. We continue to monitor the situation and remain engaged with all stakeholders.

LA HABANA
CRUISE PORT

Cuba/La Habana

Maximum Ship Dimensions for Berthing
Length: B1 275 m - B2 220 m
Width: B1 no limit - B2 35 m
Draught: B1 9 m - B2 7 m

Quays/Berths
Total Number of Berths: 2
Total Berthing Lines Length: 200 m
Quays depth: 9 m

Distances/Transportation
City Centre: 5 km
Airport: 25 km

General Information
Region: Caribbean
Terminal: 1
Bus Capacity: 40
Turnaround Port: Yes

La Habana Cruise Port
GPH Acquisition date: 2018
End of Concession: 2033

MANAGEMENT AGREEMENT

Port Infrastructure La Goulette

Welcomed into the portfolio in 2019

DEVELOPMENTS IN 2019

At the end of Q4 2019, Goulette Cruise Holding Ltd, our joint venture with MSC Cruises S.A. ("MSC"), completed the acquisition of Goulette Shipping Cruise, the company that operates the cruise terminal in La Goulette, Tunisia. The concession to operate the cruise port was awarded to Goulette Shipping Cruise in 2006 on a 30-year basis, with a right to extend the term for an additional 20 years.

LA GOULETTE
CRUISE PORT

Tunisia/La Goulette

Maximum Ship Dimensions for Berthing
Length: 340 m
Width: No Limit
Draught: 9.0 m

Quays/Berths
Total Number of Berths: 3
Total Berthing Line Length: C1 & C2 = 657 m

1BIS berth of approx. 100 m consisting of 2 dolphins and two access bridges

Priority on 400 m in the existing port authority berth (Quays 1 to 7)

Quay Depth: Vary 5.1 m - 10 m
Bus Capacity: 118

Anchorage
Available: Yes
Ship Tender Allowed: Yes
Tugs Available: Yes (2 Tugs)
Tidal Movement/Range: 0.2 - 0.4 m

La Goulette Cruise Port
GPH Acquisition Date: 2019
End of Concession*: 2036

**With a right to extend the term for an additional 20 years*

50.0%
GPH OWNERSHIP

Port Infrastructure
Lisbon

Best European Port of 2019

DEVELOPMENTS IN 2019

Once again, the port was recognised by the World Travel Awards as the Best European Port.

During the year the Port was successful in increasing the number of events it hosts at the terminal. We welcomed a number of high-end events but we also welcomed a number of events that aligned the Port with local stakeholders.

On the ancillary services side, we introduced new ship-focused services such as refurbishment and scrubber installation, while for disembarking passengers we introduced self-check-in desks for Lisbon Airport. Unfortunately, a new café area opened during the year, failed to capture the expected footfall and closed in December 2019.

GPH AND LISBON CRUISE PORT

Lisbon Cruise Port (LCP) is a privately-owned company holding exclusive operational rights for the cruise terminals of the Port of Lisbon. Established by Global Ports Holding PLC, Grupo Sousa SGPS, 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.

LISBON
CRUISE PORT

Portugal/Lisbon

Maximum Ship Dimensions for Berthing
Length: No Limit
Width: No Limit
Draught: (-12) Zh

Quays/Berths
Total Berth: 3
Total Berthing Lines Length: 1,425 m (With a Possible Further 900 m)
Quays Depth: (-8.3) Zh Till (-12) Zh

Distances/Transportation
City Centre: 500 m
Airport: 8 km

General Information
Region: Atlantic
Terminal: 2
Bus Capacity: 80
Turnaround Port: Yes

Lisbon Cruise Port
GPH Acquisition Date: 2014
End of Concession: 2049

46.2%

GPH OWNERSHIP

Port Infrastructure Málaga

Improved customer experience

DEVELOPMENTS IN 2019
Much of the focus in 2019 was on developments that will start to bear fruit in 2020. Most importantly, we successfully concluded discussions with Autoridad Portuaria de Malaga (Malaga Port Authority) to purchase their 20% shareholding in Malaga Cruise Port. The financial close was reached in early Q1 2020.

GPH AND MÁLAGA 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 Málaga. When Global Ports Holding acquired Creuers del Port de Barcelona in 2014, it also obtained a controlling 80% stake in Málaga Cruise Port, the operating concession. At the beginning of 2020, Creuers Del Port de Barcelona SA ("Creuers") has completed the purchase of Autoridad Portuaria de Malagas's (Malaga Port Authority) 20.0% holding in the Malaga cruise port concession for EUR 1.5 million. This increases Creuers ownership of the Malaga cruise port concession to 100% and GPH's effective ownership to 62% from 49.6%.

MALAGA CRUISE PORT

Spain/Málaga

Maximum Ship Dimensions for Berthing
Length: No limit
Width: No limit
Draught: Max 17 m

Quays/Berths
Total Berth: 5
Total Berthing Lines Length: 1,350 m
Quays depth: 11 m - 17 m

Distances/Transportation
City Centre: 500 m
Airport: 8 km

General Information
Region: Western Mediterranean
Terminal: 3
Bus Capacity: 78
Turnaround Port: Yes

Málaga Cruise Port
GPH Acquisition Date: 2013-2014
End of Concession*: 2038 (Levante), 2041 (Palmeral)

**The extension of the current concession is 2050 and 2054, respectively. The process is ongoing.*

62.0%*

GPH OWNERSHIP

**Increased to 62.0% from 49.6% in January 2020*

Port Infrastructure Nassau

A TRANSFORMATIONAL ADDITION TO THE PORTFOLIO

DEVELOPMENTS IN 2019
Marking a key milestone in the development of the Group, we welcomed Nassau into the portfolio in Q4 2019. Nassau Cruise Port Ltd ("NCP"), a consortium comprising GPH, the Bahamas Investment Fund and the Yes Foundation, signed a 25-year concession agreement, with an option to extend for a further 15 years, with the Government of the Bahamas for the Prince George Wharf and related areas, at Nassau Cruise Port.

Operationally, we immediately focused on embedding our culture and working practices into the port, while financially we have concentrated on finalising details of the planned USD 250 million infrastructure investment, including securing financing.

Bahamas/Nassau

Maximum Ship Dimensions for Berthing
Length: 362 m
Width: 65.7 m
Draught: 9.3 m

Quays/Berths
Total Berth: 6
Total Berthing Lines Length: 2,230 m
Quays depth: 8.9 m - 12.5 m

Distances/Transportation
City Centre: 500 m
Airport: 22 km
Shuttle Service: No

General Information
Region: Northern Caribbean
Terminal: 1
Bus Capacity: n/A
Turnaround Port: No

Nassau Cruise Port
GPH Acquisition Date: 2019
End of Concession*: 2047

**With an option to extend the term for an additional 15 years.*

49.0%

GPH OWNERSHIP

Port Infrastructure Ravenna

BECALMED AND WAITING FOR ACTION

DEVELOPMENTS IN 2019

As we reported last year, the positive momentum and growth generated since we acquired the port came to a halt in 2018 due to an inadequate dredging programme by the port authority. This issue resulted in most cruise lines cancelling all calls, and with the problem unresolved, 2019 remained a challenging year for the port.

GPH AND RAVENNA CRUISE PORT

GPH welcomed Ravenna into our portfolio in 2016, upon acquiring a majority holding in Ravenna Terminal Passeggeri.

RAVENNA CRUISE PORT

Italy/Ravenna

Maximum Ship Dimensions for Berthing
Length: 330 m
Width: 42 m
Draught: 8.80 m

Quays/Berths
Total Berth: 2
Total Berthing Lines Length: 600 m
Quays Depth: 10 m

Distances/Transportation
City Centre: 14 km
Airport: 75 km

General Information
Region: Adriatic
Terminal: 1
Bus Capacity: 50
Turnaround Port: Yes

Catania Cruise Port
GPH Acquisition Date: 2016
End of Concession: 2020

53.7%
GPH OWNERSHIP

Port Infrastructure
Singapore

Record passenger numbers

DEVELOPMENTS IN 2019
Once again Singapore welcomed a record number of passengers in the year, however, the most significant development during the year was the extension of the concession out to 2027. This extension was part of the initial concession agreement, but it was still pleasing to have the extension confirmed at what is one of the foremost cruise ports in the region.

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 24.8% stake in SATS Creuers, the terminal operator of MBCCS. The remaining stake is held by SATS Ltd., Asia's leading service provider to the aviation industry, and a supplier of non-aviation catering.

Singapore

Maximum Ship Dimensions for Berthing
Length: Max 360 m at Berth 2
Width: n/A
Draught: 11.3 m at Berth 2

Quays/Berths
Total Berth: 2
Total Berthing Lines Length: 695 m
Quays Depth: 11.3 m - 11.5 m
Ship Capacity: 2

Distances/Transportation
City centre: 3 km
Airport: 25 km

General Information
Region: Asia
Terminal: 1
Bus Capacity: 30
Turnaround Port: Yes

Marina Bay Cruise Centre, Singapore
GPH Acquisition Date: 2014
End of Concession: 2027

24.8%

GPH OWNERSHIP

Port Infrastructure Valletta

A RECORD-BREAKING YEAR

DEVELOPMENTS IN 2019
Valletta performed strongly in 2019, with strong growth in homeporting passengers leading to record passenger volumes and EBITDA. This very welcome growth in homeporting did, however, bring some detriment to our retail operations. During the year, we renewed the leases across most of the food and beverage outlets within the port area and finalised our plans for investment in operations in 2020.

GPH AND VALETTA CRUISE PORT
In 2015, Global Ports Holding completed its 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.

Malta/Valletta

Maximum Ship Dimensions for Berthing
Length: 360 m
Width: No limit
Draught: 12 m

Quays/Berths
Total Berth: 7
Total Berthing Lines Length: 2,166 m
Quays depth: 10.5 m - 11 m

Distances/Transportation
City Centre: 1.5 km
Airport: 6 km

General Information
Region: Western Mediterranean
Terminal: 3
Bus Capacity: 50+
Turnaround Port: Yes

Valetta Cruise Port
GPH Acquisition Date: 2015
End of Concession: 2066

55.6%
GPH OWNERSHIP

Port Infrastructure Venice

THE BEST FACILITIES LEAD TO VENICE

DEVELOPMENTS IN 2019
In 2019, Venice Cruise Port once again performed in line with expectations and Venice itself remains one of the must see destinations in the Mediterranean.

GPH AND VENICE CRUISE PORT
In 2016, GPH joined a consortium to acquire a stake in VTP, adding to our portfolio the preeminent gateway for cruising into the Adriatic and the Eastern Mediterranean.

V.T.P. VENEZIA TERMINAL PASSEGGERI

Italy/Venice

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

Quays/Berths
Total berth: 7 up to 12
(1 for river cruises)
Total Berthing Lines Length: 3,400 m

Distances/Transportation
City Centre: 500 m
Airport: 13 km

General Information
Region: Adriatic
Terminal: 10
Bus Capacity: 40
Parking Capacity: 2,300
Turnaround Port: Yes

VENICE CRUISE PORT
GPH Acquisition Date: 2016
End of Concession*: 2024

**Consortium is currently in the advanced stage of discussions with the Ministry of Transport for extending Venice Cruise Port concession for a minimum of 35 years, in return for building a new cruise terminal at Chioggia or Montesyndial, in addition to existing berths of Porto di Venezia for large ships.*

11.1%

GPH OWNERSHIP

Port Infrastructure
Zadar

PORT OF THE YEAR 2019

DEVELOPMENTS IN 2019
We welcomed Zadar into the portfolio in Q4 2018, so 2019 was spent embedding our culture and practices while also learning more about the port and its place in the community. With a new GM appointed mid-year, we initiated a workflow on community engagement, profile-raising and working with all stakeholders to developing a cruise tourism strategy.

In September, we were delighted when Zadar won Port of the Year 2019 in the Seatrade Cruise Awards. A considerable achievement just a year after we signed the concession agreement.

GPH AND ZADAR CRUISE PORT
GPH welcomed Zadar into its portfolio in 2018, when awarded the 20-year operating rights for the Gazenica cruise port in Zadar.

ZADAR
CRUISE PORT

Croatia/Zadar

Maximum Ship Dimensions for Berthing
Length: 375 m
Width: No limit
Draught: 7-12 m

Quays/Berths
Total Number of Berths: 5
Total Berthing Lines Length: 180 m - 375 m
Quay Depth: 7-13 m

Distances/Transportation
City Centre: 4 m
Airport: 7 km (high speed)

General Information
Region: Adriatic
Terminal: 1
Turnaround Port: Yes

Zadar Cruise Port
GPH Acquisition Date: 2018
End of Concession: 2038

100%

GPH OWNERSHIP

Port Infrastructure
The Commercial Sector

MARITIME TRANSPORT IS, A BAROMETER OF THE HEALTH OF WORLD TRADE, AND OVER THE LAST THREE DECADES, SEABORNE TRADE HAS GROWN SIGNIFICANTLY, DRIVEN BY GLOBAL ECONOMIC GROWTH, COST-EFFICIENCY AND UNRIVALLED VERSATILITY.

OVERALL OUTLOOK FOR COMMERCIAL SHIPPING IS UNCERTAIN

GLOBAL SEABORNE TRADE

Around 80% of global trade, and 70% of its overall value, is loaded onto a ship at a port.

In turn, this modality serves, directly or indirectly, virtually everything we take for granted in daily life. From clothes and household appliances; to food and pharmaceuticals; to the computer screen, or paper and ink, that's bringing you this report. At some point in the chain, vessels and ports enable most of what we use and need.

Maritime transport is, therefore, a barometer of the health of world trade, and over the last three decades, seaborne trade has grown significantly, driven by global economic growth, cost-efficiency and unrivalled versatility.

A central driver of demand has been manufacturers off-shoring their operations to countries with lower production costs. This results in increasing volumes of intermediate and finished goods needing transportation to their country of final purchase.

But maritime transport has also benefited from the liberalisation of international trade policies, new trading partners, access to new markets and growing trade and co-operation agreements. Alongside this, we have seen the opening of major economies; in particular, China. And this is reflected by the carrying capacity of the world fleet: it has more than doubled since 2000, having been largely static for the preceding 20 years.

SLOWDOWN IN GROWTH

Some of the key factors that had previously driven growth in maritime trade combined to slow the sector down in 2019. Notably, there were new trade tensions and trade tariffs, particularly between the US and China. This was exacerbated by the Chinese economy experiencing its slowest growth rate since 1990.

Demand from China is critical to the global dry bulk and containerised trade. In the past decade, it has accounted for close to half of global maritime trade growth; indeed globally, imports from China account for around 25% of all seaborne trade.

Despite this Chinese slowdown, maritime trade is still forecast to grow, albeit at a considerably reduced rate. The United Nations Conference on Trade and Development (UNCTAD) now expects growth averaging 3.5% between 2019-2024, down from a projected 3.8% growth out to 2023.

The shipping consultancy Drewry concurs. In its Global Container Terminal Operators Annual Review and Forecast 2019, it is now forecasting world container port throughput to increase by 3.3% in 2020. Although higher than their estimate of 2.3% for 2019, it is notably less bullish than the 4.0% growth for 2020 they were forecasting in Q3 2019.

A phase one agreement between the US and China has eased tensions by ruling out any further tariff increases, but it hasn't removed those already in place. There is also the uncertainty of the UK's negotiations on trade agreements with the EU and individual countries; these could impact global trade volumes in the near-term.

Although GPH has very little direct exposure to the USA, China is an essential market for our Commercial ports, particularly Port Akdeniz. During 2019, our ports experienced a significant slowdown, with containerised marble volumes to China being particularly weak. We believe much of this stems from the trade tensions and their direct and indirect impact on demand for marble. There were signs of stabilisation in volumes in Q4, but it would be premature to read this as a new dawn. We, therefore, remain vigilant for any further weakness.

Despite the headwinds globally, there is still room for optimism. According to Drewry, containerised and dry bulk volumes are expected to grow at 4.5% and 3.9% per annum respectively, between 2019-2024.

Key developments in the container market

The container market is currently experiencing various market trends and developments.

- A move to bigger vessels, offering greater fuel efficiency and economies of scale.
- A rise in 'mega alliances' between the world's largest container lines, in a bid to reduce port and shipping costs and to help them move towards investment in larger container ships.
- Optimism from the South Asia-Middle East region, which is expected to see the highest growth in container trade for the next decade.
- Global demand for container port services continues to be led by Asia.
- Consolidation of capacity.

The Environment

On 1st January 2020, every vessel in mainstream maritime transport came under the new IMO 2020 regulations. These new global standards, imposed by the International Maritime Organisation, introduced a 0.5% cap on the sulphur content on fuel oil for all ships, compared to 3.5% previously.

During 2019, this caused a reduction in capacity globally as ships were drydocked and retrofitted with exhaust cleaning systems to ensure compliance with the new measures. The new standards are expected to lead to increasing costs which could, in time, hurt trade volumes. However, we welcome regulations that are having such a positive impact on the environmental footprint of the industry.

Port Infrastructure
The Commercial Sector

TURKEY AND GPH SITS AT THE VERY HEART OF TRADE BETWEEN EUROPE, ASIA AND THE MIDDLE EAST.

Global Ports Holding takes its responsibility to the environment and our local ecosystems seriously. Both of our Commercial ports have been awarded a range of certifications related to our environmental policies, from ISO 14001 Environmental Management through to ISO 45001 Occupational Health and Safety. We remain committed to upholding the highest levels of environmental standards.

Turkey
Port Akdeniz, which generates over 95% of our Commercial EBITDA, is predominately an export port. It is, therefore, more tied to the fortunes of the Chinese economy (and attendant global trade tensions) than the health of the Turkish economy.

These dynamics aside, the inherent strengths of the Turkish maritime industry remain undiminished. Turkey, and therefore GPH, sits at the very heart of trade between Europe, Asia and the Middle East. Its geostrategic location, between the Mediterranean and the Black Sea and with an 8,000+ kilometre-long coastline, provides clear advantages for seaborne trade.

The country remains rich in marble resources, located on the Alpine-Himalayan belt, and as and when marble export volumes recover, Port Akdeniz stands ready to benefit. Turkey also has one of the largest agricultural sectors in the world and the port is located in one of the country's key growing regions. Indeed, exports of fresh fruit and vegetables from Antalya represent around 20% of the country's total. Exporters in this market are increasingly looking to make maritime their transportation mode of choice, moving away from road and air. We hope to play a central role in developing this export trade, which is supported by the Government's stated aim of Turkey ranking among the top five food producers globally by 2023.

Further potential demand comes from the construction industry. Turkey has an abundance of the resources needed to manufacture cement and clinker, and the growing construction markets in China, the Middle East, North Africa, the western Mediterranean and the Black Sea all need to be served. Interestingly, Port Akdeniz is well located for some potentially significant hydrocarbons deposits in the Mediterranean and could act as a support services provider.

Covid-19
The impact of Covid-19 on the global commercial shipping industry remains as yet, unclear. There are signs that the Chinese economy is beginning to the process of returning to normality. However, how the measures being taken elsewhere around the world will impact global trade over the remainder of 2020 is at this stage not clear.

Our focus for 2020
Port Akdeniz: a key focus for 2020 will be continued diversification of our cargo volumes.

Port of Adria: with our RORO services now live, we aim to continue to attract new volumes to the port, aided also by the port's block train service and the upcoming motorway connection.

Port Infrastructure
Port Akdeniz, Antalya

Trade downturn impacts revenues

DEVELOPMENTS IN 2019

The year was a challenging one for the port, with global trade wars and the introduction of trade tariffs having a negative impact on blocked marble volumes to China. Cement volumes also suffered, due to manufacturers in the port's hinterland losing market share. While some General & Bulk volumes were lost to the neighbouring Free Trade Zone, these were not considered to be significant. During the year the oil services contract came to an end, although this is expected to recommence once the drilling program returns to the waters near Antalya.

During the year the Competition Authority of the Republic of Turkey notified the Group that it had opened an investigation into Port Akdeniz. It alleges a breach of Article 6 of the Law on the Protection of Competition (Law No. 4054) relating to excessive pricing on certain services. We believe the allegations to be unfounded, but the matter is not expected to be concluded until 2021.

On a more positive note, we started hazardous liquid handling as planned.

In early 2020, GPH entered into exclusive negotiations over the potential sale of Port Akdeniz.

GPH AND PORT AKDENİZ

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

99.9%

GPH OWNERSHIP

PORT AKDENIZ
ANTALYA

Port Infrastructure
Port of Adria

A FRUSTRATING YEAR BUT POSITIVES AHEAD

DEVELOPMENTS IN 2019

Despite marketing activity throughout the year to attract new cargo volumes, the port was negatively impacted by a change in the relationship between commercial lines and feeder services. We also continued to work with our partners to increase the frequency of the block train to Sremska Mitrovica. The planned launch of our new RORO operation, scheduled for 2019, was slightly delayed by our customer until early 2020..

GPH AND PORT OF ADRIA

Global Ports Holding acquired the operating rights of Port of Adria through privatization in 2013. GPH holds a majority stake in the port, and the acquisition marked its first overseas acquisition investment.

63.8%

GPH OWNERSHIP

PORT OF ADRIA

Energy Generation

ENERGY GENERATION
FROM RENEWABLE
RESOURCES WITH
A SUSTAINABILITY
APPROACH...

Energy Generation

HUMAN ACTIVITY IS HIGHLY DEPENDENT ON ELECTRICITY. GLOBAL ELECTRICITY DEMAND IS FORECAST TO RISE BY 60% BY 2040, LED BY A NEARLY DOUBLING POWER DEMAND IN NON-OECD NATIONS.

GLOBAL ENERGY MARKET OUTLOOK

Energy is essential for modern life

Easy access to a reliable energy source is closely linked with improvements to the quality of life. Over the next few decades, an expanding population and rising prosperity will increase demand for homes, businesses and transportation as well as the energy that powers them.

Global energy needs projecting to rise 20%, led by non-OECD nations

By 2040, the world's population is expected to reach 9.2 billion, up from 7.4 billion today. Over the same period, global GDP is forecast to double. As a result, per capita GDP is projected to rise significantly. In turn, global energy demand will expand, reflecting its fundamental link to growing prosperity and better living standards for a growing population worldwide. Despite efficiency gains, global energy demand is expected to increase by nearly 20%. The majority of energy growth will be in non-OECD countries, where demand is forecast to increase over 35%, or about the same amount of energy consumed in the Americas today. Global energy consumption continues to shift proportionally to emerging markets where population and economic growth both outpace the global average.

The non-OECD share of global energy demand will climb to about 70% in 2040, as efficiency gains and slowing economic growth in OECD nations help keep their energy demand relatively flat.

Electricity demand nearly doubles in non-OECD countries

Human activity is highly dependent on electricity. Global electricity demand is forecast to rise by 60% by 2040, led by a nearly doubling power demand in non-OECD nations.

Global energy mix shifts to lower-carbon fuels

Renewables and nuclear energy are expected to see strong growth, contributing some 40% of incremental energy supplies to meet demand growth. One of the fastest-growing segments should be electricity from solar and wind, together with expanding about 400%. The combined share of solar and wind in global electricity supplies is likely to triple by 2040, enabling CO_2 intensity of delivered electricity to decline more than 30%. Natural gas is set to record the highest growth of any energy type, reaching one-quarter of all demand. Oil is forecast to play a leading role in the world's energy mix, with growing demand driven by commercial transportation needs and feedstock requirements for the chemicals industry. Coal use is expected to remain significant in parts of the world while losing substantial share amid the global transition to lower emissions energy sources.

Oil plays a leading role in facilitating mobility and modern products

The proliferation of electric cars and efficiency improvements in conventional engines is expected to lead to a peak in liquid fuel use by the world's light-duty vehicle fleet by 2030. However, the oil should continue to play a major role in the world's energy mix, with expanding demand driven by commercial transportation and the chemicals industry.

Decarbonization of the world's energy system will accelerate

As the world's economy doubles by 2040, energy efficiency gains and a shift to less carbon-intense energy sources should contribute to a nearly 45% decline in the carbon intensity of global GDP. Global energy-related CO_2 emissions are expected to peak by 2035 at about 5% above the 2019 level.

TURKISH ENERGY MARKET OUTLOOK

Market Overview

Turkey has a booming energy market with expansive industrial and household energy demand, mostly due to the growing Turkish economy.

The government has pursued long-term liberalization and an incentive program in the energy market to attract private investment in order to meet projected demand.

The liberalization process and sector-specific regulations introduced by EMRA (Energy Market Regulatory Authority) with the ultimate objective of fostering a free energy market have led to more competitive and efficient market structures.

While capacity expansion remains a priority in light of rising electricity demand, Turkey's government also aims to boost energy security and reduce reliance on imported fossil fuel resources. Increased investment in renewables is actively encouraged as thermal power plants rely on local fossil fuel sources such as lignite.

High growth energy market

Over the past 15 years, Turkey has ranked among the world's fastest-growing energy markets, due to its population, urbanization, industrialization and economic growth.

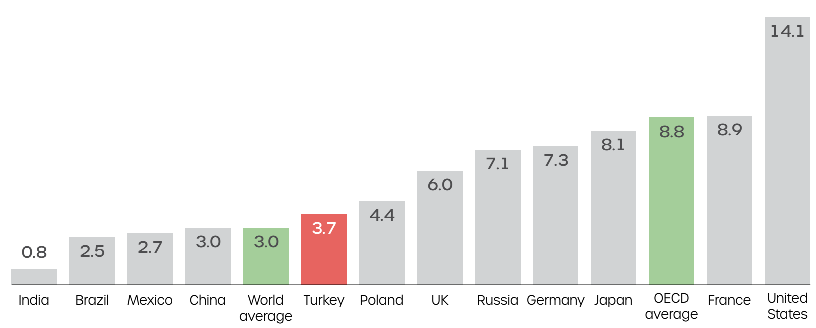
Low per capita consumption

Turkey's electricity consumption per capita is significantly less than the European average. In Turkey, per capita consumption is 3.7 MWh, while the OECD average is 8.8 MWh, implying considerable growth potential.

Turkey's economic development has lifted the population's welfare and boosted access to technology, which will ultimately drive consumption rates upward. Per capita, electricity consumption in Turkey has risen steadily, with the exception of 2009 and 2019, when the sector faced negative effects of domestic and global economic activity. Electricity demand grows in direct proportion to the increase in population and is closely associated with the growth rate of the country's gross domestic product (GDP).

IN TURKEY, PER CAPITA CONSUMPTION IS 3.7 MWH, WHEREAS THE OECD AVERAGE IS 8.8 MWH, IMPLYING CONSIDERABLE GROWTH POTENTIAL.

ELECTRICITY CONSUMPTION PER CAPITA (MWH PER CAPITA)



Source: TEIAS

Energy Generation

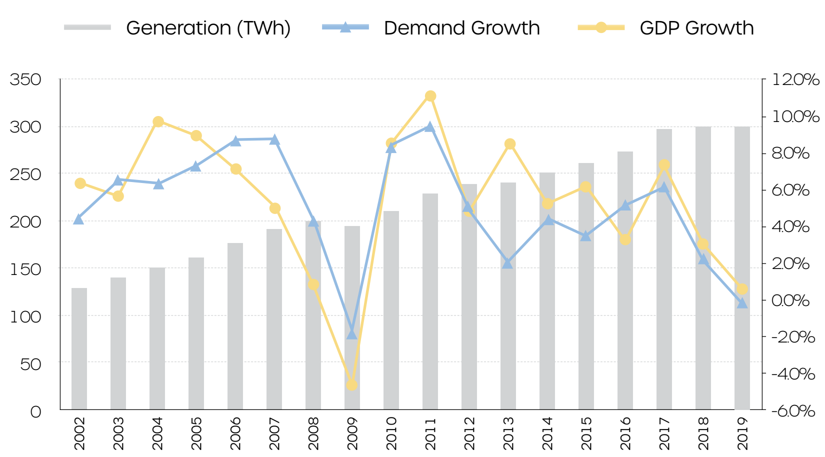
TURKEY HAS RECORDED THE FASTEST EXPANSION IN ELECTRICITY DEMAND AMONG OECD MEMBERS, POSTING AVERAGE ANNUAL GROWTH OF 5.0% SINCE 2002.

SUPPLY – DEMAND DYNAMICS…
Supply and demand figures in the Turkish electricity market have demonstrated significant progress as a result of an expanding user base and rising electricity consumption per user.

The number of household electricity users has increased due to the growing Turkish population. Meanwhile, the industrial consumer base has expanded due to the rising number of factories, SMEs and other manufacturing and services companies, along with the growing Turkish economy.

Turkey has recorded the fastest expansion in electricity demand among OECD members, posting average annual growth of 5.0% since 2002. Gross electricity consumption in the country was 304 TWh in 2018; this figure remained flattish in 2019. Recent gross electricity consumption has lost pace and underperformed GDP and industrial production growth, mainly due to slowing growth in energy-intensive industries (e.g. iron-steel, textile and cement), the rising share of the lower electricity consuming service sector in the overall economy and increasing energy efficiency.

EVOLUTION OF GENERATION, VS. DEMAND-GDP GROWTH COMPARISON

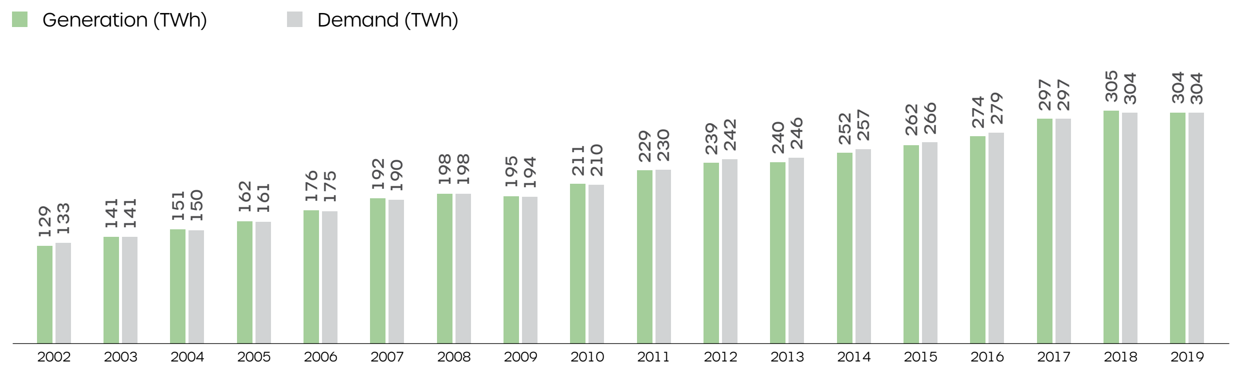


Source: TEIAS, TUIK

In 2019, energy demand and electricity generation remained unchanged year-on-year at around 304 TWh.

304 TWH
GROSS ELECTRICITY CONSUMPTION IN TURKEY

DEVELOPMENT OF TURKISH POWER PRODUCTION AND CONSUMPTION (TWh)



Source: TEIAS, TUIK

New capacity investments have expanded…
Private producers have ramped up new capacity investments significantly since 2008. This momentum is driven by supply security concerns based on demand projections, as well as the availability of long-term financing and government incentives.

Turkey's installed capacity has posted a CAGR of 7.4% since 2008, with demand growth of 3.8%. Over the past five years, a total of 21.7 GW in new capacity has been commissioned (after taking into account plant closures), accounting for about 24% of the current installed capacity of 91.3 GW. This implies a CAGR of 6.7% in installed capacity in the country over the past five years.

As of end-2019, Turkey's installed capacity rose to 91.3 GW, a net increase of 2.7 GW (after taking into account plant closures during the year), or 3.1% growth year-on-year. Despite the fact that a new large-scale NGPP came on stream, the capacity of natural gas-based power plants slightly contracted (-0.5 GW) due to the closure of old, small-scale, inefficient natural gas and multi-fuel power plants, which could no longer compete with highly efficient newer facilities. The capacity of coal PPs, on the other hand, slightly increased (+1.3 GW) due to new large scale PPs coming online. Meanwhile, the uptrend in renewable power plant capacity was sustained in 2019 (+1.9 GW), supported by state buyback guarantees. During the year, Turkey's power plant numbers rose to 8,589, up 1,166 year-on-year; of these, 1,078 were small-scale unlicensed producers.

Solar power recorded the largest capacity increase of 2019, expanding 18%. The total installed capacity of unlicensed and licensed solar power plants jumped to 5,995 MW by year-end.

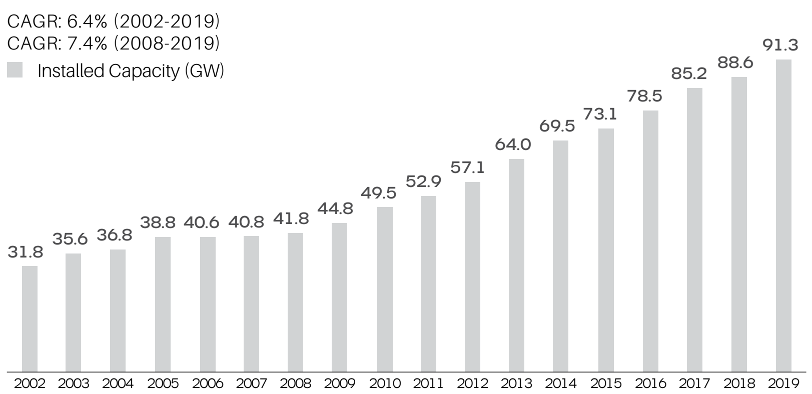
SOLAR POWER RECORDED THE LARGEST CAPACITY INCREASE OF 2019, EXPANDING 18%. THE TOTAL INSTALLED CAPACITY OF UNLICENSED AND LICENSED SOLAR POWER PLANTS JUMPED TO 5,995 MW.

Energy Generation

As of end-2019, Turkey's installed capacity rose to 91.3 GW, a net increase of 2.7 GW, or 3.1% growth year-on-year.

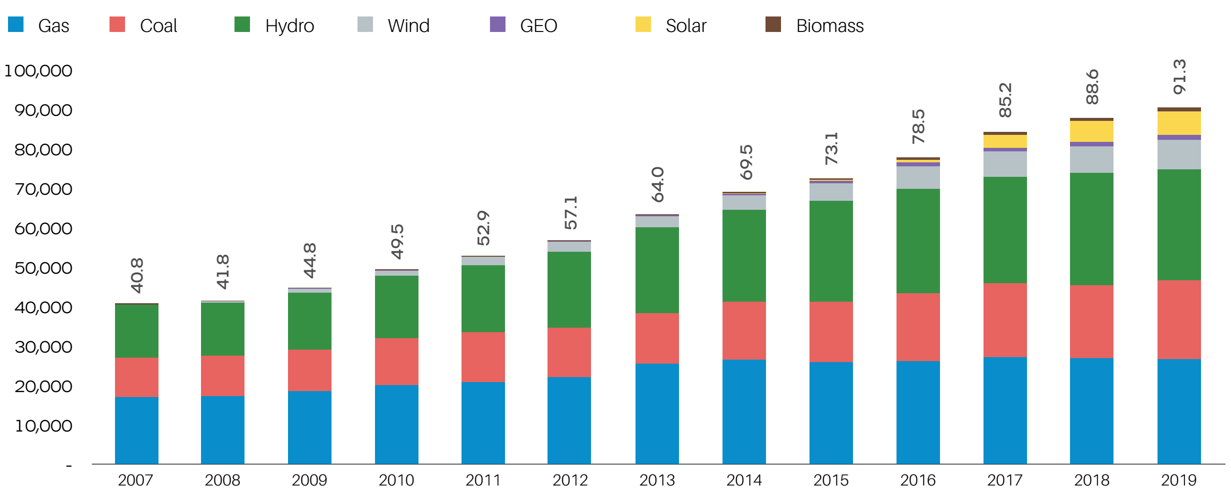
At year-end 2019, Turkey's installed capacity breakdown was as follows: 31.2% hydroelectric power, 29.1% natural gas, 22.2% coal, 8.3% wind, 6.6% solar energy, 1.7% geothermal energy, and 0.9% biomass energy resources.

INSTALLED CAPACITY (GW)



Source: TEIAS

HISTORICAL INSTALLED CAPACITY BREAKDOWN BY SOURCE (GW)



Source: TEIAS

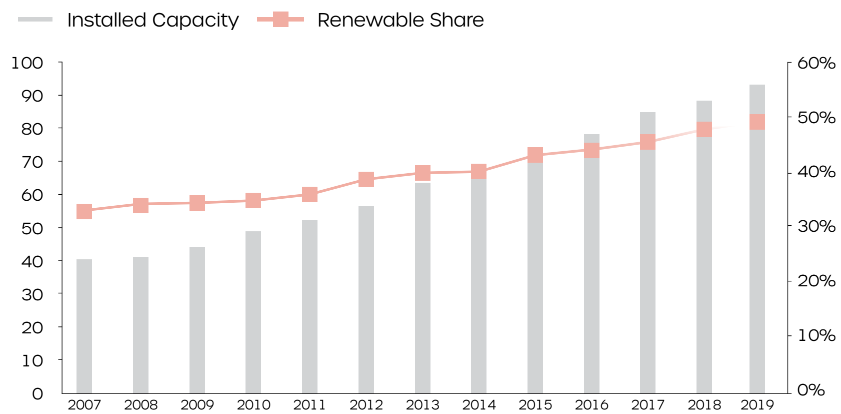
Renewables expanded faster than non-renewables

Fully utilizing domestic renewable energy resources and incorporating them into the economy are crucial to achieve resource diversity and decrease the economy's import dependency. For this reason, increasing the share of renewable energy in electricity generation and utilizing renewables as a heating source are objectives in the Turkey Strategic Plan 2015-2019. The country's electricity generation capacity based on renewable energy resources has soared in recent years. Renewable energy power plants accounted for 48.7% of the total installed capacity in 2019. The growing share of renewable energy is desirable as it reduces dependency on natural gas and coal, even though maintaining coal and natural gas-based power plants is critical to ensuring supply security. High dependence on imported fuels such as coal and natural gas raises concerns over pricing and availability.

48.7%

PERCENTAGE OF RENEWABLE ENERGY POWER PLANTS IN TOTAL INSTALLED CAPACITY

DEVELOPMENT OF RENEWABLES IN INSTALLED CAPACITY



Source: TEIAS

The government's share in total capacity is declining...

A breakdown of electricity installed capacity per ownership reveals that EUAS is the largest single player in the market. However, as part of governmental policy, EUAS share has decreased with ongoing privatizations for its generation portfolio to boost the market's competitiveness and bolster overall productivity of power plants in Turkey using private companies' financing and technical capability. This situation results in ultimately reducing Turkey's energy costs. The share of state-owned generation company EUAS in Turkey's total installed capacity has down trended over the past decade, falling to 21.5% in 2019.

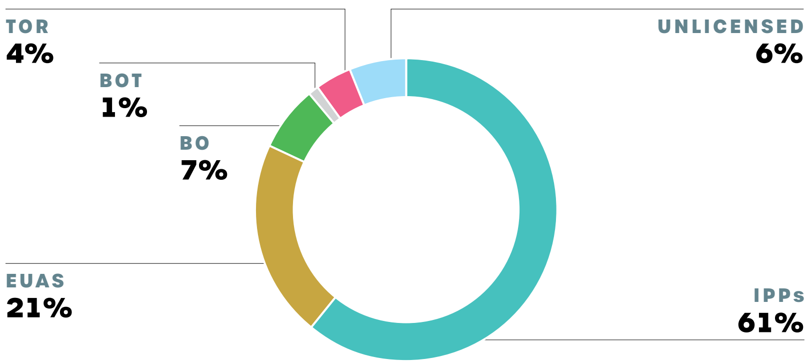
During the year, the share of IPPs along with unlicensed power plants rose to 74.6%. Power plants operated under the build-operate-transfer (BOT) and transfer of operating rights (TOR) schemes together constitute 3.9% of total installed capacity in the country. The output of these plants, mostly natural gas facilities, distort the industry's cost-curve as they have a higher priority in the merit order, despite having higher marginal costs than coal-fuelled power plants and NGPPs, with greater efficiencies. The government's purchase guarantees for the majority of these power plants will expire during the 2019-2020 period.

FULLY UTILIZING DOMESTIC RENEWABLE ENERGY RESOURCES AND INCORPORATING THEM INTO THE ECONOMY ARE CRUCIAL TO ACHIEVE RESOURCE DIVERSITY AND DECREASE THE ECONOMY'S IMPORT DEPENDENCY.

Energy Generation

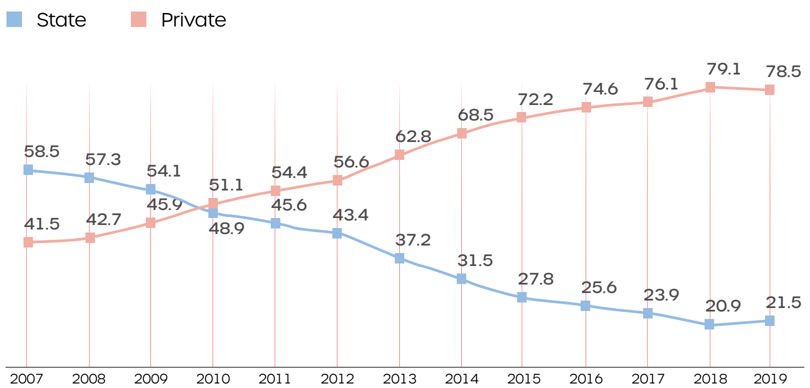
THE SHARE OF THE STATE-OWNED GENERATION COMPANY, EUAS, IN TURKEY'S TOTAL INSTALLED CAPACITY HAS DOWNTRENDED OVER THE PAST DECADE.

INSTALLED CAPACITY BY TYPE (%, 2019)



Source: TEIAS

HISTORICAL STATE/PRIVATE CAPACITY BREAKDOWN (%)



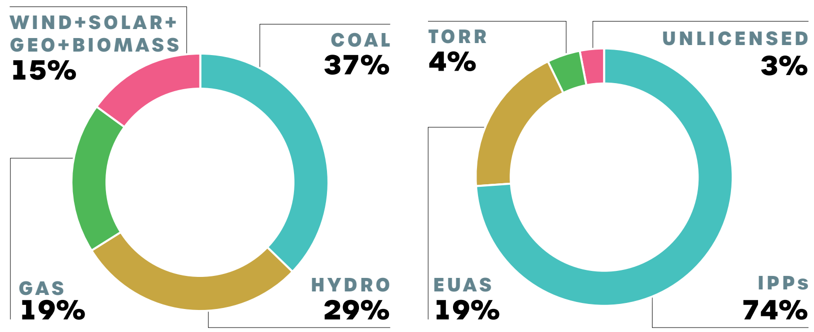
Source: TEIAS

Renewables' share of total generation continued to grow in 2019

Turkey recorded electricity generation of 304 TWh in 2019, unchanged year-on-year and below the net capacity increase of 3.1%. Renewables' share of total generation continued to expand during the year, climbing to 43.9% and driven by capacity additions. Meanwhile, thermal power plants' share of total generation decreased to 56.1% due to falling CUR, the closing of a few old NGPPs and rehabilitation of privatized lignite power plants. At year-end 2019, Turkey's generation breakdown was as follows: 29% hydroelectric power, 19% natural gas, 37% coal, and 15% other renewables including wind, solar energy, geothermal energy and biomass energy resources.

Independent power producers' share in Turkey's total electricity generation continued to rise and accounted for 74% of Turkish energy generation at end-2019.

GENERATION BREAKDOWN BY TYPE AND SOURCE (%, 2019)

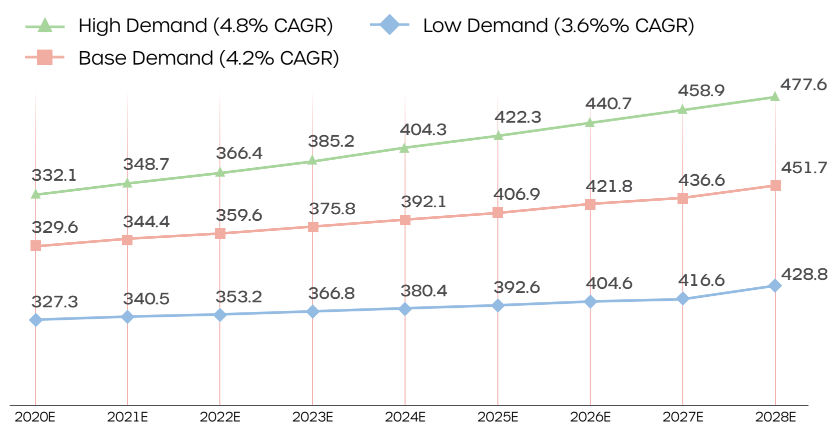


Source: TEIAS

Electricity demand forecast to grow 4.2% per year through 2028...

According to the Turkish Electricity Transmission Company (TEIAS), the country's electricity demand is expected to expand by 4.2% annually to 451.7 TWh in the base case scenario by end-2028. Electricity demand is projected to increase by 4.8% and 3.6% on average per year based on high and low demand scenarios, respectively.

DEMAND PROJECTIONS (TWh)



Source: TEIAS

AT YEAR-END 2019, TURKEY'S GENERATION BREAKDOWN WAS AS FOLLOWS: 29% HYDROELECTRIC POWER, 19% NATURAL GAS, 37% COAL, AND 15% OTHER RENEWABLES INCLUDING WIND, SOLAR ENERGY, GEOTHERMAL ENERGY AND BIOMASS ENERGY RESOURCES.

ELECTRICITY DEMAND IS PROJECTED TO INCREASE BY 4.8% AND 3.6% ON AVERAGE PER YEAR BASED ON HIGH AND LOW DEMAND SCENARIOS, RESPECTIVELY.

Energy Generation

THE BULK OF THE NEW PLANNED CAPACITY IS COMPOSED OF RENEWABLES – 69% OF TOTAL INVESTMENTS. IN ADDITION, 85% OF THE INVESTMENT IS BEING UNDERTAKEN BY THE PRIVATE SECTOR.

A strong investment pipeline ensures that renewables will outpace non-renewables...
Turkish Electricity Transmission Company (TEIAS) runs two scenarios for installed capacity projections based on completion rates of on-going constructions. Completion rates of 10% and 15% are used for the scenarios; the plants are expected to come online gradually until 2022.

TEIAS estimates total new capacities of 14.0 GW and 12.6 GW coming online by end-2022 under scenarios 1 and 2, respectively. Projected capacity increases imply a CAGR of 4.9% and 4.4% until 2022 under these two scenarios.

These capacity increases translate into a reliable production CAGR of 3.6% and 3.1%, respectively, versus TEIAS's growth projections of 4.2% for base demand and 3.6% for low demand. Note that reliable capacity growth estimates are lower than those of installed capacity, given the rising share of more variable renewable capacity during this period.

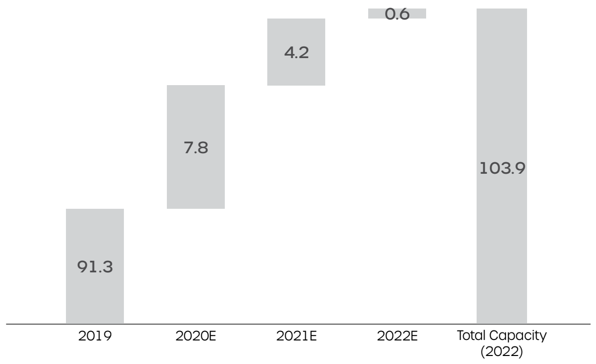
The net capacity increase is likely to materialize below these projections. Less efficient NGPPs may be closed in this period, and short delays to certain projects may be experienced. However, this might be partially offset by new fast track renewable PP projects during the period. The actual capacity expansion in 2019 was 2.8 GW, below TEIAS's expectations of 3.4 GW and 3.1 GW based on scenarios 1 and 2 respectively, due to the short delay to certain projects.

The bulk of the new planned capacity is composed of renewables – 69% of total investments. In addition, 85% of the investment is being undertaken by the private sector. Following renewables, imported and local coal accounts for 18%, while natural gas-fired power plants make up 13%.

These new capacity projections indicate that a sufficient reserve margin will meet demand during the same period.

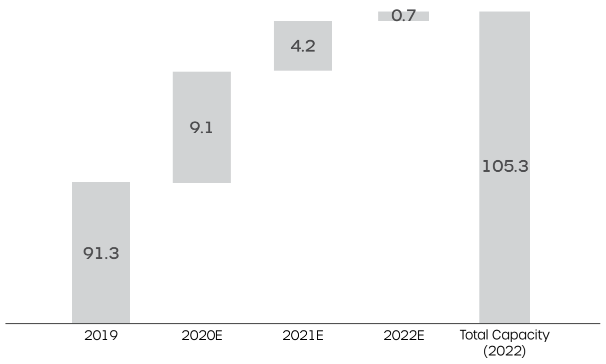
TOTAL NEW CAPACITIES OF 14.0 GW AND 12.6 GW COMING ONLINE BY THE END OF 2022 UNDER SCENARIOS 1 AND 2, RESPECTIVELY.

CAPACITY PROJECTIONS (GW) SCENARIO 2



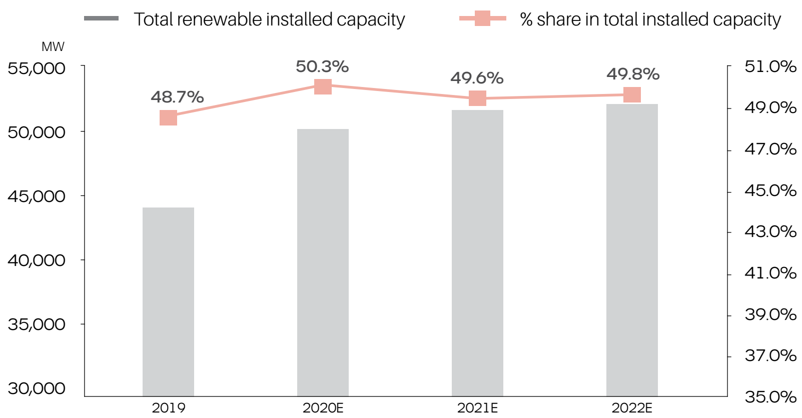
Source: TEIAS

CAPACITY PROJECTIONS (GW) SCENARIO 1



Source: TEİAŞ

RENEWABLE PROJECTION IN SCENARIO 1

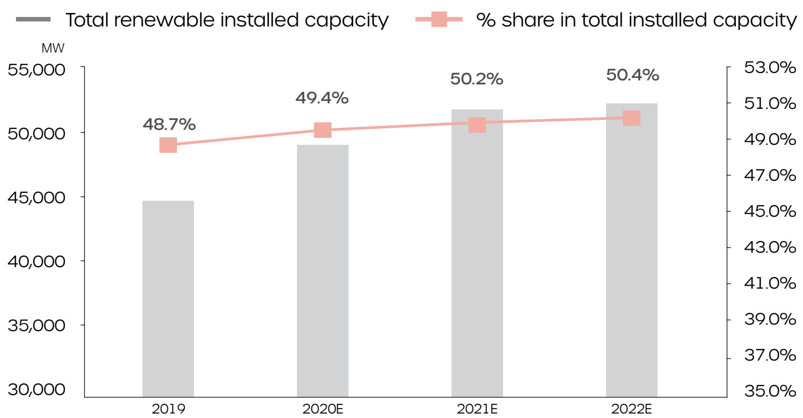


Source: TEIAS

49.8%

SHARE IN TOTAL INSTALLED CAPACITY IN SCENARIO 1

RENEWABLE PROJECTION IN SCENARIO 2



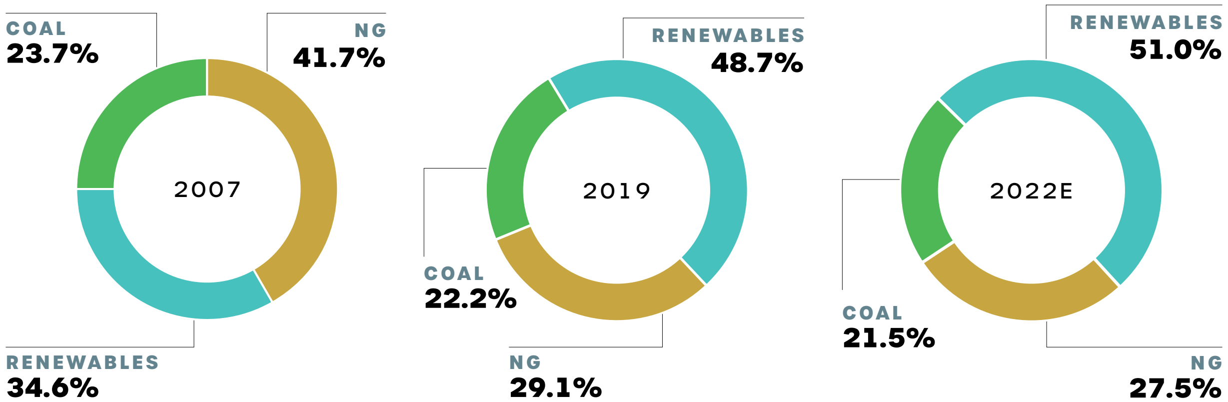
Source: TEIAS

50.4%

SHARE IN TOTAL INSTALLED CAPACITY IN SCENARIO 2

Energy Generation

CAPACITY PROJECTION BY SOURCE



Source: TEIAS

Government's Medium and Long Term Targets for the Energy Sector
The Energy Ministry has drawn up 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 the security of energy supply and energy efficiency. Strong and reliable energy infrastructure and optimal resource diversity are the major goals of the first theme. Optimum energy usage and improved 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 theme.

Reducing Turkey's dependence on natural gas...
Despite being surrounded by countries with large natural gas reserves, Turkey has reserves of only 18.5 bcm and low gas production, meeting less than 1% of the country's annual consumption. Natural gas supply is a critical factor for Turkey. More than 99% of its natural gas needs are imported, which widens Turkey's current account gap. To address the situation, the Ministry of Energy and Natural Resources has set strategic targets. These include reducing the usage of natural gas in power generation to below 30% by end-2023. This target was already achieved as of year-end 2019 as the country's natural gas use fell to 19%. The Ministry also aims to build natural gas storage capacity to meet 20% of annual natural gas consumption by 2023. In addition, the government plans to shift to cheaper sources of natural gas, such as Northern Iraq and Israel, while reducing 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 boost the share of domestic coal in electricity generation by transferring coal reserves to the private sector with the requirement to build and operate coal-fired power plants in the vicinity. Turkey boasts significant coal reserves, totalling 17.3 billion tons and composed mostly of lignite. Among these reserves, the Afşin-Elbistan reserve alone has 4.8 billion tons of lignite resources, some 28% of Turkey's total lignite reserves. The reserves to be tendered with auctions bear 6.0 GW of installed generation capacity potential.

TURKEY'S TRACK RECORD OF COAL TENDERS

WHAT IS NEXT?

	Region/Bash	Total Reserves (Million Tons)	Planned Installed Capacity (MW)	Current Status
1	Eskişehir/Alpu	568	1,100	To be tendered
2	Konya/Karapınar	427	1,000	To be tendered
3	Afyo/Dinar	941	1,000	To be tendered
4	Kahramanmaraş/ Afşin Elbistan C-D	949	1,800	To be tendered
5	Tekirdağ/Malkara	618	1,000	To be tendered
		TOTAL	**5,900**	

Source: the Republic of Turkey, Ministry of Energy and Natural Resources

Nuclear energy to be added to the generation portfolio...
To reduce energy import dependency and combat climate change, Turkey has taken major steps to introduce nuclear energy into its energy mix. Turkey has signed two intergovernmental agreements – one with the Russian Federation in 2010 and the other with the Japanese government in 2013 – to construct two nuclear power plants with 4,800 MW and 4,480 MW capacities, respectively. Technical evaluations and assessments for a third nuclear power plant are ongoing. The share of nuclear energy in power generation is targeted at 10% in the medium term in Turkey.

Use of domestic renewable energy resources...
Turkey's government aims to gradually boost the share of renewables in total installed capacity to 53.7 GW by 2022. The objective is 32.3 GW of hydropower, 10.4 GW of wind energy, 8.9 GW of solar energy, 1.3 GW of geothermal and 0.8 GW of biomass source capacity. Turkey also aims to meet 10% of its transport sector's energy needs via renewable resources.

For 2022, Turkey's gross electricity production is projected at 109,164 GWh from hydropower, 32,000 GWh from wind power, 29,500 GWh from solar, 5,000 GWh from geothermal power, and 4,533 GWh from biomass. Gross electricity production using renewable energy sources will total nearly 180,197 GWh. This quantity is 50% of the projected electricity consumption for 2022 (360 TWh).

To support the strategy, the Turkish government is incentivizing renewable energy power plants commissioned in the 2005-2020 period by offering guaranteed prices (feed-in-tariff) for a 10-year period.

Unlicensed generation...
In May 2019 via Presidential decree, the upper limit for installed capacity at renewable power plants that are eligible to operate without an EMRA license was increased from 1 MW to 5 MW. Distribution companies are obliged to purchase energy generated by unlicensed plants in accordance with the Renewable Energy Support Mechanism.

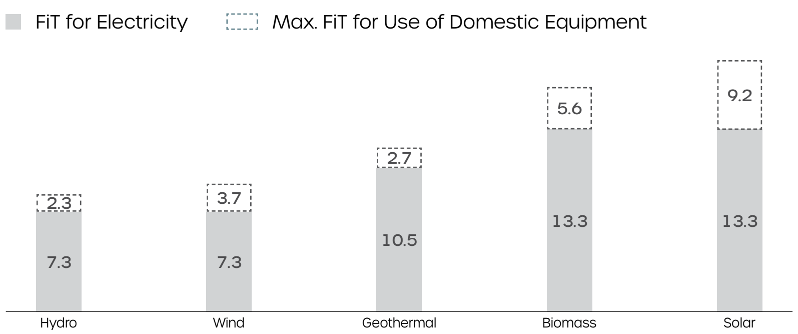
Mandatory contracts...
BO & BOT plants sell their entire output at predetermined USD-based prices to state-owned generation company, TETAŞ (via Take or Pay Agreement). These facilities fully reflect hikes in NG costs to their electricity sales price with the "pass-through" clauses in the agreements signed, along with supply guarantees from state-owned natural gas pipeline company BOTAŞ. The majority of these contracts were terminated as of end-2019, while BO power plants (6.1 GW installed capacity) became IPPs, and working at much lower CURs, thereby having a positive impact on the demand-supply balance.

Feed-in-tariff...
Turkey's parliament passed the Renewable Energy Law in 2005; the legislation was amended in 2010 to provide enhanced support. The Renewable Energy Law provides incentives for renewable energy sourced power plants commissioned between 2005-2020 through guaranteed purchase prices (feed-in-tariff) for a 10-year period. Additional price incentives are also available for use of local equipment at these plants, applicable for the first five years. As a result, the approved feed-in tariffs for hydro and wind (USD 0.073 per kWh) were comparable to the MCP (market clearing price). Meanwhile, the tariff for geothermal (USD 0.105 per kWh) and tariffs for biomass and solar (USD 0.133 per kWh) were significantly higher than the MCP.

Energy Generation

A TOTAL OF 21.9 GW INSTALLED CAPACITY WILL BENEFIT FROM THE FEED-IN-TARIFF MECHANISM IN 2020.

FEED-IN TARIFF (USD CENT/KWH)*

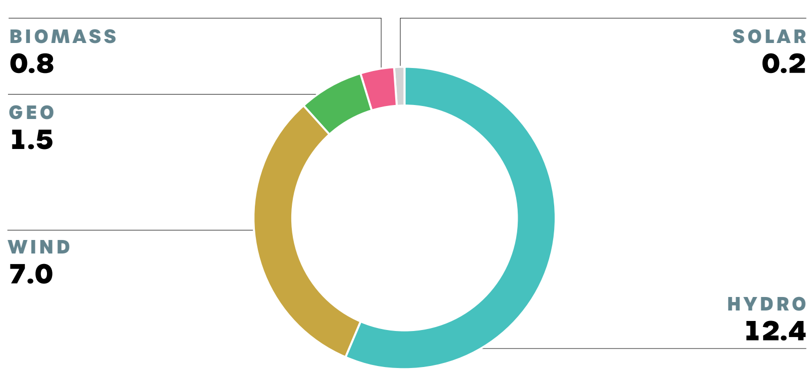


(*) Plants that become operational by 2020 will be eligible to benefit from the FIT for a 10-year period following their commercial operation date.

Source: Energy Market Regulatory Authority (EMRA)

A total of 21.9 GW installed capacity will benefit from the feed-in-tariff mechanism in 2020. Hydro plants with a total capacity of 12.4 GW account for a majority share, while wind power plants make up a total of 7.0 GW.

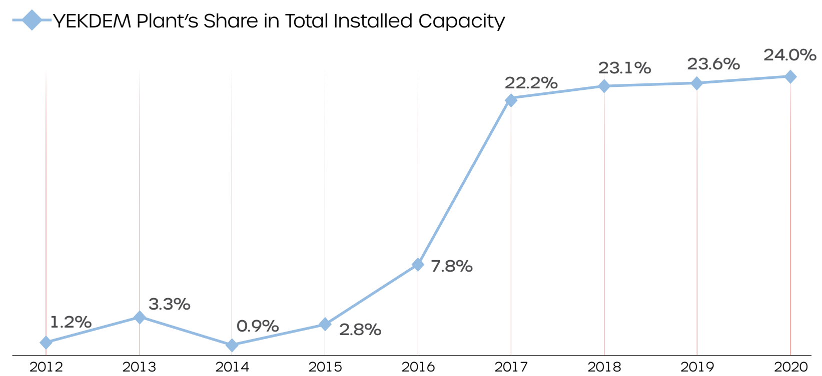
FEED-IN-TARIFF CAPACITY (GW, 2020)



Source: EMRA

As a result of weak electricity prices prevailing on the spot market and significant depreciation of the Turkish lira since 2014, a record increase has occurred in the installed capacity of renewable energy plants participating in YEKDEM, the Turkish Renewable Energy Resources Support Mechanism implemented by Ministry of Energy. This situation has provided the opportunity to sell electricity at much higher prices than prevailing free-market prices of recent years. In 2018, a public announcement stated that YEKDEM would not be continued under the same conditions after December 31, 2020. There has not been any additional and clear statement regarding what regulation will take effect after 2020.

YEKDEM PLANTS' SHARE IN TOTAL INSTALLED CAPACITY



Source: TEIAS

Renewable Energy Resource Area (YEKA)...
The Ministry of Energy and Natural Resources holds tenders to transfer certain geographic areas to investors for electricity generation from renewable energy resources on the condition that domestically made equipment is used in these generation operations.

In 2017, tenders were held for a 1,000 MW solar power plant and a 1,000 MW wind farm. YEKA tenders continued in 2018. On June 21, 2018, a tender for a 1,200 MW offshore wind farm project was announced but postponed due to a lack of sufficient demand. During 2018, an announcement stated that January 2019 would be the deadline for applications in Turkey's second-largest solar power plant tender. This tender incorporated three separate biddings: one for 500 MW of installed capacity in Viranşehir, Şanlıurfa; one for 200 MW in Erzin, Hatay; and one for 300 MW in Bor, Niğde. However, in January 2019 an announcement stated that the tender was cancelled.

The YEKA-2 wind farm tenders were held on May 30, 2019. The tenders covered wind farms with an installed capacity of 250 MW each in Balıkesir, Çanakkale, Aydın and Muğla.

The Ministry of Energy and Natural Resources has held three successful YEKA tenders over the last two years. The YEKA SPP-2 tender was announced to be held in the form of smaller tenders in the first half of 2020. The launch of new solar energy tenders in a new form – called mini YEKA tenders – are planned for nearly 40 provinces in Turkey with capacities ranging from 10 MW to 50 MW.

GLOBAL INVESTMENT HOLDINGS IN THE INDUSTRY...
Global Investment Holdings' total installed capacity amounts to 100.1 MW, of which 46.0 MW is from renewable sources. GIH has a co/tri-generation capacity of 54.1 MW, with an additional 29.2 MW in biomass. Additionally, GIH has two solar power plants totalling 16.8 MWp, of which 10.8 MWp was fully commissioned at the start of 2020 and 6 MWp is under development and planned to be operational during the year.

POWER GENERATION CAPACITY CLIMBING TO 300 MW, WHILE EXPANDING INTERNATIONALLY...
GIH's strategy is to develop green energy projects with attractive long-term feed-in tariffs and innovative energy efficiency solutions. In the coming years, Global Investment Holdings plans to establish a diversified and balanced power generation portfolio, both in terms of resources and geography. GIH is also looking at developing and/or acquiring additional renewable energy projects in a variety of regions, especially in the Caribbean by leveraging local relationships of its Ports business. GIH aims to boost its current 100.1 MW combined installed capacity in renewable energy and energy efficiency investments to 300 MW within the next couple of years.

Energy Generation

Biomass

Biomass based power generation in Turkey is a newly-emerging field, accounting for less than 1% of total electricity generation today. Global Investment Holdings intends to capitalize on this significant potential.

Biomass sector at a glance…

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

Global Investment Holdings intends to capitalize on this significant potential.

Production of energy from biomass is expected to gain traction in the near future. Significantly, the harnessing of this energy source will reduce the country's dependence on imported non-renewable resources such as natural gas. Biomass energy generation is also expected to make the 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 be obtained from livestock farms.

Unlike widespread programs in more developed countries, biomass 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 else mix the residue with soil, incurring additional costs. Livestock farms face greater difficulties and higher costs with respect to compliance with environmental regulations in 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 vitally important in terms of power plant feasibility.

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

Global Investment Holdings in the sector…

Global Investment Holdings is Turkey's leading biomass power producer from residues and waste from agricultural fields, forests, and livestock, with a total installed capacity of 29.2 MW at its Aydın-Söke (12 MW), Mardin-Derik (12 MW) and Şanlıurfa-Haliliye (5.2 MW) power plants. These facilities generate about 200 kWh of electricity per annum, meeting the electricity requirement of over 80 thousand households; they are subject to the Renewable Energy Resources Support Mechanism (YEKDEM), selling electricity at USD 0.133 per kWh.

The facilities are located in close proximity to key supply areas where biomass is collected from diversified sources with its own equipment and personnel, in addition to those of selected subcontractors.

Global Investment Holdings is one of very few companies to combine biomass collection and power plant operations under a single roof.

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 thereby contribute to the national economy. The Company's efforts also promise 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 includes the rights to access and collect, or receive, biomass from the respective facility or farm.

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

Global Investment Holdings is one of very few companies to combine biomass collection and power plant operations under a single roof.

29.2 MW

TOTAL BIOMASS BASED INSTALLED CAPACITY

Energy Generation
Solar

As of end-2019, the total installed capacity of PV solar power plants in Turkey is 5,995 MW, with 5,826 MW unlicensed and 169 MW licensed.

Turkey has high solar energy potential thanks to its geographic location…
Turkey boasts an advantageous geographic position in terms of solar radiation. According to the Solar Energy Map (SEM) of Turkey prepared by the Renewable Energy General Directorate, the country's total annual insolation time was calculated at 2,741 hours (a total of 7.5 hours per day), with total solar energy derived per year of 1,527 kWh/m² (total 4.2 kWh/m² per day). Turkey is considered one of the three most suitable areas worldwide for solar energy, after Morocco and the USA, holding major potential in this regard.

While solar energy technologies are extremely varied in terms of their methods, materials and technological levels, they can be categorized into two principal groups:

Solar Cells: Semi-conducting materials, also known as photovoltaic solar energy systems, convert sunlight directly into electricity.

Photo-emissive Solar Technologies and Concentrated Solar Power (CSP): In this system, heat is obtained from solar energy, and can be used either directly, or in the generation of electricity.

Turkey's total established solar collector area as of 2019 was calculated at close to 20 km². Nearly 823,000 TEP (tons equivalent to petrol) heat energy was produced using solar collectors during the year.

Solar is a field that is more mature and developed in other international markets. As a result, solar based power generation in Turkey still offers significant potential. Only about 3% of the country's total electricity generation originates from solar resources. As of end-2019, the total installed capacity of PV solar power plants in Turkey is 5,995 MW, with 5,826 MW unlicensed and 169 MW licensed. Turkey aims to develop around 10 GW additional installed capacity in solar energy over the next two years.

Turkey has set certain targets for the nation's centennial celebrations in 2023. One 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 renewable and domestic energy share in total power supply to two-thirds by 2023.

The Ministry of Energy and Natural Resources has announced that the YEKA SPP-2 tender will be held in the form of smaller tenders in the first half of 2020. The launch of new solar energy tenders in a new form – mini YEKA tenders – is planned for nearly 40 provinces in Turkey with capacities ranging from 10 MW to 50 MW.

Global Investment Holdings in the industry…
Global Investment Holdings' solar based installed capacity stands at 16.8 MWp, of which 10.8 MWp was fully commissioned at the start of 2020 and 6 MWp is under development and planned to be operational during the year.

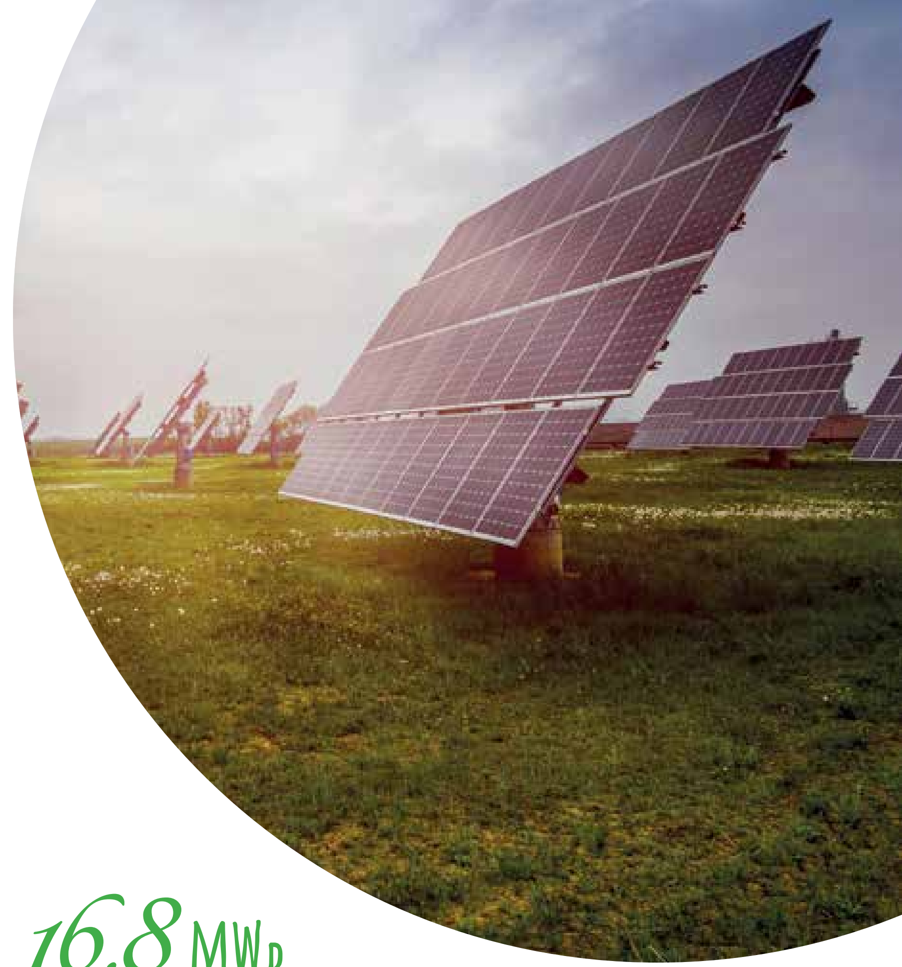
Global Investment Holdings plans to establish a significant solar power generation capacity within the next few years. GIH continues to develop additional projects in accordance with both licensed and unlicensed regulations in Turkey. In addition, GIH actively pursues plans to bid on government tenders, YEKA, in solar, while also evaluating various opportunities abroad in the sector. Thanks to its integrated business approach, GIH started to utilize its expertise and network gained in the ports business, to improve and expand its energy business line. GIH aims to expand the same business model in destinations where it operates ports, especially in the Caribbean.

SOLAR - RA SOLAR

Global Investment Holdings' first solar plant
Global Investment Holdings added its first solar power plant to its renewables portfolio during the year.

GIH commissioned its first solar power plant, Ra Solar, with 10.8 MWp installed capacity in Mardin at end-2019.

Ra Solar is subject to Renewable Energy Resources Support Mechanism (YEKDEM) starting from 2020, selling electricity at USD 0.133 per kWh for a 10-year period.



16.8 MWp
TOTAL SOLAR BASED INSTALLED CAPACITY

The solar plant is located in Mardin/Artuklu, Turkey's southeast region. Ra Solar is one of the largest solar based power plant investments in the region. The facility is expected to generate about 20 million kWh electricity per annum, meeting the electricity requirement of more than 7.5 thousand households.

SOLAR - BARSOLAR

Global Investment Holdings' first international solar plant
Global Investment Holdings' 51% subsidiary in solar energy, Barsolar D.O.O. Bar in Montenegro was granted Temporary Status of Privileged Energy Producer, enabling the company to sell electricity under feed-in-tariff, EUR 0.12 per kWh for 12 years.

The solar plant is located in the port of Adria, Bar, Montenegro. Port of Adria has been operated by Global Investment Holdings ports subsidiary, Global Ports Holding since 2012 through a concession agreement valid until 2043. The solar power plant will be constructed on nine warehouse roofs covering an area of over 66,000 square meters at the port.

Barsolar is expected to generate about 6.9 million kWh electricity per year, meeting the electricity requirement of more than 2.6 thousand households.

Barsolar is the first ever large-scale solar project in Montenegro with a capacity of 6MWp.

The company is planning to start construction in Q2 2020 and commence power generation in H2 2020.

Energy Generation
Co/tri-generation

The need for energy efficiency will require all commercial consumers to develop and make new infrastructure related investments.

CO/TRI-GENERATION

Turkey meets a significant share of its energy demand via imported energy resources. With power figuring among the largest commodity expenses for the manufacturing and services industries, energy reserves need to 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 greater 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 95.8% owned by Global Investment Holdings, Tres Energy delivers power supply and energy efficiency solutions to industrial and commercial customers. The company also builds and operates customized generation facilities. Tres Energy works 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 by 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. The company 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 then delivers solutions based on alternative business structures, including build-operate models. The company completes power generation facilities without receiving customer funding, thereby relieving clients of the financial burden of additional capital expenditure. Tres Energy also secures savings on the customer's energy costs based on a long-term bilateral agreement.

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 correspond 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.

54.1 MW Generation Capacity

At present, Tres Energy has a total installed capacity of 54.1 MW. The company also aims to finalize additional contracts with several industrial and commercial consumers, thus expanding its co-generation capacity nationwide.

The company's build-operate contracts range in duration according to customer preference, lasting up to 13 years excluding the construction period. Current customers operate across a range of industries, including ceramic tiles, forestry products, food processing and paper production. Large shopping centres are among other commercial users. Prospective pipeline projects 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 across Turkey. Based on these projections, the company aims for an installed capacity of over 250 MW in the medium term.

At present, Tres Energy has a total installed capacity of 54.1 MW.

Gas

Turkey's and Europe's leading CNG distributor in terms of station infrastructure and bulk sales volume...

Gas
Naturelgaz

Naturelgaz, a 95.5% subsidiary of GIH, is Turkey's & Europe's leading CNG (Compressed Natural Gas) distributor in terms of station infrastructure and bulk sales volume.

Naturelgaz, a 95.5% subsidiary of GIH, is Turkey's & Europe's leading CNG (Compressed Natural Gas) distributor in terms of station infrastructure and bulk sales volume. The company focuses on the sales and distribution of bulk CNG to industrial and commercial customers – such as factories, power generators, hotels, asphalt plants – in addition to cities (households) not connected to a natural gas pipeline due to economic or geographic constraints.

The Turkish non-piped natural gas market (LNG + CNG) is based on bulk products supplied to industrial facilities and commercial consumers. These users – such as cities, asphalt plants, food processors, hotels and shopping centres, among others – lack access to natural gas pipelines. As of end-2019, the total market amounts to about 719 mcm, of which CNG has a 30% share or 218 mcm.

In 2019, Naturelgaz distributed 159 million Sm³ of CNG (excluding Auto CNG sales amounting to 7.7 million Sm³), capturing a 22.2% share of the total non-piped natural gas market in Turkey. The company recorded a 31.3% market share through the hinterlands covered by its filling plants.

Naturelgaz CNG infrastructure consists of 10 bulk CNG plants, 3 auto-CNG stations, 296 CNG road tankers and 47 industrial scale compressors. All facilities and equipment established and used by the company conform to international standards and regulations.

- **CNG Plants:** Izmir, Bursa, Adapazarı, Antalya, Konya, Kayseri, Kırıkkale, Osmaniye, Rize, Elazığ
- **Auto CNG Stations:** Istanbul (Alibeyköy), Bolu, Kocaeli (Çayırova)

2019: HIGHLIGHTS

2019 was a year of significant progress for Naturelgaz, with the company further bolstering its financial position and operational capability. Following the turnaround in the previous year, the upswing continued in 2019 and the company's results are now consistently strong.

Highlights from the year included:

- Revenues nearly doubled YoY, reaching TL 428.4 million.
- EBITDA reached TL 101.1 million in 2019, more than doubling YoY and translating into c. 7 pp EBITDA margin expansion thanks to the increase in sales volume generated by new sales channels, increase in gas margin and effective cost management.
- Strong focus on boosting sales volume, market share and profitability by developing new sales channels and achieving operational excellence
- Seamless execution of the overall operation, starting from gas procurement to gas supply to customers
- Efficiency in the operational cycle and effective use of existing capacity via remote monitoring systems
- Optimization of logistics and equipment management
- Sound management of health and safety practices
- Lean and efficient organizational structure

MAIN BUSINESS LINES:

a) Bulk CNG

Compared to LNG, CNG provides logistical advantages thanks to the natural gas pipeline network and CNG plant infrastructure across Turkey. The Naturelgaz Rize CNG filling plant was the inflection point for the CNG market and Naturelgaz. As a result, most public tenders have included CNG in the tender specs, as well as LNG. Customers have come to recognize Naturelgaz as the best provider in the market.

In 2019, Naturelgaz generated a sales volume of 143.3 million Sm³. In 2020, the company's bulk CNG sales volume is expected to climb to 148.8 million Sm³ by focusing on new customer acquisitions to reduce the effects of seasonality and boost market share.

b) Auto CNG

During the year, Naturelgaz generated a sales volume of 7.7 million Sm³ from Istanbul and Bolu stations. The company also won the tender to supply 120 CNG buses of private operators working for the Istanbul Metropolitan Municipality.

Regarding the development of the Auto CNG market, Naturelgaz is focused on the road and in-city transportation sectors to supplement existing bulk CNG sales. Compared to other energy sources, the two key advantages of using CNG in road transportation are cost saving and environmental sustainability.

2019 was a year of significant progress for Naturelgaz, with the company further bolstering its financial position and operational capability.

Gas

Naturelgaz

THERE IS A CLEAR NEED FOR CNG IN GAS WELLS OF UNCERTAIN RESERVES, OR WHERE THE CLOSEST GAS PIPELINE IS REMOTELY LOCATED AND THE CONNECTION IS NOT ECONOMICALLY VIABLE.

Target customer segments in Auto CNG:

- Route-to-route logistics operators
- Closed loop in-city passenger bus operators
- Closed loop garbage truck operators

Naturelgaz cooperates with OEM vehicle producers to expand the number of CNG vehicle options in Turkey, believing that CNG vehicles will drive higher market growth. In 2020, Auto CNG sales volume is expected to reach 7.9 million Sm^3.

c) City Gas

City Gas – a government initiative – 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. The requisite low pressure pipeline infrastructure is being established in cities by natural gas distribution companies connecting households to natural gas via the CNG system.

With City Gas, Turkey aims to expand the reach of natural gas to additional towns via tender offerings. Naturelgaz plans to participate in such tenders to sustain its solid position in the industry.

This new business line is a strategic priority for Naturelgaz given the opportunity to both increase volumes and boost efficiency.

In 2019, Naturelgaz supplied 16.0 million Sm^3 CNG to 42 towns in the provinces of Elazığ, Rize, Trabzon, Adana, Balıkesir, Izmir, Manisa, Erzurum, Tokat, Kırıkkale, Kastamonu, Kars, Bursa and Kırklareli with a total population of 950,000 in cooperation with local gas distributors. In 2020, the City Gas sales volume is expected to reach 47.8 million Sm^3.

d) Well Head CNG

There is a clear need for CNG in gas wells of uncertain reserves, or where the closest gas pipeline is remotely located and the connection is not economically viable. In 2018, Naturelgaz began to supply CNG equipment and operational services to two natural gas production companies at the Silivri and Gelibolu gas wells. In 2019, Naturelgaz signed a contract with a company to set up a well head CNG plant, distribute the gas in CNG form from the gas field to the daughter field, where the gas will be injected into the pipeline. During the year, Naturelgaz recorded EBITDA of TL 1.5 million from well head CNG operations and expects to post EBITDA of TL 3.5 million in 2020.

FOCUS IN 2020

1. Bulk CNG: Naturelgaz will focus on acquiring new customers with a stable consumption pattern throughout the year to reduce seasonality and expand the existing customer base.

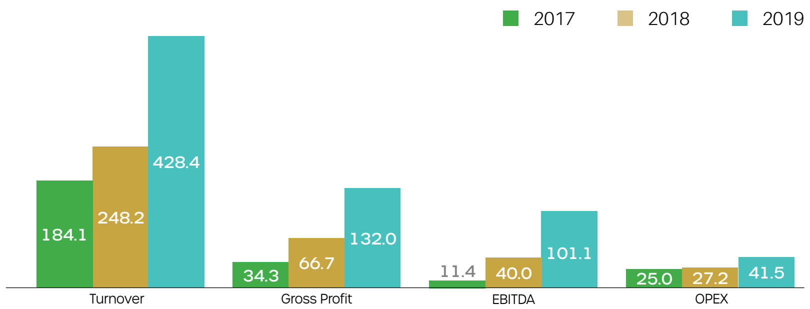
2. Auto CNG: Naturelgaz aims to extend the coverage of Auto CNG stations by supplying CNG buses at bus terminals other than Alibeyköy and Bolu; develop Auto CNG projects for trucks in cooperation with OEM producers and conversion companies; and evaluate cooperation opportunities with fuel distribution companies to expand the station network.

3. City Gas: Turkey still has many zones, where natural gas has not yet reached; either because of geographic obstacles or inadequate economics. Naturelgaz aims to prioritize the City Gas project by boosting coverage and sales volume to curb the effects of seasonality and make the efficient use of CNG equipment in winter possible.

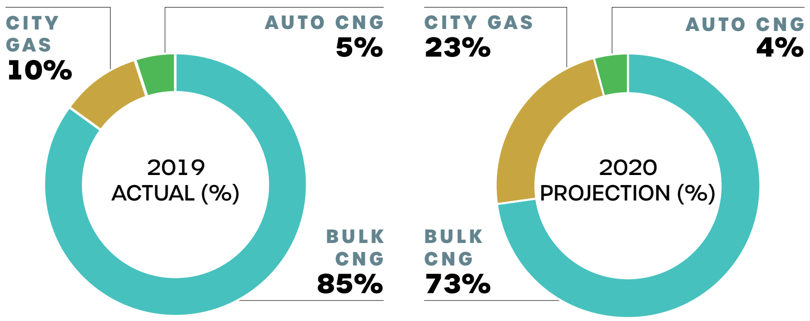
4. Well Head CNG: Naturelgaz aims to increase its project portfolio by supplying integrated CNG solutions to well operators, mainly in Turkey's Thrace region.

5. International Expansion: In 2020, Naturelgaz aims to extend its experience and investments to surrounding markets such as Africa that have an underdeveloped power infrastructure, and therefore solid growth potential. In addition, new international expansion/project opportunities will be evaluated.

KEY FINANCIALS (TL MILLION)



SALES VOLUME BY BUSINESS LINE



Mining

One of Turkey's leading players in industrial minerals with ~1.5 million tons feldspar annual production capacity...

Mining
Straton Mining

Today, Turkey is the world leader in feldspar mining, with annual production exceeding 6 million tons, around 80% of which is exported.

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 the provinces of Manisa, Kütahya, Aydın and Muğla. 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 which is exported. Key export markets include Spain, Italy, Russia, Lebanon, Egypt, Germany, Poland, Israel, Algeria, Romania and markets in Asia.

In 2013, Global Investment Holdings Group invested in the feldspar sector with the acquisition of Straton Maden, where it currently owns a 97.7% stake. Straton Maden has become a leading player in the global feldspar market.

Straton Maden has significant total reserves of 20 million tons feldspar in its licensed field of operation. The company's annual production capacity is about 1.5 million tons. Eighty percent of its production is exported to Italy, Spain and Egypt for use in the glass and ceramics industries.

Straton Maden extracts feldspar in the most efficient and environmentally responsible manner while producing higher value feldspar products. To this end, the company has completed a capital investment program to establish new separation and enrichment facilities, while expanding existing production capacity. Thanks to these new facilities, Straton Maden has substantially increased its production and feldspar sales volume. The company has also diversified its customer base by entering new export markets. Today, Straton Maden ranks among the leading players in the industry.

European Standards

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

Currently, demand for feldspar is rising across various industries. Feldspar 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.

20 Millon Tons

Straton's total feldspar reserves in its licensed field of operation

Real Estate

Utilizing opportunities and managing portfolio with extensive real estate development experience...

Real Estate

THE CONSTRUCTION INDUSTRY AND ITS RELATED SUB-SECTORS HAVE BEEN A DRIVING FORCE OF GROWTH.

The construction industry often serves as a lever for national economies with the added value and employment opportunities it creates. Today, construction encompasses not only construction of the environment, but also activities that contribute to maintenance, repair and operation.

Over the last 20 years, Turkey's construction sector expanded on par with the country's rapid economic growth. Given the country's ever-expanding status as a global player, the construction industry has the opportunity to grow and develop further in the appropriate environment.

Construction and other related sub-industries are central components of the economy. The Turkish housing industry has achieved rapid growth over the past 15 years. The macroeconomic significance of the construction industry arises from its multiplier effect. Construction sets 250 sub-industries across the economy in motion, galvanizing both economic growth and employment.

While the Turkish construction industry and its sub-sectors have achieved rapid growth over the past two decades, they have benefited most from economic developments subsequent to the 2001 financial crisis. The construction sector accelerated its institutionalization process thanks to the structural transformation it underwent at that time.

The construction industry and its related sub-sectors have been a driving force of economic growth. Industry and service sectors have also been invigorated by the advance of the construction sector.

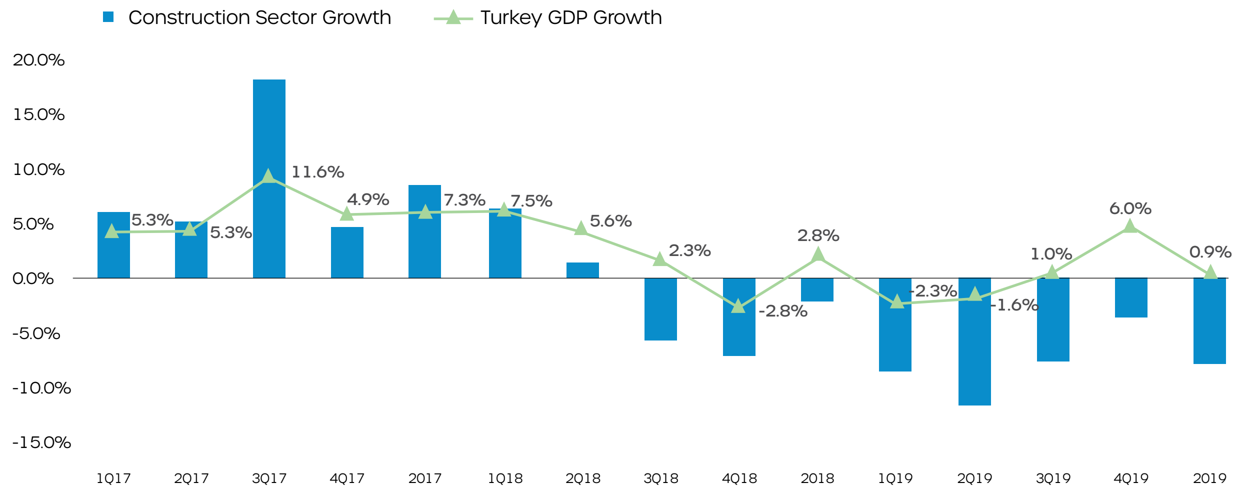
The high correlation between the construction industry and macroeconomic expansion enables high growth during times when interest rates and input costs are low. In times when the reverse is true, economic recession results. Although the recession in the Turkish economy eased in the third quarter of 2019 and GDP growth came in at +0.9% YoY in 2019, the construction industry shrunk 8.6% YoY and demonstrated its worst growth performance since 2009. The devaluation of the Turkish lira since the second half of 2018, the effects of tight monetary policy and challenging financial conditions as well as the acute contraction of internal demand resulted in a recession. Despite the negative trend in the sector until the last quarter of 2019, it has been lessening gradually and the recovery has started to be seen noticeably. The significant monetary stimulus delivered in 2H19 and the rebalancing process in the markets is leading indicators that the construction sector may move forward in 2020 and beyond.

The industry's share in GDP declined from 7.2% in 2018 to 5.4% in 2019. Construction and its sub-sectors are susceptible to the country's general economic developments.

5.4%

SHARE OF CONSTRUCTION SECTOR IN TURKEY'S GDP

GDP VS CONSTRUCTION SECTOR GROWTH BY CHAIN VOLUME INDEX



Source: TUIK

Foreign Direct Investment...
Based on World Investment Report 2019, prepared by United Nations Conference on Trade and Development (UNCTAD), Turkey stood at the forefront with the United Arab Emirates, Saudi Arabia and Lebanon, attracting about 90% of FDI in West Asia. According to the report, Turkey was the largest recipient in the region, with inflows rising 13% to USD 13 billion, despite slower than usual economic growth and uncertainty surrounding the TL. In 2019, net direct international investment inflow (actual inflow) amounted to USD 8.4 billion, with some 57% of it being attributed to real estate purchases. This figure reflected an 18.4% decline in 2019 compared to USD 10.3 billion in 2018.

Communiqué on converting FX based contracts – including real estate related contracts – to TL went into effect in 2018...
With the Communiqué on the Law to Protect the Value of the Turkish Currency, which entered into force in October 2018, it was forbidden to sign a lease agreement in foreign currency. An exemption was introduced in November of the same year to the effect that contracts can be determined in terms of a foreign currency or foreign currency indexed in the case of rental or sales contracts where the lessor or purchaser is a company with more than 50% foreign capital ownership. A year later, lease and sales rates are entirely denominated in Turkish lira while lease and sales operations are realized in Turkish lira.

HOUSING MARKET
The Turkish residential market has expanded significantly over the past 15 years. Drivers of demand include new and modern residential supply on the market, greater use of affordable mortgages, and increased demand for earthquake resistant construction. An increase in housing need due to population growth and urban migration has also affected the residential construction market. The high number of housing units to be renewed/replaced due to the age of housing stock, plus urban renewal programs, are other key factors in determining housing need. In Turkey, all these factors positively contribute to demand. The country's major cities – including Istanbul, Ankara, Bursa, and Izmir – stand out as primary beneficiaries of the new wave of residential demand.

Housing demand in Turkey is largely shaped by macro developments, demographics and income dynamics. According to the Turkish Central Bank's housing demand analysis, income predominantly determines residential housing demand. The total number of homes sold in Turkey recorded a CAGR of 9.3% between 2009 and 2019. The figure for 2019 was in negative territory with housing sales falling 1.9% given muted consumer sentiment and high prevailing borrowing rates.

Building permits statistics...
Due to shrinking demand and soaring financing costs, along with disrupted financing facilities of companies, the decline in construction projects was pronounced. As of the end of the third quarter of 2019, the number of building permits had decreased by 58.0% in terms of surface area from the same period a year earlier, while occupancy permits were down 7.2%. The construction permits in terms of the number of buildings decreased 57.1% compared to the same period of the prior year, while occupancy permits in terms of the number of buildings decreased by 20.6%.

Real Estate

A TOTAL OF 1,348,729 HOMES WERE SOLD IN 2019 (-1.9% YOY), WITH NEW HOME SALES AT 511,682 (-21.5% YOY) AND EXISTING HOME SALES AT 837,826 (+15.6% YOY).

New and existing home sales fell 1.9% in 2019, with a limited decline thanks to mortgage sales…

A total of 1,348,729 homes were sold in 2019 (-1.9% y-o-y), with new home sales at 511,682 (-21.5% y-o-y) and existing home sales at 837,826 (+15.6% y-o-y). Growth in new home sales continued to fare worse but still improved 8% y-o-y in December, reaching the highest monthly figure in history. Meanwhile, the promotional mortgage campaigns decreased the monthly interest rate back to 0.99% as of the beginning of September. This led to a pickup in existing home transaction volumes, in particular. Additionally, the improvement in existing home sales could be linked to extending the title deed fee reduction to 3% for real estate transactions and cutting VAT to 8% for residential unit sales for the entire year of 2019.

Mortgage transactions were 24.7% of home sales as of year-end 2019, up from 20.1% in 2018. Following the CBRT's rate cut of 1,200 bps since July 2019 and state-owned banks' promotional mortgage campaigns decreasing the monthly mortgage rates below 1% threshold, mortgaged-back sales rose year-on-year.

During the year, unit home sales to foreigners rose 14.8% to 45,483. Sales to foreign buyers still accounted for only 3% of total sales and 9% of new home sales in 2019. Foreigners succumbed to the allure of a weak TL and VAT exemption. The home purchase limit for citizenship rights was also reduced from USD 1 million to USD 250 thousand – another factor that may have motivated foreign buyers.

Weaker TL and higher interest rates inflate construction and borrowing costs, while also curbing new housing demand by creating more appealing investment alternatives…

In 2019, foreign currency deposits of Turkish households more than doubled to USD 196.5 billion. Additionally, interest rates offering higher returns than rental income threaten housing demand for investment purposes. This, however, should normalize following the CBRT's delivery of a total 1,200 bps cut in its key policy rate over the second half of 2019, down from 24% at the beginning of the year.

Demographics as a driving factor…

Over the long term, demographic factors such as rising urbanization rates and shrinking household sizes are expected to further fuel housing demand in Turkey. Turkey's population growth projections and demographic assumptions indicate population growth with a CAGR of 1% over the next decade. Meanwhile, household size is expected to decline to 3.1 persons, down from the current 3.5, during the same period. A young population, a rising number of university students studying outside their hometowns, plus high divorce and marriage rates are forecast to support housing demand over the medium to long term.

45,483

FOREIGNERS BOUGHT A HOME IN TURKEY.

Incentives and promotional campaigns are set to further stimulate housing demand in the short-term…

Throughout 2019, several incentive mechanisms, including reducing VAT and title deed charges imposed on housing sales, and low-interest rate housing loan campaigns were introduced by the Turkish government. In addition, banks and sector participants extended loan maturities. The loan interest rate cuts and home lending campaigns proved effective, despite the setbacks of the year. Turkey's government plans to further support the housing sector with regulatory actions to avoid any sharp decline in home sales.

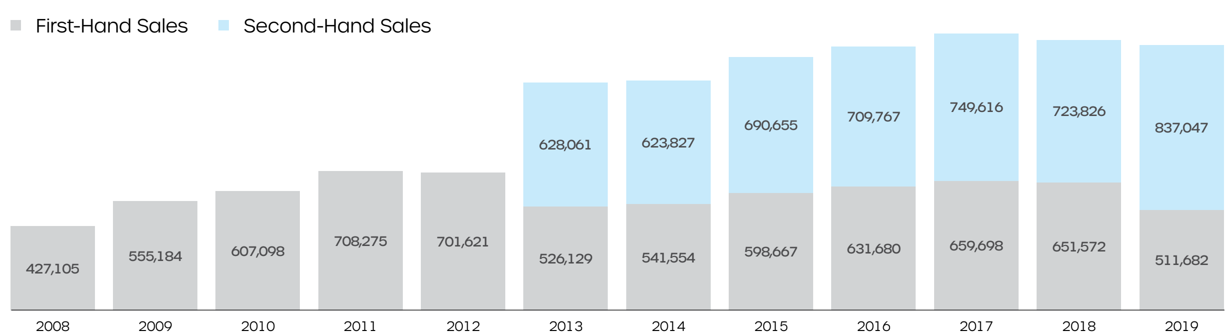
Mortgage rates as a decisive factor…

Given the high correlation between mortgage interest rates and the share of mortgage-financed sales in total home sales, mortgage rates are another critical factor affecting future housing demand. The downtrend in housing loan interest rates that started in July 2019 continued through the end of the year. The monthly home lending interest rate declined from 2.04% at the end-2018 to 0.99% in December 2019. Easing of mortgage rates in the second half of 2019 led to nearly five percentage point expansion for the share of mortgage sales within all sales in Turkey in 2019 compared to a year earlier.

9%

CAGR OF THE NUMBER OF HOMES SOLD IN THE LAST DECADE

RESIDENTIAL UNIT SALES IN TURKEY

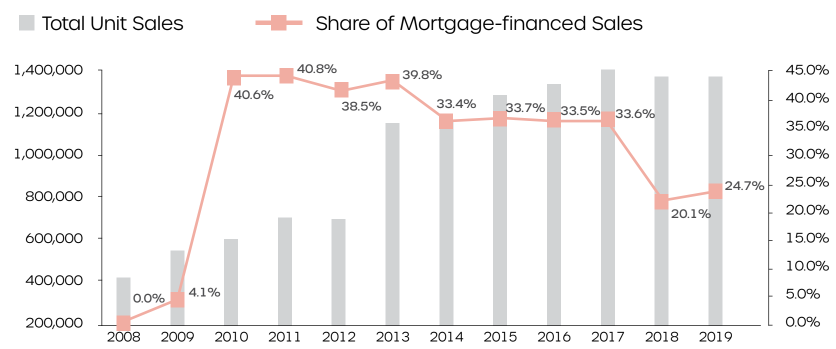


Source: TUIK

Real Estate

MORTGAGE TRANSACTIONS WERE 24.7% OF HOME SALES AS OF YEAR-END 2019, UP FROM 20.1% IN 2018.

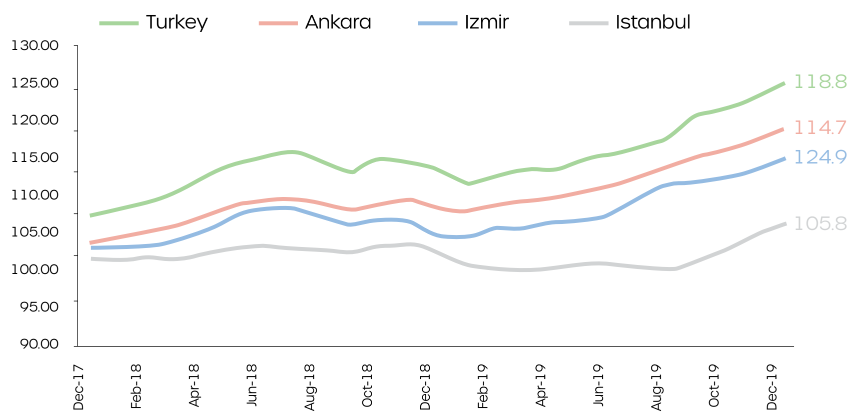
HOME SALES VS MORTGAGE UTILIZATION



Source: TUIK

THE RESIDENTIAL PROPERTY PRICE INDEX, WHICH MEASURES QUALITY ADJUSTED PRICE CHANGES OF THE HOUSES IN TURKEY STANDS AT 118.8 IN DECEMBER 2019.

RESIDENTIAL PROPERTY PRICE INDEX (RPPI)

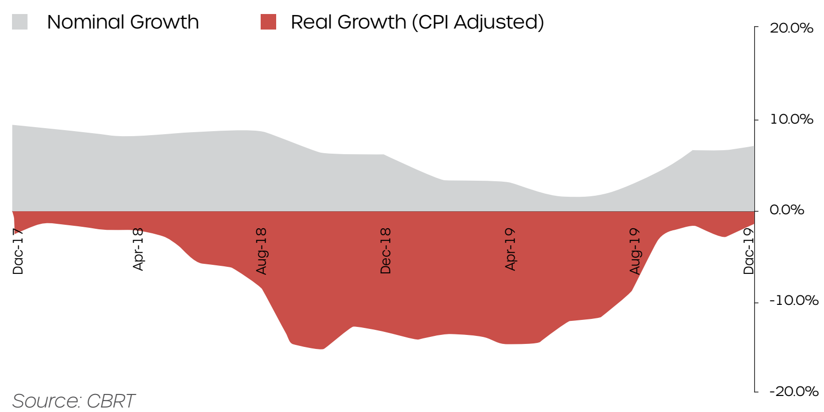


Source: CBRT

The Residential Property Price Index (RPPI) (2017=100) measures quality-adjusted price changes by monitoring the observable characteristics of homes in Turkey. The index stood at 118.8 in December 2019, recording an annual positive growth of 9.9% in nominal terms (and 1.7% decline in real terms).

In 2019, RPPI rose 3.7%, 10.1% and 10.3% in Istanbul, Ankara and Izmir, respectively, on an annualized basis.

RESIDENTIAL PROPERTY PRICE INDEX (ANNUAL % CHANGE)



Source: CBRT

THE RPPI INCREASED ANNUALLY BY 9.9% IN NOMINAL TERMS AND DECREASED BY 1.7% IN REAL TERMS.

Real Estate

TURKEY'S CITIES WITH THE MOST SHOPPING CENTRES ARE ISTANBUL WITH 127, ANKARA WITH 42 AND IZMIR WITH 29.

RETAIL MARKET
Turkey's retail market has enjoyed robust growth over the past decade. This rapid expansion was driven by a significant rise in the middle-class population and purchasing power, as well as sustained long-term growth in both international and domestic tourism.

439 shopping centres as of end-2019
At end-2018, Turkey was home to 412 shopping centres. By end-2019, this figure rose to 439. With new retail centres scheduled to open by end-2021, the country will have 464 shopping centres with a total leasable area of over 14.3 million m².

Turkey's cities with the most shopping centres are Istanbul with 127, Ankara with 42 and Izmir with 29.

The total leasable stock amounts to 13.5 million m². Istanbul is home to 37% of the total leasable area stock. In Turkey, the average leasable area per 1,000 people was 160 m² at end-2019 versus 158 m² a year earlier.

Shifting to TL challenges the retail sector
Retail is one of the markets most affected by the Protection of the Value of Turkish Currency Law. Lease prices fell due to the conversion from foreign currency (USD and EUR) to TL, though investors continued to repay bank loans in foreign currency. In addition to lease contracts being converted to TL, the costs of shopping centre investors increased at a higher rate than revenues due to the significant rise in energy and labour expenses.

Shopping Centre Development: GLA & Unit

Shopping Centres		2019	Under Construction*	Total
Istanbul	Number	127	12	139
	GLA (m² million)	4.9	0.4	5.3
Rest of Turkey	Number	312	13	325
	GLA (m² million)	8.6	0.4	9.0
Turkey	Number	439	25	464
	GLA (m² million)	13.5	0.8	14.3

*To be completed by end-2021

Source: Jones Lang LaSalle – 2019 Year-End Turkey Report

439

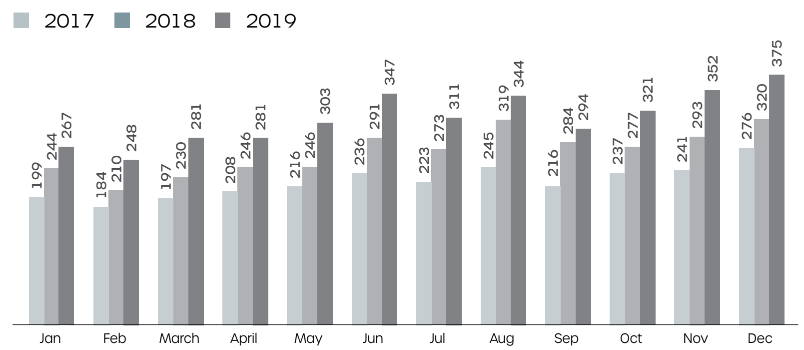
THE OVERALL NUMBER OF SHOPPING CENTRES IN TURKEY AS OF THE END OF 2019

SC Retail Sales Index rose by 15.9 percent in 2019...
Based on the December 2019 results of the SC Index, co-developed with the Council of Shopping Centres – Turkey (AYD) and Akademetre Research Company, the SC Turnover Index in 2019 rose 15.9% nominally on an annual basis, which is slightly above the average inflation rate of 15.2% for the year.

However, the number of shopping centre visits was down around 1% during the year. Although footfall declined in 2019, sales per square meter rose, indicating that visitors spent in higher amounts. This may indicate a long term positive trend for retailers. Sales per square meter in shopping centres continued to rise: TL 1,436 (+17.8% year-over-year) in Istanbul and TL 1,021 (+14.8%) in Anatolia in 2019. During the same period, sales per square meter nationally amounted to TL 1,187 (+16.3% year-over-year).

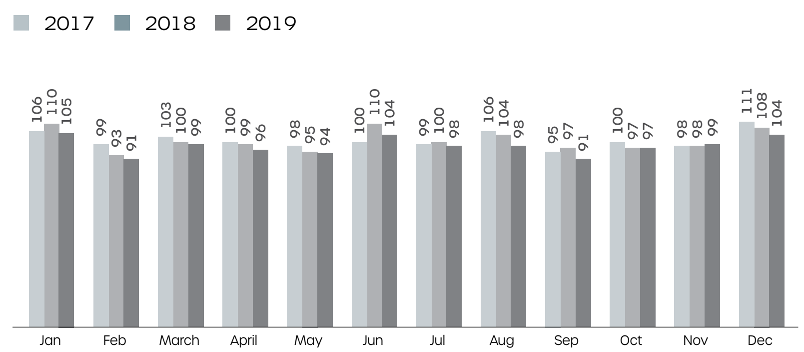
BASED ON THE DECEMBER 2019 RESULTS OF THE SC INDEX, THE SC TURNOVER INDEX ROSE 15.9% NOMINALLY ON AN ANNUAL BASIS FOR 2019 TO 375 POINTS.

SHOPPING CENTRE SALES INDEX TURKEY GENERAL



Source: AYD

SHOPPING CENTRE FOOTFALL INDEX TURKEY GENERAL



Source: AYD

ALTHOUGH FOOTFALL DECLINED IN 2019, SALES PER SQUARE METER ROSE, INDICATING THAT VISITORS SPENT IN HIGHER AMOUNTS. THIS MAY INDICATE A LONG TERM POSITIVE TREND FOR RETAILERS.

Real Estate
Ardus Real Estate Investments

SÜMERPARK PROJECT IS COMPOSED OF SÜMERPARK EVLERİ, SÜMERPARK SHOPPING CENTRE, SKYCITY BUSINESS TOWERS, PRIVATE SCHOOL AND A PRIVATE HOSPITAL.

ARDUS REAL ESTATE INVESTMENTS
Ardus Real Estate Investments, wholly-owned by Global Investment Holdings, is the sub-holding company founded in December 2016 to consolidate GIH's real estate portfolio under one roof. Staffed by a dedicated team of professionals with extensive real estate development experience, Ardus oversees the existing GIH real estate portfolio. The company is engaged in real estate developments with a primary focus on commercial projects. Its current investment portfolio includes commercial, multi-use commercial, residential and tourism projects. Ardus Real Estate's two main subsidiaries are Pera REIT and GTE, which are focused on commercial real estate development.

PERA REIT
Pera REIT is made up of a well-skilled team of professionals with wide-ranging experience in the tourism and real estate sectors. They oversee the existing portfolio.

Pera REIT is engaged in the development and operation of real estate projects. Its current operating and ongoing investment portfolio include commercial, multi-use commercial and residential development projects. The Group holds a long-term view on real estate investments, prioritizing greenfield development over the acquisition of completed projects. A portion of the Group's real estate projects is primarily managed by Pera REIT, a real estate investment trust trading on Borsa Istanbul.

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

The historic Vakıfhan No:6 building, the Denizli Sümerpark Shopping Centre and Sümerpark Office projects are held solely through Pera REIT.

DENİZLİ MIXED-USE PROJECT
Denizli is a fast-growing industrial city located in southwestern Turkey, in the Aegean region. As the area's second biggest city after Izmir, Denizli features a strong economy and an expanding population of over 1.1 million. 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, it 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.

ARDUS REAL ESTATE'S TWO MAIN SUBSIDIARIES ARE PERA REIT AND GTE, WHICH ARE FOCUSED ON COMMERCIAL REAL ESTATE DEVELOPMENT.

Real Estate

Ardus Real Estate Investments

VAN SHOPPING CENTRE IS THE FIRST MALL WITH THE "LIFESTYLE CENTRE" CONCEPT IN THE CITY, AND HAS A TOTAL GLA OF 26,047 M².

The Group's Denizli project is a mixed-use development on a 98,500 m² land. When completed, the development will span a gross construction area of 228,000 m². The project is composed of Sümerpark Evleri, consisting of 606 houses, Sümerpark Shopping Centre, Skycity Business Towers, Private School and a private 150-bed hospital.

The development's centrepiece, Sümerpark Shopping Centre, boasts 35,836 m² of gross leasable area and opened in March 2011. The Mall received 3.1 million visitors in 2019. It is currently occupied by leading brands as anchor tenants – including Migros, Flo, Koton and Tekzen – with long-term leases of up to 25 years. The Mall has over a 60% occupancy rate and also houses fashion retailers and food court tenants.

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

As part of a mixed-use project, an office complex – SkyCity – was developed in a construction area of 33,055 m². Construction commenced 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. Around 80% of the project had been sold as of end-2019.

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 11,565 m², was completed in August 2014. The school opened in the fall of 2014, under a 15 year lease contract signed with Final Schools.

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

VAKIFHAN NO:6...

Vakıfhan No:6 is located in Karaköy, Istanbul's latest up and coming neighbourhood near the Golden Horn. An active business centre over the centuries, Karaköy is an important commercial district hosting many new real estate developments. The historic Vakıfhan No:6 building faces Salıpazarı Port, which is Turkey's second busiest cruise port by passenger arrivals. The Salıpazarı Port project is an extensive urban renewal initiative that, in addition to redeveloping a modern cruise port, includes the provision of tourism and recreation facilities.

VAN SHOPPING CENTRE

Van lies on the shore of a large scenic lake of the same name in eastern 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 regional exploration. 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 produce, both regionally and to neighbouring countries, including Iran, Iraq and Armenia. Van also serves as an air and ground transport hub for the country's south-eastern cities, such as Bitlis, Hakkari, Siirt and Muş.

Van Shopping Centre opened its doors on December 15, 2015...

Van Shopping Centre is the first mall with a "Lifestyle Centre" concept in the city and has a total GLA of 26,047 m². The Centre 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 over 7.5 million visitors per annum and boasts an occupancy rate of 96%.

Van Shopping Centre was named the "Best Shopping Centre 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.

AQUA DOLCE RESORT

Thanks to the island's strategic location in the Mediterranean, Cyprus has for many centuries been a key meeting point for traders. Through the centuries, Cyprus has been seized and ruled by numerous civilizations, including the Phoenicians, Assyrians, Romans, Persians and Byzantines, which have in turn each left their own distinctive mark upon the island. An increasing number of tourists are discovering the rare beauty and peaceful settings that the less developed Northern Cyprus has to offer.

Aqua Dolce Tourism & Recreation World is a planned development on a project area of some 48,756 m² in Northern Cyprus. The development is to include a 5-star 300-room hotel featuring extensive facilities offering a holiday of a lifetime. A casino will be at the heart of the resort, providing a wide-range of gaming opportunities. The resort will also feature conference facilities of varying sizes to host seminars and business meetings; as well as a spa centre, a sports centre, and swimming pools; cafes, restaurants, bars, and outdoor sports facilities. The Group believes that the relatively less populated and lower-priced tourism and real estate markets of TRNC, as compared to the southern part of the island, offer highly attractive investment opportunities, particularly as efforts to resolve political issues relating to Cyprus gain traction.

Aqua Dolce Tourism & Recreation World, aiming to attract vacationers seeking a unique Mediterranean experience, will bring a new dimension to the luxury holiday concept. Named after the nearby natural springs, it will be developed on a 260,177 m² tract located on the coast of Tatlısu, Kyrenia.

VAN SHOPPING CENTRE HAS ATTRACTED OVER 7.5 MILLION VISITORS IN 2019 AND BOASTS AN OCCUPANCY RATE OF 96%.

Finance

PERFORMING
ASSET MANAGEMENT AND
PROVIDING CAPITAL MARKET
BROKERAGE SERVICES
UNDER ONE ROOF...

Finance
Asset Management

In 2019, assets under management in Turkey's AM industry climbed to TL 284 billion, expanding 64.0%, according to the Turkish Capital Markets Association (TCMA).

ASSET MANAGEMENT

In Turkey, asset management (AM) constitutes a relatively small and underperforming area of the financial services industry. To date, structural factors have curbed the growth of the industry, especially Turkey's volatility and the extremely high interest rates on short-term deposits to compensate for the volatile market. Asset management has also been ill-served by restrictive regulation in the country. Historically, asset management companies were barred from designing fund strategies and marketing them. Instead, funds had to be sponsored by banks. Until recently, this environment resulted in a market that lacks capital, savings and appetite.

A strong year with exceptional asset under management (AUM) growth…

In 2019, assets under management in Turkey's AM industry climbed to TL 284 billion (USD 47.7 billion), expanding 64.0% in TL (45.9% in USD), according to the Turkish Capital Markets Association (TCMA). AUM growth is predominantly driven by mutual fund assets, which more than doubled over the prior year thanks to solid money market fund performance. Meanwhile, pension funds recorded a robust growth of about 37% during the year.

Solid performance with room for further growth…

Assets under management in the Turkish AM sector recorded a CAGR of 21.7% in TL (6.0% in USD) over the past 10 years, as government incentives helped spur growth in private-sector pensions. Due to limited growth in mutual funds (MF) and a lacking variety of alternative investment funds (AIF), pension fund assets (PFA) are the main driver of AUM expansion.

Sector growth is set to continue over the next several years given the young average age of Turkey's population and the level of state contribution for pension savings. PWC's international respondents' survey in 2018 ranked Turkey among the top three high growth potential asset management sectors within EMs.

At present, the Turkish AM industry appears to be significantly underperforming other emerging markets, both in terms of AUM/GDP and AUM per capita. However, measures taken in recent years to boost savings, coupled with a revision to natural accounts data resulted in gross domestic savings reaching 25.2% of Turkey's GDP in 2019. While AUM/GDP has been on the rise, the total percentage of GDP represented by funds is currently at 6.2%, very low when compared with Eastern Europe's 8.7%, a peer group average of 15.6% and the global average of 24.5%.

That said, the industry is potentially set to undergo a dramatic transformation. This is in part thanks to general trends supporting the financial sector as a whole, namely steadily declining interest rates and reduced stock market volatility. In addition, sweeping reforms of rules governing the sector and Turkey's burgeoning private pensions system have positioned the domestic AUM industry for rapid expansion.

Key growth areas: Pension and alternative investment funds

The Turkish AM industry is expected to significantly expand over the next five years, with pension funds, real estate investment fund (REIF)s, investment advisory and financial planning, and private equity investment fund (PEIF)s leading the way. The sector has welcomed government reforms in these areas, including auto enrolment in pension plans, and the introduction of AIFs in Turkey.

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

Turkey's pension funds are starting from a low base and the country is underdeveloped in relation to comparable markets. The total size of pension fund assets (PFA) in Turkey reached TL 127.6 billion (c. USD 21.2 billion, 44.9% of total AUM in Turkey) at 2019 year end. Despite a very high CAGR of 27.7% between 2013 and 2019, the PFA/GDP ratio is only 2.5% – a very low figure compared to the OECD ratio of 50.7%. Countries such as Brazil (24.6%), Mexico (16.9%) and, most importantly, Chile (72%), with its much smaller economy, have a higher penetration rate than Turkey due to the early introduction of the funded and paid pension system. At year-end 2019, over 70% of the working population was covered with funded and private pension plans in OECD member states where enrolment into a plan was mandatory. In Turkey, this ratio was 27% due to the recent introduction of the system.

In addition to promising growth rates, Turkey remains an untapped pension fund market with great growth opportunities.

Rethinking auto-enrolment

Automatic enrolment in the private pension system for employees was introduced in Turkish law with the Amendment Act of August 25, 2016. Accordingly, employees under the age of 45 must be enrolled in a private pension plan and are required to contribute a minimum of 3% of their gross salaries. Although the provisions entered into force on January 1, 2017, the regulation was applied gradually depending upon the number of employees working at an employer.

An employee automatically enrolled in a private pension plan was entitled to withdraw from the system within two months as of the notification of the enrolment. According to recent surveys:

- Over 19 million employees were enrolled in the system; 12 million employees had withdrawn from the system as of end-2019.
- Almost 64% of employees exercised their right to withdraw from the system within two months.

As most of the employees withdrew from the system, legislative authorities worked to improve it. According to the regulation published in the Official Gazette dated December 27, 2018, those who leave the automatic private pension system will be re-instated in the system within three years. The Treasury and Ministry of Finance will be able to reduce this period to one year or increase it by five years. Changes to the pension auto-enrolment system include an extension of the exit option period to three years, up from the current two months. This would mean a material increase in the number of persons enrolled, and funds in the private pension system, while also boosting the overall national savings.

AUTO-ENROLLMENT INTO PENSION IN 6 PHASES

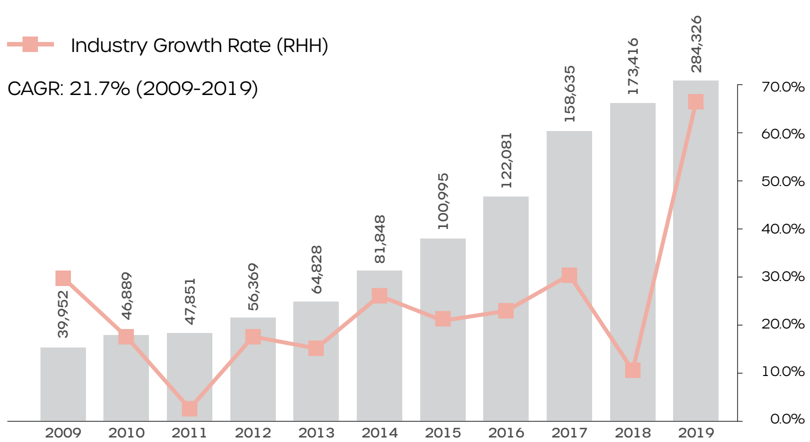
No. of Employees in the Private Company	Auto-enrolment Start Date	Number of Employees
1,000 and over	January 1, 2017	0.7 million
250 to 999	April 1, 2017	4.7 million
100 to 249	July 1, 2017	1.6 million
50 to 99	January 1, 2018	1.5 million
10 to 49	July 1, 2018	3.6 million
5 to 9	January 1, 2019	2.0 million

Automatic enrolment in the private pension system for employees was introduced in Turkish law with the Amendment Act of August 25, 2016.

Finance
Asset Management

ASSETS UNDER MANAGEMENT IN THE TURKISH AM SECTOR RECORDED A CAGR OF 21.7% IN TL (6.0% IN USD) OVER THE PAST 10 YEARS.

HISTORICAL PORTFOLIO VALUE - AUM



Source: TCMA

Breakdown of Industry	2013/12	2014/12	2015/12	2016/12	2017/12	2018/12	2019/12
Total AUM (TL million)	64,828	81,848	100,995	122,081	158,635	173,416	284,326
Collective Investment Schemes	56,996	73,050	88,736	108,034	139,338	150,641	254,970
Pension Funds	26,648	37,815	48,022	60,510	79,543	93,206	127,577
Mutual Funds	30,348	35,234	40,714	47,109	59,287	56,920	127,393
Securities Mutual Funds		-	-	*43,613*	*50,064*	*44,276*	*n.a.*
Real Estate Funds (REIF)		-	-	*87*	*2,535*	*3,994*	*n.a.*
Private Equity Funds (PEIF)		-	-	*73*	*394*	*1,254*	*n.a.*
Exchange Traded Funds (ETF)		-	-	*139*	*152*	*182*	*n.a.*
Hedge Funds (HF)	-	-	-	*3,197*	*6,142*	*7,213*	*n.a.*
Investment Trusts	-	-	-	415	508	515	644
Securities Investment Trust	-	-	-	*403*	*460*	*472*	*n.a.*
Real Estate Investment Trust	-	-	-	-	*40*	*12*	*n.a.*
Venture Capital Investment Trust	-	-	-	*12*	*8*	*31*	*n.a.*
Discretionary Portfolio Management	*7,832*	*8,798*	*12,259*	*14,047*	*19,297*	*22,776*	*28,713*

Source: TCMA

PORTFOLIO VALUE (TL MILLION)

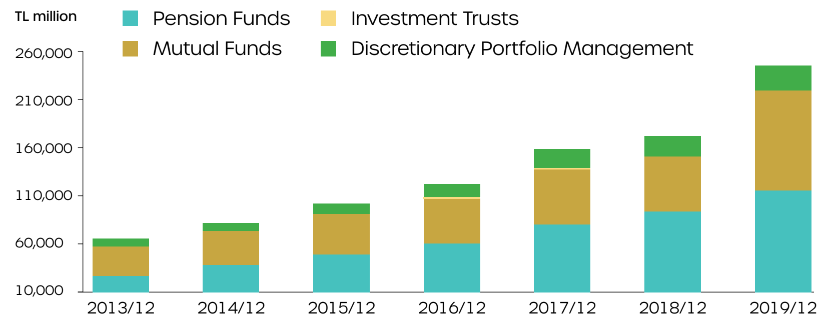
Year	Number of Companies	TL Million	USD Million
2008	23	30,738	20,071
2009	23	39,952	26,694
2010	28	46,889	30,304
2011	31	47,851	25,174
2012	35	56,369	31,510
2013	40	64,828	30,372
2014	40	81,848	35,067
2015	46	100,995	33,610
2016	50	122,081	34,604
2017	49	158,635	41,841
2018	54	173,416	32,662
2019	51	284,326	47,667

Source: TCMA

51

NUMBER OF ASSET MANAGEMENT COMPANIES

PORTFOLIO DEVELOPMENT

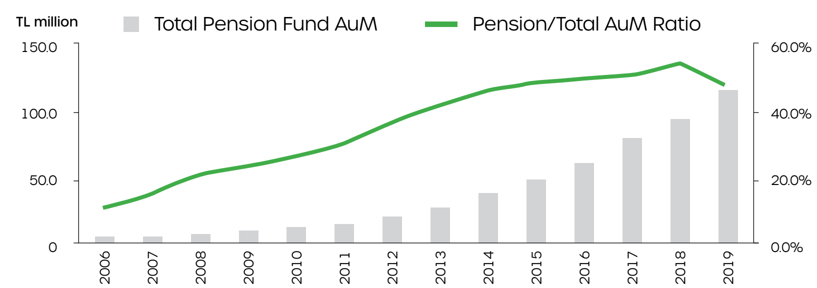


Source: TCMA

As of December 31, 2019	
Number of Asset Management Companies	51
Total AUM	TL 284 billion
Total AUM/GDP	6.2%
Number of Independent AMs (excl. bank subsidiaries)	37
Market Share of Independent AMs	8.7%

WHILE AUM/GDP HAS BEEN ON THE RISE, THE TOTAL PERCENTAGE OF GDP REPRESENTED BY FUNDS IS CURRENTLY AT 6.2%, VERY LOW WHEN COMPARED WITH EASTERN EUROPE'S 8.7% AND THE GLOBAL AVERAGE OF 24.5%.

PENSION FUND AUM DEVELOPMENT



Source: CMB

Finance
Asset Management

Global Investment Holdings is optimistic and sees growth ahead for the AUM sector, despite current limitations.

Growth prospects

Global Investment Holdings is optimistic and sees growth ahead for the AUM sector, despite current limitations. Pension funds in Turkey are expected to record a CAGR of 34% over the coming decade. New incentives are set to shake up the investment focus and bring new vehicles to the table, particularly in alternative investments. Starting in 2018, a minimum of 10% of pension fund assets must be invested in private equity investment funds, real estate investment funds, capital market instruments related to infrastructure projects and Turkish sovereign wealth funds. In addition, new rules also incentivize the diversification of asset management. Since January 1, 2018, no asset manager is allowed to oversee more than 40% of a pension fund, down from 100% previously. This restriction means that pension funds must spread their assets between at least three asset managers going forward, which has already had an impact on the sector. Out of 54 asset managers in Turkey, only 26 managed pension funds in 2019.

Turkish Wealth Fund

The Turkish Wealth Fund (TWF) is expected to support the domestic AM industry by giving external mandates and improving governance standards of state-owned assets.

Following its inception in 2016, Turkey's sovereign wealth fund – Turkey Wealth Fund (TWF) – rapidly gained momentum in 2019, announcing major projects and carrying out long-delayed work related to strategic areas and companies placed in its portfolio. TWF now aims to become the strategic equity investment fund for the country.

TWF was established by the government primarily to boost savings and ultimately GDP growth, expedite development of and deepen the country's capital markets, and enhance employment opportunities. TWF aims to invest in strategic sectors abroad such as petroleum and natural gas, and expand the reach of Islamic finance products. Finally, the sovereign wealth fund helps Turkey finance major infrastructure projects and support domestic enterprises in the defence, aviation, and software industries.

As of December 31, 2018, TWF's total equity amounted to TL 177 billion according to an independent audit conducted. Total assets and equity of TWF stood at TL 1.175 trillion. The consolidated surplus of TWF-run companies totalled some TL 17 billion.

International Istanbul Financial Centre (IIFC) as an anchor

The International Istanbul Financial Centre Strategy and Action Plan entered into force in October 2009 and was revised in 2015. This effort aims to make Istanbul a regional financial centre, and calls for improvements in regulation, tax, infrastructure, human resources, education, and other areas, in order to develop and enhance the attractiveness of the Turkish financial sector.

The primary objective of the IIFC Strategy and Action Plan is for the Istanbul Financial Centre/Turkey to become one of the world's top 25 financial centres.

In September 2019, TWF acquired one-third of the International Istanbul Finance Centre (IIFC) project for TL 1.67 billion.

IIFC is scheduled for completion by end-2021 and inaugurated in 2022.

ACTUS ASSET MANAGEMENT

Actus Asset Management is a leading independent asset management company serving multinational and Turkish institutional investors with an innovative product portfolio.

Global Investment Holdings consolidated its asset management operations under its 80% subsidiary Actus Asset Management. The remaining 20% stake in Actus is owned by the Police Care and Assistance Funds, which has over 50,000 partners and sizeable assets of TL 1.3 billion.

At the end-2019, Actus reported a total portfolio size of TL 987 million, posting a robust growth of 20% over the previous year. Actus is the second largest portfolio management firm with domestic capital and without a bank/brokerage house/insurance company as a parent. The company's AUM has increased more than six folds since GIH acquired it in 2015.

The primary objective of the IIFC Strategy and Action Plan is for the Istanbul Financial Centre/Turkey to become one of the world's top 25 financial centres.

Finance
Asset Management

ACTUS ASSET MANAGEMENT'S AUM HAS INCREASED MORE THAN SIX FOLDS SINCE GIH ACQUIRED IT IN 2015.

ACTUS IS THE MOST INNOVATIVE AM IN TURKEY WITH A PROVEN TRACK RECORD OF LAUNCHING MULTIPLE FIRST TIME FUNDS AND PRODUCTS IN THE LOCAL MARKET.

Actus is the most innovative AM firm in Turkey with a proven track record of launching multiple first time funds and products in the local market:

- Founded Turkey's first Private Equity Infrastructure Fund (EUR 60.5 million) in 2016 to invest in a healthcare PPP project (contracted to Ministry of Health) with the BOT model (total project size: EUR 602.7 million);
- Founded Turkey's first Corporate Venture Capital Fund in 2017 (TL 10 million first close) to invest in seed and early stage technology startups with high growth potential;
- Founded Turkey's first Renewable Energy Fund in 2017 (USD 50 million to be reached at final closing) to invest in operational renewable energy assets: solar (26.7 MWp operating under PPA scheme acquisition completed), geothermal and biomass, in Turkey; and
- Signed a limited partnership agreement with Sabancı University and obtained TÜBİTAK approval to establish a Technology Venture Capital Fund with TL 100 million final closing targets.

Managing three pension, five mutual, and three alternative investment funds, in addition to several discretionary mandates, Actus is the only comprehensive asset fund manager in Turkey.

Actus also maintains a competitive advantage by having launched Turkey's first Infra PEIF.

Achieving AM growth with our partner Centicus

Global Investments Holdings aims to create Turkey's largest asset management company by leveraging its 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 the re-allocation of asset management services for/to pension funds, while feeding pension funds with AIFs that will be mandatory for auto-enrolment funds.

Actus and İstanbul Portföy Merge

Actus Asset Management and İstanbul Portföy signed a merger agreement with the objective of creating the largest independent asset management company with domestic capital in Turkey. Post-merger, Actus shareholders will hold 35% of the merged entity while 65% will be held by existing İstanbul Portföy shareholders. Global Investment Holdings has an option to acquire an additional 40% of the merged entity.

The tie-up between Istanbul Portföy and Actus will give Turkey's second and third-largest money managers total assets of almost TL 4 billion with plans to boost assets under management a further 40% by end-2020.

The first step of GIH's AM growth strategy after the Centricus partnership is leveraging the accumulated know-how and capitalizing on the synergy between the two organizations that will be taken to new heights with the corporate support of GIH and Centricus. GIH plans to bolster its presence in the sector via new mergers, acquisitions and strategic alliances, including the exercise of the option to purchase majority shares in the merged entity.

Outstanding fund performance in 2019

Actus demonstrated outstanding fund performances in 2019. Actus Asset Management's Equity Funds (Equity Intensive Funds) ranked first among all mutual funds in the market with a 73.0% return in 2019, compared to the BIST 100's 25.4% return. Meanwhile, Actus' pension fund Vakıf Emeklilik Variable Mutual Fund, which also takes place in GIH Pension Contribution Scheme and contributing also to the employees, has had the highest return in its peer group comprising 70 pension funds, with 47.0% return, compared to 27.9% return of its benchmark.

GLOBAL MD PORTFOLIO MANAGEMENT

Global MD Portfolio Management, fully owned by Global Securities, is a leading non-bank portfolio management firm focused on pension funds – namely Aegon Emeklilik and Fiba Emeklilik – real estate funds and venture capital funds. Global MD offers top quality portfolio management to both individual and institutional investors, managing seven funds invested in the Turkish equity and debt markets.

At the end-2019, Global MD reported a total portfolio fund size of TL 291 million, posting a very strong growth of 81% over the prior year.

Global MD is the founder of Torkam Global MD Real Estate Fund, one of Turkey's first real estate investment funds, in which Emlak Konut pledged to become a seed investor – a sector first. Additionally, Global MD's first venture capital fund, Acalis First Venture Capital Fund, offers the opportunity to invest in disabled and elder care centres across Turkey.

Global MD embraces the mission of becoming one of the leading portfolio management firms by adding new venture and real estate funds to its current roster in 2020 and beyond.

Global MD focuses on providing exceptional customer service and aims for fund performances in the highest rankings of their respective categories.

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, as well as sophisticated CFO advisory in Turkey. Its superior, multidisciplinary and international Istanbul-based team focuses squarely on cross-border transactions and financing.

IEG's services include advisory on mergers & acquisitions, financing and financial strategy, as well as placement of equity, debt and hybrid capital. IEG has an execution team of over 100 professionals at its Berlin headquarters and international offices. Established in 1999, IEG-Investment Banking Group is an independent, international investment bank with branches and associated offices in New York, Istanbul, Johannesburg, Stuttgart, New Delhi, Shanghai, Tunis and Zurich.

ACTUS ASSET MANAGEMENT AND İSTANBUL PORTFÖY SIGNED A MERGER AGREEMENT WITH THE OBJECTIVE OF CREATING THE LARGEST INDEPENDENT ASSET MANAGEMENT COMPANY WITH DOMESTIC CAPITAL IN TURKEY.

ACTUS' STOCK FUNDS HAVE RECORDED A PERFORMANCE ALMOST THREE TIMES BETTER THAN THE BIST-100 INDEX, RANKING #1 AMONG ALL MUTUAL FUNDS IN THE MARKET.

Finance Brokerage

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.

Borsa Istanbul Trends in 2019

In 2019, BIST ALL listed companies rose to 357 as a result of new IPOs and transfers from the Emerging Companies Market. Borsa Istanbul made a quiet start to the year with no IPO in the first quarter due to market volatility. However, with the easing cycle started at the beginning of 2H19, IPOs of Smartiks Software Inc., CEO Event Media Inc., Derlüks Deri Sanayi ve Ticaret A.Ş. and Naturel Enerji were completed and listed on Borsa Istanbul. In 2019, BIST 100's Free Float and Effective Free Float was 41.4% and 34.9%, respectively.

Borsa Istanbul figures among the weakest performing markets in MSCI EM indices. However, BIST 100 was up 13% in 2019 in USD terms (25% in TL) indicating 9% underperformance versus MSCI EM Index for the year. GIH believes that Turkish stocks underperformed primarily due to asset quality concerns in the Turkish banking industry and high interest rates for the first half of 2019. In addition, the prospect of sanctions from the US related to S400 purchases as well as the weak macro-economic outlook in 1H19 led to underperformance of Turkish equities. Against this backdrop, Turkey's risk premium increased on credit default swaps (CDS). On May 29, Turkey's CDS peaked at 520, 88% above the five-year historic average, before steadily declining to 270 recently.

In 2019, the share of foreign investors in trading volume was 29% compared to 30% a year earlier.

After witnessing a serious outflow in the second quarter of 2018, Borsa Istanbul made a good start to 2019 and completed the first quarter with a net foreign inflow of USD 278 million. Even though BIST did not maintain the same solid performance for the rest of the year, net outflow was much lower than the prior year and was limited to USD 556 million. Net outflow was USD 2.0 billion in 2018 while there was a net inflow of USD 1.8 billion in 2017.

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, GIH spun off its brokerage and related businesses to a new, wholly-owned subsidiary, Global Securities. Following its 2011 public offering, Global Securities was listed on Borsa Istanbul (BIST).

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 the largest independent brokerage companies in the sector.

As of September 30, 2019, Global Securities serves clients at three branch locations with 94 employees.

Global Securities had a market share of 1.9% with an equity trading volume of TL 80.4 billion, ranking 16th among domestic brokerage houses in 2019.

Over the years, Global Securities has received 40 international awards for its many accomplishments in Turkey. These include "Non-Bank Intermediary Institution with the Biggest Trading Volume since the Founding of Borsa Istanbul."

Global Securities has assisted nearly 80 corporations with their initial public offering (IPO)s, totalling USD 5 billion to the Turkish capital markets.

Strategy

Formulated with the vision of being an industry pioneer in Turkey, Global Securities' core strategy is to serve its clients with the deep know-how and experience it has accumulated over the years as a leading and dependable brokerage.

GLOBAL SECURITIES HAD A MARKET SHARE OF 1.9% WITH AN EQUITY TRADING VOLUME OF TL 80.4 BILLION, RANKING 16TH AMONG DOMESTIC BROKERAGE HOUSES IN 2019.

Sustainability

WE EVALUATE PROSPECTIVE INVESTMENTS BASED ON THEIR ECONOMIC SUCCESS, WHILE ALSO EXPECTING THEM TO GENERATE LONG-TERM RESULTS AND CREATE VALUE FOR ALL OUR STAKEHOLDERS.

SUSTAINABILITY APPROACH

In line with our business strategy, Global Investment Holdings swiftly adapts to the continuously changing business environment and market conditions to exploit attractive investment opportunities available in growing sectors. We evaluate prospective investments based on their economic success, while also expecting them to generate long-term results and create value for all our stakeholders. GIH evaluates the growth potential of target sectors using effective risk and market analysis tools. We manage all our decision-making processes and related work in line with our sustainability approach and corporate governance principles.

Since the first day of its founding, Global Investment Holdings has supported the development of Turkish capital markets with its diversified and expanding portfolio and forward-looking investment approach that thrives on excellence. We see our fair, responsible and accountable management perspective, ethical principles, environmental sustainability efforts, respect for human rights in a business environment, occupational health and safety, supplier relations and social contributions as part of our sustainability work. These sustainability related efforts are an integral part of our business.

In 2016, we assigned different business units to establish the Sustainability Committee in order to conduct sustainability studies, establish the necessary strategy, objectives and action plan, and integrate these within our corporate structure.

SUSTAINABILITY PRIORITIES

We identified the material issues that we need to focus on primarily in the field of sustainability by conducting a stakeholder analysis in compliance with the internationally accepted AA1000SE standard. During this process, which was carried out by an independent consulting firm, we communicated with our stakeholders – including affiliates and subsidiaries, employees, stakeholders and investors, analysts, banks, consultants, rating agencies, financial institutions, public bodies, portfolio management companies, non-governmental organizations and suppliers – via online surveys. After reviewing the survey results in line with Sustainability Development Goals (SDGs), UN Principles of Responsible Investment (UN PRI), UN Environment Program Finance Initiative (UNEP FI) and Sustainability Accounting Standard Board (SASB) standards specific to cruise lines, electric utilities and the metals and mining sector along with external trends, we defined the material issues of our stakeholders. The material issues defined at the end of the stakeholder analysis included occupational health and safety, sustainable financial growth, business ethics, fair-transparent-accountable management approach, and renewable energy. We are assessing our material issues based on the different industries that we operate in. Topics such as climate change, contribution to local societies, and employee health stand out in the energy, gas and mining industries. Meanwhile, protection of biodiversity and occupational health and safety issues stand out in port infrastructure. Responsible asset management is a noteworthy material issue in finance.

WORLD-CLASS EFFORTS IN SUSTAINABILITY AND CORPORATE GOVERNANCE

Global Investment Holdings has made sustainability the focus of all its operations since its founding. GIH moves forward with a "responsible investment" mentality. The core of our sustainability approach is maintaining and developing our corporate reputation and fostering the trust of all stakeholders – our most valuable asset. We believe that financial returns alone are not sufficient. Our investments should also generate social benefits and further contribute – through Global Investment Holdings or our subsidiaries – to sustainable development in the regions where we operate.

Global Investment Holdings has pursued continuous improvement in corporate governance since the day it was founded. We use corporate governance principles and international standards as our guide for principled and efficient management. We always prioritize the principles of transparency, accountability, fairness and responsibility. As a result, our Corporate Governance Rating was affirmed as 9.06/10.00. This rating is an indicator of GIH's nearly full compliance with CMB's Corporate Governance Principles and the inclusion of necessary corporate governance policies and measures in its operations. We plan to continue improving our rating by complying with the Capital Markets Board's Corporate Governance Principles.

Global Investment Holdings maintains its place in the BIST Sustainability Index

Having incorporated sustainability in its business model, Global Investment Holdings (GIH) is once again included among BIST Sustainability Index constituents, along with other Borsa Istanbul companies that demonstrate high performance in sustainability.

Global Investment Holdings was assessed for inclusion once again in the BIST Sustainability Index. Global Investment Holdings' comprehensive policies in areas related to sustainability, improvements in specific environmental indicators, attainment of previously set goals in a timely manner such as receiving integrated ISO 9001: 2015 Quality Management System and ISO 14001: 2015 Environmental Management System certifications and efforts such as supporting the "Sandbar Shark Breeding Site Project at Boncuk Bay" of Mediterranean Conservation Society were all key factors in the Company being listed in the latest term of BIST Sustainability Index. Inclusion in the index provides companies with reputational and competitive advantages.

Second Sustainability Report issued

Across the Group, we all strive to embrace sustainability in everything we do. To demonstrate that sustainability is an integral part of our business operations and long-term strategic perspective, Global Investment Holdings issued its second GRI (Global Reporting Initiative) approved Sustainability Report at international standards in 2019. This effort helps us understand where to focus our activity, to make GIH a more sustainable entity in all its operations.

Internationally Certified Management Systems

On January 4, 2019, following the successful completion of independent audits, Global Investment Holdings was granted an integrated ISO 9001:2015 Quality Management System Certification and ISO 14001:2015 Environmental Management System Certification.

GLOBAL INVESTMENT HOLDINGS HAS PURSUED CONTINUOUS IMPROVEMENT IN CORPORATE GOVERNANCE SINCE THE DAY IT WAS FOUNDED.

Sustainability

Global Investment Holdings manages its environmental impact by focusing on the environmental dimension of sustainability which GIH internalizes and is a part of its strategy.

ENVIRONMENTAL SUSTAINABILITY
The global climate crisis, the depletion of natural resources due to the growing world population and environmental pollution pose real threats for the future of humanity and the business world. In addition to the various measures taken by governments across the globe, the business world also has responsibility in building a more environmentally resilient world. Companies need to be part of the solution by focusing on the environmental impacts of their business operations. This approach is essential for the sustainability of industries and life on earth.

Global Investment Holdings manages its environmental impact by focusing on the environmental dimension of sustainability which GIH internalizes and is a part of its strategy. We identified our asset management and renewable energy businesses as focus areas in our growth strategy. These business lines also have a significant impact on our environmental performance. We manage assets in our global scale investment portfolio in an environmentally-conscious manner. GIH directly supports the popularization of the clean energy grid with its expanding investments in renewable energy. With this approach, we take part in the fight against climate change.

By conducting studies in waste management, the top agenda item of combatting environmental pollution, and water management, a critical natural resource, we improve our environmental performance. We also focus on the role of ecosystems that provide raw materials to numerous industries and are essential for the continuity of life and strive to maintain biodiversity.

The climate change and energy management approach of Global Investment Holdings and all Group companies is defined by the Environment Policy. We determine the outline for updating the Environment Policy, managing environmental issues and conducting studies under the Sustainability Committee in line with the Principles and Procedures of the Environmental Management System.

GIH implements environmental management at international standards. In 2018, we took a major step forward and started managing all our operations within the Holding in line with ISO 140001. Five of the Group's ports have been accredited with ISO 14001 standard, whereas three ports have GreenPort certification. Also, another port is on its way to be certified with ISO 14001, while three EcoPorts certification process' has been initiated. In 2020, the Company aims to set new targets on acquiring new environmental management systems, Green Port and EcoPorts certificates.

Further information on the Company's practices regarding environmental management will be available at the Global Investments Holdings 2019 Sustainability Report.

i. Climate Change and Energy Management
The global climate change that originates from greenhouse gas emissions and the effect of which we have been increasingly feeling, features risks that are closely related to the operations of many sectors. Effective energy management plays an important role in the management and conversion of these risks into advantages.

As we seek to achieve our corporate objectives, we consider the reduction of our greenhouse gas emissions, more effective energy consumption, and responsible consumption among our priorities to be pursued across the Holding. We regularly follow the energy consumption of both the Holding and its subsidiaries. As such, we test our corporate performance regarding the set targets and seek to improve any areas where our performance falls short.

ii. Water and Waste Management
We monitor our water consumption in our fields of operation and consider any waste that is the direct or indirect result of our operations as our responsibility.

We aim to increase the rate of recycling in general at the Holding and its subsidiaries. We aim to generate waste of a more recyclable nature through awareness studies conducted in the company, and by expanding the scope of recycling practices.

Our port operations factor significantly into our waste management. We ensure that the waste generated at the ports is separated before storage. We store all the waste obtained from ships at our ports and render such waste more environmentally friendly by subjecting it to treatment. Meanwhile, we treat waste water and regularly monitor its content to ensure compatibility. In the future, we will continue to control the waste water generated as a result of our operations within the scope of corporate and legislative requirements. In this regard, we aim to improve the quality and decrease the amount of waste water generated.

iii. Our Support for the Protection of Biodiversity
Industrial and human activities cause pressure on ecosystems. The change in living conditions of the species due to climate change and habitat collapse caused by environmental pollution result in loss of biodiversity. According to an academic study published in 2017 (https://www.pnas.org/content/114/30/E6089.full), almost 30,000 vertebrate species have diminished to date; 30% of the remaining species are at risk of extinction. The vast majority of this destruction has taken place during the post-industrial revolution period.

Sustainability

We conduct our business operations in compliance with the Universal Declaration of Human Rights and the International Labour Organization (ILO)'s Conventions.

Global Investment Holdings focuses on its impact on the areas where it operates and takes full responsibility. As a result, our work does not affect biodiversity. We ensure that the port operations included in our broad investment portfolio do not negatively affect the habitat of species. We have taken steps to monitor biodiversity in the Gulf of Gökova where one of our facilities is located. We firmly believe in collaborating to generate long term solutions and actively support conservation efforts. The Sandbar Shark (Carcharhinus plumbeaus), which is included in the Red List vulnerable category by the International Union for Conservation of Nature (IUCN), is currently inhabiting Boncuk Bay in close proximity to the Gulf of Gökova for breeding. We have supported conservation of the referenced species via our collaboration with the Association for the Protection of Mediterranean since 2015. The number and prevalence of the species are studied with scuba diving efforts at different periods of the year. We include and benefit from the experiences of local fishermen in the studies we conduct. Moreover, the Association, which checks Boncuk Bay with the Sea Guards System daily, informs the region's boat owners about the significance of this area and immediately notifies authorized bodies in the event of illegal acts.

Our Group plans to support the planting of coral reefs, widely known as "rainforests of the oceans," in the very near future.

B. HUMAN RIGHTS IN THE WORK ENVIRONMENT

In line with our objective of expanding while making a difference, we conduct our relations with employees, contractors, suppliers, customers and local residents in the regions where we operate in order to have a positive effect on all our stakeholders.

Global Investment Holdings and its subsidiaries take the necessary steps to manage any impact our operations could cause in terms of human rights. We conduct our business operations in compliance with the Universal Declaration of Human Rights and the International Labour Organization (ILO)'s Conventions. We act with the understanding that any negative influence our operations could have on local residents in the areas where we operate must be prevented and any potential negative effects intervened.

The Board of Directors has higher-level supervision responsibility for Human Rights Policy approval and the identifying and operating of notification, inspection and sanctioning mechanisms in the event of a violation of applicable rules and regulations. Senior management is responsible for preparing, developing, creating and updating the Human Rights Policy. The Policy is reviewed by the Corporate Governance Committee at regular intervals, at least once a year, while related practices are regularly followed up.

Additionally, the Policy is distributed to all staff at Global Investment Holdings. We include this Policy in the contracts we sign with our main partners, suppliers and third parties. We contact state officials if human rights are threatened in the regions or countries where we operate.

i. Working Life at Global Investment Holdings

The particular importance that Global Investment Holdings attaches to its employees plays a significant role in the success of the Group and its subsidiaries. We believe that we can further this success by improving the commitment, motivation and satisfaction of our employees and strengthening synergy within the organization.

We place importance on employee development that enables our staff to reach their potential. GIH provides opportunities to improve both company and employee performance under this approach. We design our performance management system to ensure a fair assessment of employee competencies and performances.

As a global organization, we operate in different geographic areas. We expect our subsidiaries to manage their human resources in consideration of the respective regions' requirements. We manage human resources under our Personnel Regulation that identifies specific employee rights and lays out rules with which employees are required to comply.

We prioritize respect for human rights, diversity and inclusion in our employee relations. In light of the importance we place on equality, and in line with the United Nations Global Compact, to which we are a signatory, we refrain from any discrimination on the basis of race, religion, language, gender, and the like in hiring people or providing them with career opportunities. We work toward providing decent jobs and contributing to sustainable economic growth within the scope of Sustainable Development Goals.

We are fully attuned to the impact of our business operations on local communities and human rights in our activities conducted outside the OECD. We prevent any negative impact in terms of human rights. GIH conducts all its business operations in compliance with the Universal Declaration of Human Rights and Conventions of the International Labour Organization (ILO).

We employ a total of 1,510 persons at Global Investment Holdings and affiliates. Seventeen percent of our staff are women. GIH has 198employees at headquarters; of whom, 39% are women. At GIH and affiliates, women make up 34% of senior management. At the Holding, women make up 23% of senior management. We aim to boost the percentage of women at all levels of the organization, including our board, in accordance with our Sustainable Development Goals. In 2018, GIH's Board of Directors adopted a policy that set a target of 25% women board members within five years. The Board resolved to review progress on this subject and report it annually. This policy continues to be implemented. As of end-2019, GIH's Board of Directors is composed of seven members including one woman.

In February 2019, Global Ports Holding, GIH's ports subsidiary, approved a proposal from European Bank for Reconstruction and Development (EBRD) for a two-year pilot program aimed at empowering women entrepreneurs in Turkey within the travel and tourism industry. The program will focus on the Antalya, Bodrum and Kuşadası regions and has the potential to be replicated in other countries where EBRD and the Group operate.

The particular importance that Global Investment Holdings attaches to its employees plays a significant role in the success of the Group and its subsidiaries.

Sustainability

We systematically track risk and performance across the organization. GIH works toward the objectives of continuous improvement and zero accidents.

ii. Training
We believe that our employees can reach their true potential via training programs that support both professional and personal development. We support staff development through the related occupational and technical training programs that we provide.

Our training programs are tailor made based on a specific sector and competency requirements. Our real estate and finance companies, training programs mainly focus on capital markets, CMB license renewal, and technical issues related to the exchange and financial markets, and foreign languages. At our electricity generation/gas/mining companies, training programs focus on gas measurements, ERP, software, technical maintenance, environmental protection encompassing marine and land pollution, waste management, quality management and basic occupational health and safety topics.

iii. Healthy and Safe Work Environment
Ensuring that Global Investment Holdings employees enjoy healthy and safe work environments is among our primary concerns. To provide such an environment, we oversee occupational health and safety in the most effective manner possible, take all necessary steps in the workplace environment, and train our employees in this key area.

Occupational health and safety risks differ by industry. Mining and energy companies are classified among higher risk enterprises, ports are classified as moderate, and finance companies are the lowest risk ventures. Occupational health and safety is managed according to each sector's requirements and risk levels.

We manage OHS on a company basis by observing industry-based differences. In addition, OHS management is conducted through boards and committees on whom employees are also represented. The highest responsible body related to OHS is the Sustainability Committee, which reports on OHS issues to the Board of Directors.

We systematically track risk and performance across the organization. GIH works toward the objectives of continuous improvement and zero accidents. We pay particular attention to updating OHS policy and guidelines. To this end, we prepared and published an OHS Handbook for our ports. We also strive to improve accident reporting systems.

Antalya Port, Bodrum Port, Kuşadası Port, Naturelgaz, Mavi Bayrak Energy, Straton and Tres Energy, all have obtained OHSAS 18001 Occupational Health and Safety Management certification. As our ports comply with international port facility safety standards, they are also managed in line with the ISO 20858 Port Facility Safety Assessment System.

Investor Relations

AFFIRMING THE GROUP'S COMMITMENT TO TRANSPARENCY AND TIMELY PUBLIC DISCLOSURE, INVESTOR RELATIONS FUNCTION IS OVERSEEN BY A DEDICATED INVESTOR RELATIONS DEPARTMENT.

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 function is overseen by a dedicated Investor Relations Department, which manages the daily information flow to the investment community.

In addition to the roadshows, investor conferences, investor & analyst meetings and quarterly results teleconferences, Investor Relations Department responded to numerous investor requests via phone, email, social media and postal mail in 2019. Additionally, the IR Department proactively contacted relevant financial institutions with the 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.

Investor Relations Department Information:

Name-Surname	Title/License	Phone	E-mail
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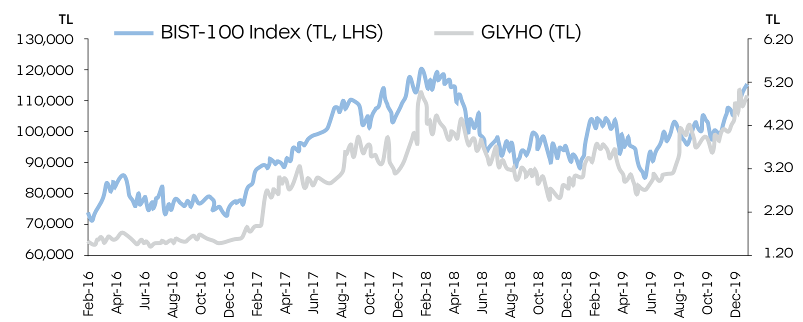
GLYHO Performance

- 36th best performer of BIST-100 (9th best performer of BIST-50)
- GLYHO has gained 62.9% in TL value (44.8% in USD) in 2019, while yielding a 29.9% relative return (BIST-100 up 25.4% in TL value in 2019).
- GLYHO has been in a particular uptrend in 2019 and traded between TL2.56 (May 7, 2019) and TL 5.18 (December 12, 2019).
- GLYHO reached its all-time high level of TL 5.18 on December 12, 2019.
- The daily average trading volume increased to TL 12.0 million, marking itself as 39th top active share in 2019.
- Mcap stood at TL 1.59 bn (USD 267 million) at year end 2019.
- The share of foreign holdings in the free float was 48.8% as of the end of 2019 compared to 44.1% a year ago.
- Having incorporated sustainability to its business model, GLYHO is again among the BIST Sustainability Index constituents for 2019-2020 period.
- Global Investment Holdings' corporate governance rating has been affirmed as 9.06 (out of 10).
- GLYHO is included in numerous indexes, including BIST STARS/BIST ALL SHARES/BIST HOLD. AND INVESTMENT/BIST 100-30/BIST 50/ BIST ISTANBUL/BIST 100/BIST SUSTAINABILITY/BIST FINANCIALS/BIST CORPORATE GOVERNANCE.

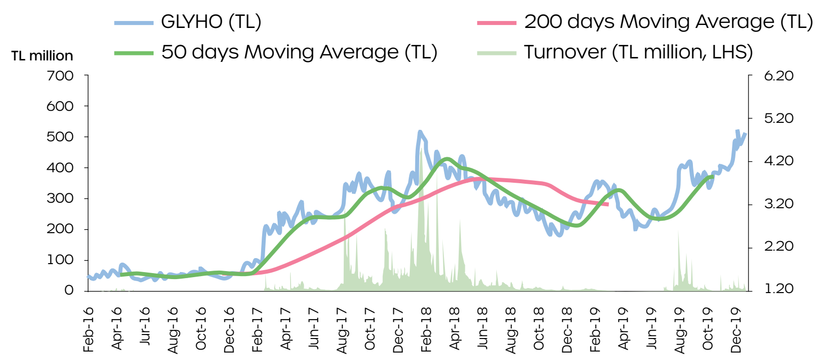
GLOBAL INVESTMENT HOLDINGS' 2018 ANNUAL REPORT HAS RECEIVED THE "GOLD AWARD" IN INTERIOR DESIGN, BEING THE SOLE AWARD RECIPIENT IN THIS CATEGORY

GLYHO & BIST 100 - PRICE PERFORMANCE



Source: BIST & Thomson Reuters

GLYHO - PRICE PERFORMANCE



Source: BIST & Thomson Reuters

New magazine "Opus Global News" issued

Our internal magazine Opus Global has been renewed; transforming into a product called "Opus Global News," which shared with all our stakeholders and interest groups as well to give insight on how we function, how we work and who we are.

GIH's 2018 Annual Report Amasses Awards

Among the worldwide "Investment Holding Company" class in the 33rd edition of the ARC Awards, Global Investment Holdings' 2018 Annual Report has received the "Gold Award" in interior design, being the sole award recipient in this category. The ARC Awards is a highly respected international industry award, which is considered the "Oscars" of annual reports. Annual Report has also been considered worthy of 3 awards by the League of American Communications Professionals (LACP) for their prestigious 18th Vision Awards annual report competition, including the Silver Award.

Ratings

Global Investment Holdings' corporate governance rating has been affirmed as 9.06 by Kobirate...
In the scope of Capital Markets Board's ("CMB") Communiqué on "Rating Activities and Rating Agencies in Capital Markets," Global Investment Holdings' Corporate Governance Rating has been reviewed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. (Kobirate International Credit and Corporate Governance Rating: "Kobirate"). Accordingly, Global Investment Holdings Corporate Governance Rating has been affirmed as 9.06 (out of 10.0), indicating that the Company achieved substantial compliance with CMB's Corporate Governance Principles.

Kobirate has reviewed Corporate Governance Practices of Global Investment Holdings under four main categories. Maintenance of fair and balanced approach to shareholders' rights, implementation of the Quality Policy, as well as enhanced scope and content of the annual report contributed to the overall rating.

	2019
Overall rating (out of 10.0)	9.06
Shareholders (25%)	90.88
Public Disclosure & Transparency (25%)	93.18
Stakeholders (15%)	92.95
Board of Directors (35%)	87.55

Credit Ratings
JCR Eurasia Rating has upgraded the ratings of Global Investment Holdings to 'A- (Trk)' and 'A-1 (Trk)' on the long and short term national scale and determined the outlooks on the ratings as 'Stable'.

In its periodic review, JCR Eurasia Rating has evaluated Global Investment Holdings in an investment-level category on the national and international scales and upgraded the ratings on the Long Term National Scale to 'A- (Trk)' and the Short Term National Scale to 'A-1 (Trk)' with 'Stable' outlooks. Additionally, JCR Eurasia Rating has affirmed the Long Term International Foreign and Local Currency Ratings as 'BBB-'.

Positive trend and stabilization of revenue generation capacity of the Holding and the growth in the share of port operations in consolidated results are considered as positive indicators. Considering the fact that port infrastructure operations and energy investments are creating FX revenue both in local and foreign markets and have strong potential via strategic partnerships and enlarging geographical spectrum, GIH's International Local and Foreign Currency Ratings are affirmed at 'BBB- /Stable'.

Global Investment Holdings' main shareholders are deemed adequate in terms of financial power considering the diversification of sectors involved and competitive advantage. In this regard, the major shareholders have the adequate willingness and experience to ensure long-term liquidity and equity within their financial capability when required and the Company's Sponsor Support Grade has been determined as (2), which denotes adequate external support.

The Stand-Alone grade, denoting GIH's ability to fulfil the liabilities with its own resources, has been determined as (B), indicating that the level of capacity to utilize internal resources are adequate, considering the high EBITDA generated from port infrastructure operations, cash balance and the current equity level.

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	:	A- (Trk) / (Stable Outlook)
Long Term National Issue Rating	:	A- (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-1 (Trk) / (Stable Outlook)
Short Term National Issue Rating	:	A-1 (Trk)
Sponsor Support	:	2
Stand Alone	:	B

Corporate Citizenship

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.

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 2019 continued to support sports, educational, charitable, cultural and social causes, and related projects and events.

Global Run
People from all over the world come together to run for cultural tolerance at the Global Run. Global Run is an annual race organized by Global Ports Holding Plc (GPH) with the hope of bringing the world one step closer to peace and understanding. People from many countries and cultures join the event: a record of over 20,700 participants from 103 countries was registered in 2019. To date, Global Run has been held in Bodrum, Turkey; Valletta, Malta; Bar/Kotor, Montenegro, Ravenna, Italy Havana, Cuba and Barcelona, Spain. The intention is to host a Global Run in all locations of GPH's growing portfolio around the world.

Global Run Bodrum
A core component of its social responsibility activities, Global Investment Holdings & Global Ports Holding has organized and sponsored Bodrum Global Run annually since 2014. Each year, around 2 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 sixth edition of Global Run was held on April 28, 2019, with a record number of runners, numbering more than 1,700. All money raised from the event went to Parıltı Association, Global Run Bodrum's charity partner, which aids children and young adults with visual disability.

Award for Global Run Bodrum
One of the few annual athletics events of Turkey, Global Run Bodrum has been awarded the 7th ACE of M.I.C.E. Awards, Best Sports Event Jury Special Award. In 2017, Global Run Bodrum also received the Best Sports Event award.

Corporate Citizenship

GIH'S SPONSORSHIP ACTIVITIES IN 2019 CONTINUED TO SUPPORT SPORTS, EDUCATIONAL, CHARITABLE, CULTURAL AND SOCIAL CAUSES, AND RELATED PROJECTS AND EVENTS.

Global Run Barcelona, Spain, 2019

The 2019 Global Run event, the Barcelona Half Marathon, took place on 10th February 2019. Global Ports Holding Plc is the main sponsor of the annual event. It brought together more than 19,000 participants from 103 countries to run in support of cultural tolerance and enjoy the charms of the city.

GPH had additionally supported the hospital ship charity, Mercy Ships, for this year's event by matching every incoming donation made for the 'Run for Hope' initiative. Mercy Ships is a non-profit, international development organisation that deploys hospital ships to some of the poorest countries in the world, delivering free healthcare to people in need. In addition to completing thousands of urgent operations onboard its 'floating hospital', Mercy Ships volunteers also work closely with host nations to improve the way healthcare is delivered.

Turkish Foundation for Children in Need of Protection (Koruncuk)

This year, Global Investment Holdings donated money and sent cards from the Turkish Foundation for Children in Need of Protection (Koruncuk) as New Year's gifts.

Turkish Foundation for Children in Need of Protection, founded by volunteers who aimed to establish and promote villages for children in 1979, aims to enable children in need of protection ("Koruncuk" in Turkish) to live in a family environment as soon as they arrive in "the children's village" and grow up in a healthy environment, to receive education, to develop their personal skills, to prepare for the future and contribute to the society at large.

In 2005, the Turkish Foundation for Children in Need of Protection was awarded "ECOSOC Special Advisor Status" by United Nations Economic and Social Council for its successful and devoted work for "children who need protection."

Children and Youth events organized by Valletta Cruise Port Social Club

As part of Valletta Cruise Port's corporate social responsibility program, Valletta Cruise Port personnel organised an annual carnival party for local children's homes in Magazino Hall, where children are treated to an afternoon of fun, entertainment and nibbles. Attending children are gifted with a goody bag containing educational and novelty items to enjoy later.

Similarly, a summer BBQ is organised for children from local homes and their carers, while lunch for youths residing at Mount Carmel Hospital is held over the Christmas period at one of the restaurants on the Valletta Waterfront.

The objective of these events and other projects coordinated by the Valletta Cruise Port Social Club is to make a long-lasting impact on the lives of the children and youths residing in these homes, and support the efforts of Valletta Cruise Port's philanthropic commitment toward local communities.

Education

Singling out contributions to education, the Group:

- Sponsored a nationwide Elementary Schools Study Books Support Campaign organized by a national newspaper in 2007, and contributed to a project run jointly by UNICEF and the Ministry of Education to construct two classrooms in Şanlıurfa-Harran.
- Completed the construction of dormitories at Erzincan University Refahiye Occupational High School in 2009. The İzzet Y. Akçal Refahiye Student Dormitories comprise 40 separate units in three blocks.
- Completed construction of Adnan Menderes University Tourism and Hotel Management College Group in collaboration with the Ministry of Education. The College, since opening its doors in 2009, has produced qualified human resources for the Turkish hospitality industry, while contributing to the cultural richness of Kuşadası and its environs.
- Completed construction of a 32 classroom elementary school in the town of Denizli in December 2010. In the same period, it donated clothing, text books and supplies to the elementary school of the Muş Beşçetak village and also donated computers to numerous schools.
- Established the library of Şırnak İpekyolu Primary School in 2012, with the aim of contributing to children's personal and educational development. Furthermore, the Group donated computers to Istanbul Dumlupınar Primary School, in parallel to its corporate citizenship commitment.
- Undertook numerous initiatives to benefit the community in the Group's home city of Kuşadası and the area surrounding the Port and since 2003 in particular contributed to the community and the Adnan Menderes University Tourism and Hotel Management College. This has included the donation of computers and other equipment to local schools, as well as funding to rehabilitate local beaches, and technical assistance to Turkish state-run institutions. In addition to providing donations to various charities and regular support for those in need, Ege Ports has also sponsored local motor sports clubs and provided financial support for the replanting of forest land damaged by fire.
- Purchased art inspired by major contemporary and modern Turkish artists from Istanbul Modern, and sent as New Year's gifts to support the museum.

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 subsidiaries and affiliates.

Mr. Kutman is a member of DEİK (Foreign Economic Relations Board) and 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 tumours and develop improved therapies, as well as various cancer research activities worldwide through the Gregory Mr. 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
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 had been 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
Executive Board Member
Mr. Kırmaz joined the Board of Directors at Global Investment Holdings in 2010. He also serves 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 Pricewaterhouse-Coopers (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.

DALINÇ ARIBURNU
Non-Executive Board Member
Dalınç Arıburnu has over 25 years of financial services industry experience. He co-founded Centricus in 2016.

Previously, Dalınç was a senior partner and global co-head of fixed income, currency and commodity sales at Goldman Sachs. Dalınc served as a member of Goldman Sachs' European Management Board, Firmwide Partnership Committee and Securities Division Global Executive Committee. He also represented Goldman Sachs globally as a board member of Fixed Income, Currencies and Commodities Markets Standards Board (FMSB).

Prior to joining Goldman Sachs in 2009, Arıburnu was Global Head of Emerging Markets Group at Deutsche Bank and a member of the Securities Division Global Executive Committee. Mr. Arıburnu joined Deutsche Bank in 1999 when they acquired Bankers Trust Company, where he had worked since 1993.

SHAHROKH BADIE
Independent Board Member
Shay Badie has over 18 years' financial services experience ranging across corporate finance, including structured and project finance, to financial markets including FX structuring, interest rate structuring and emerging markets structuring.

Most recently, he was at Goldman Sachs, where he was responsible for structuring and executing strategic financing solutions, principal investments, hedging and asset liability management, as well as complex derivatives in Central and Eastern Europe, the Middle East, and Africa regions. Prior to joining Goldman Sachs, Shay was Head of Local Rates and FX Derivative Structuring for Central and Eastern Europe, the Middle East and Africa at Deutsche Bank. Prior to this, Shay held roles in structured and project finance, FX structuring and interest rate structuring at Deutsche Bank.

Shay holds a Ph.D. and Masters in Engineering (First Class Honours) both in Chemical Engineering from Imperial College of Science, Technology and Medicine.

OĞUZ SATICI
Independent Board Member
Mr. Satıcı is an Independent Board Member. 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 Chairman of the Turkey - Central America and Caribbean Business Councils of DEİK (Foreign Economic Relations Board).

Mr. Satıcı is currently a Board Member at Turkish Eximbank. He holds a BA in Business Administration from Washington International University.

Statement of Independence

I declare that,

• Within the last ten years, I did not serve as a member of the board of directors at Global Yatırım Holding A.Ş. ("Holding") for more than six years in total;

• Within the last five years, neither I nor were my partner, in-laws and blood relatives up to second degree were a shareholder (over 5%) or held voting or privileged rights (over 5%), neither solely nor together, and did not hold an executive position so as to assume substantial duties and responsibilities, at Holding, or companies which Holding has significant impact on or whose management control is vested upon Holding, or Holding's shareholders who possess Holding's management control or who have significant impact on Holding, and legal entities at which such shareholders have management control, and that there was no commercial relationship of significance between those persons counted above and me, my partner, in-laws and blood relatives up to second degree;

• Within the last five years, I did not serve as a member of the board of directors, was not a shareholder (5% and over), and did not hold an executive position so as to assume substantial duties and responsibilities at companies to which Holding sold to or purchased from services or goods in a significant amount within the frame of the agreements executed, during the period at which such services or goods were purchased or sold, including firstly the audit (also including tax audit, statutory audit, internal audit), rating and advisory services;

• I have the professional training, knowledge and experience to duly fulfil the missions I shall assume due to being an independent member of the board of directors;

• I do not work full-time at public institutions and organizations, as of the date I am nominated to the board of directors and for the duration of my term in case of my election;

• I am deemed as residing in Turkey, as per the Income Tax Law;

• I possess strong ethical standards, professional reputation and experience, which would allow me to provide a positive contribution to the activities of Holding, to preserve impartiality when conflicts of interest among shareholders arise, and to freely decide by taking into consideration the rights of the shareholders;

• I do not serve as an independent member of the board of directors in more than three companies, at which Holding or its shareholders who possess Holding's management control have management control, and in more than five companies in total that are publicly traded;

• I can spare time for Holding on a scale that would allow me to follow up on the running of company activities and to fully satisfy the requirements of the duties I assume; and that therefore, I shall fulfil my membership to the board of directors, as an independent board member.

Oğuz SATICI

I declare that,

• Within the last ten years, I did not serve as a member of the board of directors at Global Yatırım Holding A.Ş. ("Holding") for more than six years in total;

• Within the last five years, neither I nor were my partner, in-laws and blood relatives up to second degree were a shareholder (over 5%) or held voting or privileged rights (over 5%), neither solely nor together, and did not hold an executive position so as to assume substantial duties and responsibilities, at Holding, or companies which Holding has significant impact on or whose management control is vested upon Holding, or Holding's shareholders who possess Holding's management control or who have significant impact on Holding, and legal entities at which such shareholders have management control, and that there was no commercial relationship of significance between those persons counted above and me, my partner, in-laws and blood relatives up to second degree;

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• I have the professional training, knowledge and experience to duly fulfil the missions I shall assume due to being an independent member of the board of directors;

• I do not work full-time at public institutions and organizations, as of the date I am nominated to the board of directors and for the duration of my term in case of my election;

• I possess strong ethical standards, professional reputation and experience, which would allow me to provide a positive contribution to the activities of Holding, to preserve impartiality when conflicts of interest among shareholders arise, and to freely decide by taking into consideration the rights of the shareholders;

• I do not serve as an independent member of the board of directors in more than three companies, at which Holding or its shareholders who possess Holding's management control have management control, and in more than five companies in total that are publicly traded;

• I can spare time for Holding on a scale that would allow me to follow up on the running of company activities and to fully satisfy the requirements of the duties I assume; and that therefore, I shall fulfil my membership to the board of directors, as an independent board member.

Shahrokh BADIE

Committees Formed under the Board of Directors and Their Evaluations by the Board of Directors

Committees are set up within the Company to help the Board of Directors fulfil its duties and responsibilities in the best manner. These committees carry out their activities in accordance with the relevant regulations and the working principles which can be found on the Company's corporate website. Meeting minutes are sent to the members of the Board of Directors via email after each committee meeting; as a result, the efficiency of the committees is assessed and overseen by the Board of Directors in the best manner.

In 2019, the Committees of the Board of Directors (BoD) fulfilled their duties and responsibilities stipulated by the Corporate Governance Principles and their working principles and convened in conformity with their working schedules. Reports including the information about the activities of the Committees and the results of the meetings held within the year were presented to the BoD. Board of Directors has concluded that the benefit expected from the activities of the Board of Directors' Committees was obtained.

Following the appointment of the Board members at the General Assembly Meeting, committees were re-established and their duties and working principles were reviewed and updated in accordance with the Capital Markets Board's II-17.1 Corporate Governance Principles Communiqué. Detailed information on committees and their working principles is available on the Company's corporate website.

Audit Committee

Audit Committee shall assist the Board of Directors regarding the supervision of matters related to accounting, finance and audit. The Committee shall review and evaluate the methods and processes developed by the Company with respect to financial reporting and enlightening of the public; financial and operational risks; internal control, internal and external independent audit, and compatibility with laws and regulations and advise the Board of Directors related thereto.

- The Committee makes suggestions to the Board of Directors related to the issues of sound achievement of the internal control network in all the Company's subsidiaries, as well as its perception by the employees and support by the management.
- The Committee ensures that the internal control procedures are all in written format and that they are periodically updated in order to achieve a permanent efficiency.
- The Committee ensures that the coordination and communication between the subsidiaries of the Company and the Internal Audit Department duly function.

The Audit Committee consists of two Independent Board Members. Members of the Audit Committee are;

- Oğuz Satıcı/Chairman
- Shahrokh Badie/Member

The Audit Committee convenes at least once every three months upon the invitation of the Chairman of the Committee. When deemed necessary, the managers, internal and independent auditors are also invited to the meeting to provide information. The Committee may also decide to receive consultancy services from third parties outside of the Company. The Committee expenses are covered by the Board of Directors. The Audit Committee may notify specific issues to the Company's General Assembly if deemed necessary

In 2019, the Audit Committee convened four times and has worked on an evaluation of the validity and consistency of the accounting methods used to prepare the accounts, with a special emphasis on the scope and methods of consolidation. Committee reviewed the standalone and consolidated financials along with the notes and management reports while creating the quarterly financials prior to their submission.

Corporate Governance Committee

The Corporate Governance Committee was established to support the Board of Directors for the following purposes: to ensure that the Company shall comply with the Corporate Governance Principles, to support and assist the Board of Directors by carrying out studies on the matters of investor relations and public disclosure. The duties of the Nomination Committee and Remuneration Committee are also carried out by the Corporate Governance Committee.

- The Committee evaluates whether the Company's Management shares with the personnel of the Company the importance and advantages of having effective management applications and whether a true "culture of Corporate Governance" has been established within the Company.
- The Committee makes suggestions to the Board of Directors related to the infrastructure developed for performance increasing management applications, and the sound functioning thereof in all the Company subsidiaries, as well as its perception and compliance by the employees and support by the management.
- The Committee sees whether the Corporate Governance principles are duly applied and the reasons for a negative answer thereto, as well as the conflicts of interest due to non-compliance therewith and makes suggestions of correction to the Board of Directors.

Its members are;

- Oğuz Satıcı/Chairman
- Ayşegül Bensel/Member
- Serdar Kırmaz/Member
- Adnan Nas/Member
- Aslı Su Ata/Member

The Committee met four times during 2019. The Committee made assessments of the nomination of Independent Board Members, the Company's corporate governance practices and the Corporate Governance Compliance Report in 2019, and informed the BoD on the activities of the Investor Relations Unit. Meanwhile, this year's study of appropriate segregation of duties in place with SGK system access rights was reviewed, while a new format of Monthly Media Report and Quarterly IR Status Report has been approved.

Early Risk Assessment Committee

The purpose of the Early Risk Assessment Committee is to early detection of the risks which poses a threat to the existence, development and continuation of the corporation, taking the necessary measures with respect to detected risks and working on risk management.

- To advise the Board of Directors on such subjects as early determination, evaluation and calculating the impact and possibilities of strategic, operational, financial, legal and other type of risks, managing and reporting such risks in accordance with the Company's corporate risk-taking profile, applying necessary measures on determined risks and taking into consideration the same in decision-making mechanisms, and establishing and integrating effective internal control mechanisms.
- The Committee determines the risk management policies in line with the opinion of the Board of Directors based on the risk management strategies, to determine the implementation procedures and ensuring their application and compliance with them

Its members are;

- Oğuz Satıcı/Chairman
- Ercan Nuri Ergül/Member
- Ayşegül Bensel/Member
- Serdar Kırmaz/Member
- Adnan Nas/Member

The Committee convened six times in 2019.

In 2019, Early Risk Assessment Committee has worked on risk management and early detection of the risks which poses a threat to the existence, development and continuation of the corporation, taking the necessary measures with respect to detected risks. Risks' assessment study was set up for the purpose of identifying, evaluating and monitoring risks in order to minimize the potential impacts and improve the risk assessment process to provide a comprehensive view of risk. This year risk registry based on the result of risk assessment study and subsidiaries' financial positions for possible scenarios has been reviewed and mitigation actions recommended to be implemented in the audit procedures.

Investment Committee

Investment Committee is established to assists the Board in deciding to commit an Investment into new business (whether as greenfield/brownfield or acquisition of an existing company/business) or major capacity increase or purchase of an asset in an existing operation of the Group which requires Group resources (funds, human resource, guarantees or otherwise) to be used.

- The Committee approves, implement and review the appropriateness of Group wide investment policies and strategies.
- The Committee annually reviews and monitors the investment strategy, the strategic direction and strategic plan of the Group pertaining to the investment and divestment activities.
- The Committee reviews the Company's investment portfolio to assess the performance of its investments.
- The Committee reviews the relationships between the Company and third parties.

Its members are;

- Ercan Nuri Ergül/Member
- Dalınç Arıburnu/Member
- Shahrokh Badie/Member
- Feyzullah Tahsin Bensel/Member
- Mehmet Kerem Eser/Member

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.

Global Investment Holdings continues to pursue its corporate governance initiative first implemented in 2006 to further formalize and institutionalize the governing principles of the Company and the Group.

GIH is committed to healthy corporate governance practices that strengthen and maintain confidence in the Group, thereby contributing to optimal long-term value creation for shareholders and other stakeholders. The objective of corporate governance is to regulate the division of roles between shareholders, the Board and executive management more comprehensively than is required by legislation.

GIH is conscious of the fact that the methodology for fulfilling the promises on trust and stabilization against the Group's stakeholders can be achieved by corporate governance. The core of GIH's corporate governance approach is to maintain and develop its corporate reputation and the trust of all stakeholders, which are the most valuable assets that have been established over many years. The Company believes that financial returns are not enough unless they also generate social benefits and continue to contribute through Global Investment Holdings or its subsidiaries to sustainable development in the regions where they operate.

With a responsible investment mentality, GIH structures its corporate governance principles within the framework of accountability, responsibility, fairness, and transparency. GIH's success in many years relies on its transparent management approach in all business lines processes.

Global Investment Holdings Corporate Governance Principles Compliance Report

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Global Investment Holdings accommodates and pays utmost attention to the execution of the Corporate Governance Principles published by the Capital Markets Board of Turkey ("CMB").

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 proofing the website and the annual report in greater detail in with 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%	90.88
Public Disclosure & Transparency - 25%	93.18
Stakeholders - 15%	92.95
Board of Directors - 35%	87.55
Overall (Out of 10)	9.06

The report, prepared by Kobirate and related to the corporate governance rating of 9.06, confirms that the Company achieved a substantial compliance with 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.

With reference to Article No. 1.3.10 of the Corporate Governance Principles, the total amounts of all donations and contributions were disclosed; yet beneficiaries' details were not.

With reference to Article No. 1.3.11 of the Corporate Governance Principles, only the shareholders may attend the General Assembly meeting.

Global Investment Holdings Corporate Governance Principles Compliance Report

With reference to Article No. 1.4.2 of the Corporate Governance Principles, in accordance with Article 6 of the Articles of Association, the shares representing the company's capital are divided into four groups. (A), (D) and (E) Group shares carry privileged voting rights, and Group (C) shares that are traded on the stock exchange have no privileges.

With reference to Article No. 1.5.2 of the Corporate Governance Principles, no arrangement exists.

With reference to Article No. 1.6.2 of the Corporate Governance Principles, due to the fact that our Company is an investment holdings company, the dividend to be distributed annually is decided at the General Assembly meeting according to the investment program of that year. That said, the Board of Directors is assessing the dividend distribution policy to include this matter as well.

With reference to Article No. 3.2.1 of the Corporate Governance Principles, it will be evaluated in future periods.

With reference to Article No. 3.2.2 of the Corporate Governance Principles, such methods are used in some subjects related to employees.

With reference to Article No. 3.3.4 of the Corporate Governance Principles, informative meetings and trainings are held on occupational health and safety.

With reference to Article No. 3.3.5 of the Corporate Governance Principles, the part about the trade unions is irrelevant.

With reference to Article No. 3.3.8 of the Corporate Governance Principles, there is no action and regulation limiting this right and freedom.

With reference to Article No. 4.2.5 of the Corporate Governance Principles, the roles of Chairman and Chief Executive Officer are executed by Mehmet Kutman due to his proficiency and deep knowledge about investment banking and financial markets.

With reference to Article No. 4.2.8 of the Corporate Governance Principles, there is Directors & Officers Liability Insurance for the damages caused by the board members during their duties, limited to USD 10 million, which is equal to 18.2% of our 325.9 million TL issued capital as of the end of 2019.

With reference to Article No. 4.4.7 of the Corporate Governance Principles, there is no restriction for the Board members to assume any other duties outside the company. It should be taken into consideration that our Company is a holding company and that it is in the interest of our Company to be represented in the management of related companies. The Board Members' duties outside the Company were announced to the shareholders at the General Assembly Meeting.

With reference to Article No. 4.5.5 of the Corporate Governance Principles, due to the number of board members being limited to 7 as per the Articles of Association, each board member is assigned to more than one committee.

With reference to Article 4.6.1 of the Corporate Governance Principles, It will be evaluated in the coming future periods.

With reference to Article 4.6.4 of the Corporate Governance Principles, there is no exists except those described in the financial statements.

With reference to Article 4.6.5 of the Corporate Governance Principles, all remunerations as well as all benefits provided to Board Members and executives with administrative responsibilities are disclosed to the public as an aggregate sum through the annual report.

As per CMB resolution No. 2/39 on 10.01.2019 Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) of our Company have been created as follows and can also be accessed from the Corporate Governance button on the Public Disclosure Platform. (https://www.kap.org.tr/en/sirket-bilgileri/ozet/967-global-yatirim-holding-a-s)

Corporate Governance Compliance Report (CGCR)

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.					X	
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				The total amounts of all donations and contributions were disclosed; yet beneficiaries' details were not.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			Only the shareholders may attend the General Assembly meeting.
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2-The company does not have shares that carry privileged voting rights.			X			In accordance with Article 6 of the Articles of Association, the shares representing the company's capital are divided into four groups. (A), (D) and (E) Group shares carry privileged voting rights, and Group (C) shares that are traded on the stock exchange have no privileges.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					

Global Investment Holdings Corporate Governance Principles Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			No arrangement exists.
1.6. DIVIDEND RIGHT						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.			X			Due to the fact that our Company is an investment holdings company, the dividend to be distributed annually is decided at the General Assembly meeting according to the investment program of that year. That said, the Board of Directors is assessing the dividend distribution policy to include this matter as well.
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.			X			It will be evaluated in future periods.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		X				Such methods are used in some subjects related to employees.
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2-Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.		X				Informative meetings and trainings are held on occupational health and safety.

Global Investment Holdings Corporate Governance Principles Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					The part about the trade unions is irrelevant.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.			X			There is no action and regulation limiting this right and freedom.
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.					X	
3.4.2-Customers are notified of any delays in handling their requests.					X	
3.4.3 - The company complied with the quality standards with respect to its products and services.					X	
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.			X			The roles of Chairman and Chief Executive Officer are executed by Mehmet Kutman due to his proficiency and deep knowledge about investment banking and financial markets.
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				There is Directors & Officers Liability Insurance for the damages caused by the board members during their duties, limited to USD 10 million, which is equal to 18.2% of our 325.9 million TL issued capital as of the end of 2019.

Global Investment Holdings Corporate Governance Principles Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	
4.4.4-Each member of the board has one vote.	X					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.			X			There is no restriction for the Board members to assume any other duties outside the company. It should be taken into consideration that our Company is a holding company and that it is in the interest of our Company to be represented in the management of related companies. The Board Members' duties outside the Company were announced to the shareholders at the General Assembly Meeting.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.			X			Due to the number of board members being limited to 7 in the Articles of Association, each board member is assigned to more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			It will be evaluated in the coming periods.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.		X				Described in the financial statements.
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.			X			All remunerations as well as all benefits provided to Board Members and executives with administrative responsibilities are disclosed to the public as an aggregate sum through the annual report.

Global Investment Holdings Corporate Governance Principles Compliance Report

Corporate Governance Information Form (CGIF)

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In 2019, the Company has held 1 analyst group meetings and 4 teleconferences with multiple participants to inform analysts and portfolio managers on its quarterly financial results and operational developments. Through the year more than 100 current and potential investor meetings have been held.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	There were no requests for the appointment of a private auditor during the reporting period.
The number of special audit requests that were accepted at the General Shareholders' Meeting	There was no request for a special auditor at the General Assembly Meeting.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/670321
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	The English translation of the 2018 Ordinary General Assembly Meeting Information Document containing the agenda items and the Proxy Statement was published on our corporate website.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There was no such transaction during the year.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There were no transactions in this scope in this period
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There were no transactions in this scope in this period.
The name of the section on the corporate website that demonstrates the donation policy of the company	Donation Policy could be found under Investor Relations / Corporate Governance section on our corporate website
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/202746
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	None
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Only the shareholders may attend the General Assembly meeting.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	In accordance with Article 6 of the Articles of Association, the shares representing the company's capital are divided into four groups. (A), (D) and (E) Group shares carry privileged voting rights, and Group (C) shares that are traded on the stock exchange have no privileges. Group / Number / Percentage A / 20 / 0.00001% D / 1.000.000 / 0.30685% E / 1.500.000 / 0.46028%
The percentage of ownership of the largest shareholder	31.25% (as of 31.12.2019)
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Dividend Distribution Policy could be found under Investor Relations / Corporate Governance section on our corporate website
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Information could be found under Investor Relations / General Assembly / 2018 Ordinary section as the 7th point under Minutes on our corporate website. "The Assembly was informed that there would be no distribution of dividend because both the solo / legal financial statements – prepared in accordance with Tax Procedure Law and Turkish Commercial Code - about the year ending on 31.12.2018- and the consolidated financial statements – prepared in compliance with Capital Market Board's Communique "Principles of Financial Reporting in Capital Markets" – showed a period loss."
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/tr/Bildirim/761812

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
07.05.2019	0	65.7%	23.6%	42.1%	Information could be found under Investor Relations / General Assembly / 2018 Ordinary Minutes on our corporate website	Information could be found under Investor Relations / General Assembly / 2018 Ordinary Minutes on our corporate website.	Article 13	66	https://www.kap.org.tr/tr/Bildirim/761812

Global Investment Holdings Corporate Governance Principles Compliance Report

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	The information can be found under Corporate Governance, Corporate Information, Reports, Presentations and General Assembly.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Shareholding Structure could be found under Investor Relations / Corporate Information section on our corporate website
List of languages for which the website is available	Turkish, English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Managing Body, Senior Management and Personnel
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Committees formed under Board of Directors and their Evaluations by the Board of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Number of meetings that Board of Directors had during the year and attendance rates of board members
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Information on some of the Legislative Amendments that can Affect the Company's Activities
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Information Regarding the Lawsuits of the Company and Possible Consequences
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Conflicts of Interest Between the Company's Service Providers such as Investment Consultancy and Rating companies, and Information on Measures Taken by the Company to Prevent these Conflicts of Interests
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no such situation regarding the Company's capital.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Information on Corporate Social Responsibility Activities Related to Employees' Social Rights, Vocational Training and Other Activities of the Company that May Bear Social and Environmental Consequences

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Compensation Policy for the Employees could be found under Investor Relations / Corporate Governance section on our corporate website
The number of definitive convictions the company was subject to in relation to breach of employee rights	0
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit Unit
The contact detail of the company alert mechanism.	etik@global.com.tr
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	None
Corporate bodies where employees are actually represented	None
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Board of Directors performs the performance evaluation of the key managers at regular intervals as well as evaluating a succession plan for the key management.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	The information could be found under Investor Relations / Sustainability / Work Life, also in Code of Ethics under Corporate Governance. In addition, personnel regulations are also available on our intranet site.
Whether the company provides an employee stock ownership programme	None
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	The information could be found under Investor Relations / Sustainability / Work Life, also in Code of Ethics under Corporate Governance. In addition, personnel regulations are also available on our intranet site.
The number of definitive convictions the company is subject to in relation to health and safety measures	None
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	The information could be found under Investor Relations / Corporate Governance / Code of Ethics.
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	The information could be found under Investor Relations / Sustainability section.
Any measures combating any kind of corruption including embezzlement and bribery	The Anti-Bribery and Anti-Corruption Policy has been implemented as a requirement of this issue. Whistle-blower mail has been created for report violations of this Policy as well as any situations that could damage the Company's reputation or trustworthiness.

Global Investment Holdings Corporate Governance Principles Compliance Report

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	6
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	The information can be found at "Information about the risks, Internal Control System and Audit Activities and the opinion of the governing body on this matter" section
Name of the Chairman	Mehmet Kutman
Name of the CEO	Mehmet Kutman
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	None
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	There is a Directors & Officers Liability Policy for the damages caused by the board members during their duties limited to USD 10 million which is equal to 18.2% of our TL 325,9 million issued capital as of the end of 2019
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	It could be found under Investor Relations / Corporate Governance section on our corporate website.
The number and ratio of female directors within the Board of Directors	1 director, the rate is 14,3%

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link To PDP Notification that Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director who Ceased to Satisfy the Independence or Not	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/or Finance or Not
MEHMET KUTMAN	Executive	Not independent director	01.10.2004	-	-	-	Yes
EROL GÖKER	Executive	Not independent director	01.10.2004	-	-	-	Yes
AYŞEGÜL BENSEL	Executive	Not independent director	01.10.2004	-	-	-	Yes
SERDAR KIRMAZ	Executive	Not independent director	04.06.2010	-	-	-	Yes
OĞUZ SATICI	Non-executive	Independent director	10.05.2012	-	Considered	No	No
DALINÇ ARIBURNU	Non-executive	Not independent director	27.04.2018	-	-	-	Yes
SHAHROKH BADIE	Non-executive	Independent director	27.04.2018	-	Considered	No	Yes

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	21
Director average attendance rate at board meetings	88%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3 days
The name of the section on the corporate website that demonstrates information about the board charter	Working Principles of the Board of Directors could be found under Investor Relations / Corporate Governance section on our corporate website
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Related information can be found at "Committees Formed Under the Board of Directors and Assessment of the Committees by Board of Directors" section.
Link(s) to the PDP announcement(s) with the board committee charters	Duties and Working Rules of the Committees could be found under Investor Relations / Corporate Governance / Committees section on our corporate website

Composition of Board Committees- I

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	-	Oğuz Satıcı	Yes	Board member
Audit Committee	-	Shahrokh Badie	No	Board member
Corporate Governance Committee	-	Oğuz Satıcı	Yes	Board member
Corporate Governance Committee	-	Ayşegül Bensel	No	Board member
Corporate Governance Committee	-	Serdar Kırmaz	No	Board member
Corporate Governance Committee	-	Adnan Nas	No	Not board member
Corporate Governance Committee	-	Aslı Su Ata	No	Not board member
Early Risk Assessment Committee	-	Oğuz Satıcı	Yes	Board member
Early Risk Assessment Committee	-	Ercan Nuri Ergül	No	Not board member
Early Risk Assessment Committee	-	Ayşegül Bensel	No	Board member
Early Risk Assessment Committee	-	Serdar Kırmaz	No	Board member
Early Risk Assessment Committee	-	Adnan Nas	No	Not board member

Global Investment Holdings Corporate Governance Principles Compliance Report

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Duties and Working Rules of the Audit Committee" could be found under Investor Relations / Corporate Governance / Committees section on our corporate website
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Duties and Working Rules of the Corporate Governance Committee" could be found under Investor Relations / Corporate Governance / Committees section on our corporate website
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The duty of the Nomination Committee is carried out by the Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Duties and Working Rules of the Early Risk Assessment Committee" could be found under Investor Relations / Corporate Governance / Committees section on our corporate website
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The duty of the Remuneration Committee is carried out by the Corporate Governance Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Related information can be found at "Financial Statement" section.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	"Wage Policy for Senior Managers" could be found under Investor Relations / Corporate Governance section on our corporate website.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	The information can be found at "Financial Benefits Provided to the Board Members and Senior Executives" section.

Composition of Board Committees-II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	4	4
Corporate Governance Committee	-	40%	20%	4	4
Early Risk Assessment Committee	-	60%	20%	6	6

Risk Management and Internal Audit Mechanism

Risk Management

"Risk Management and Surveillance Activities" are defined as the identification of ordinary or extraordinary risks that may arise during any operations performed by GYH and its Group companies as part of their activity areas, avoiding such risks by taking preventive measures, identifying individuals responsible for emerging losses, and exerting efforts to prevent re-emergence of such risks, and identifying compliance of all Group activities with the relevant legislation and internal policies.

The Group's principal business risks are monitored and managed throughout the year by senior management, the internal audit department and the Early Risk Assessment Committee. Risks that are specific to business units are managed within the management on an ongoing basis and regular follow-up by the internal audit function. The most significant risks from each business unit (based on materiality, or those which may have significant affect across the business) are reviewed by the relevant Board Committees. The Committee;

- Provides effective internal control systems in order to identify, evaluate, monitor and manage the risky issues that could affect the achievement of the company's targets according to their influence and possibility.
- Monitors the integration of the risk management and internal control systems to the institutional structure of the company and their effectiveness.
- Works on the issues of measurement, reporting and the utilization of the decision- making mechanisms of the risks by the risk management and internal control systems of the company keeping the appropriate checks required in view.
- Reviews the Committee's operations regularly and submits the proposals for changes to the Board of Directors for approval as necessary.

Risk management activities and Risk registry are formed by considering all the risks that concern GIH and its subsidiaries. Management of the Company prioritized the risks according to their impact and probability and completed the work required to monitor the risks with high scores through critical risk indicators and action plans. Risk register generated to monitor and manage the risks detected within the Enterprise Risk Management (ERM) activities coordinated with the Internal Audit department and the relevant risks were included in the audit plan.

Internal Control System and Internal Audit Activities

The mission of Internal Audit Department ("Audit") of GIH is to assist the Board of Directors, Audit and Early Risk Assessment Committee and Management in their oversight, management and operating responsibilities by identifying;

- ineffectiveness of internal control, risk management and governance processes,
- inefficiencies that may cause waste of its resources,
- and making recommendations through independent audits (reports) and/or advisory services.

When realizing its mission Audit follows a disciplined and systematic approach.

The Internal Audit reports directly to the Audit Committee, which consists of members of the Board of Directors, within the organizational structure of the company in accordance with the principle of independence.

The Internal Audit Department reviews the processes every year and creates a risk-based annual audit plan at the end of each year for the following year. The internal audit activities are carried out in line with this plan.

The internal audit plan is reviewed by the Audit Committee then confirmed by the Board of Directors before it gets implemented. The Department issues its reports that summarize the audit results and ongoing findings with the Audit Committee and Board of Directors.

GIH Internal Audit Department operates in compliance with International Internal Auditing Standards (IIAS). Audit activities are conducted by Compliance and Internal Audit Department for GIH, its domestic and international operations, affiliated companies and subsidiaries, cover the following topics;

- Financial audit,
- Operational audit,
- Special audit (investigations, ad-hoc audits, etc.).

Amendments to the Articles of Association in 2019

There is no amendment to the Articles of Association during the year.

Statement of Responsibility

Of the Board Resolution on the Approval of Financial Statements & Annual Report

Date: 10 March 2020
Number: 1001

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 along with the Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF) 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 KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. for the period of 01.01.2019 – 31.12.2019 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,

10 March 2020
Oğuz SATICI | Chairman of Audit Committee
Shahrokh BADIE | Member of Audit Committee
Mehmet Kerem ESER | CFO

Financial Overview

Great Success despite a Tough Year...

Global Investment Holdings announces Consolidated Net Revenues of TL 1,441.0 million and an Operating EBITDA of TL 563.3 million in 2019, which indicate a robust 28% and 21% growth compared to 2018, respectively.

Evaluating Global Investment Holdings' financial results for 2019, Chairman & CEO, Mehmet Kutman, stated that "The last two years presented a challenging operating environment for our companies with significant global volatility as well as political uncertainty. A generally increasing the risk premium in emerging markets, escalating geopolitical risks in neighbouring countries and political uncertainties in the domestic market due to consecutive elections put a halt to private investments across many sectors. Despite these challenges, as Global Investment Holdings, we have left behind a year in which we experienced significant developments in line with our global growth vision."

Drawing attention to the solid results and careful risk management that ensured Global Investment Holdings' steady performance in this challenging environment, the Chairman continued: "We, Global Investment Holdings, continue to expand our global presence as we strive to contribute to the development of Turkey and improve our competitiveness. We shall continue to invest with the same determination to grow, to take bold steps in our role as a leader and play our part in the development of Turkey."

Commenting on the results, CFO Mehmet Kerem Eser stated that "Thanks to the strategy we stuck to, and the measures we took, we achieved continued growth, despite such a tough year. Due to volatile markets in 2019, we have attached more importance to liquidity and liability management, in addition to our growth and profitability targets. Our diversified portfolio structure, effective balance sheet and risk management approach were positively reflected in our financial results. We are pleased to have completed 2019 maintaining our robust balance sheet structure."

Mr. Eser further said that "Our main target was to maintain and improve the positive results we had achieved while we placed greater importance on being efficient, competitive and profitable in our core businesses."

GIH announced its financial results for 2019. Consolidated net revenues reached TL 1,441.0 million compared to TL 1,128.4 million in 2018, representing a strong increase of 28%. Nearly all business divisions under the Company contributed to this increase, with the gas division contributing the most.

In 2019, Operational Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to TL 563.3 million, compared to TL 465.0 million in 2018, which represents a robust 21% growth. The gas division was the major contributor to the EBITDA increase.

On a divisional basis,
The gas division achieved 167.0 million m^3 sales volume in 2019, compared to 138.4 million m^3 for 2018. This increase was achieved by focusing on new customer acquisitions to reduce the effects of seasonality and to increase market share. Revenues nearly doubled YoY, reaching TL 428.4 million; mainly attributable to the increase in sales volume generated by new sales channels and better pricing due to the Botaş tariff hike. Meanwhile, the gas division's operating EBITDA reached TL 101.1 million in 2019, more than doubling YoY and translating into c.7pp EBITDA margin expansion. The gas division managed to maximize EBITDA creation in 2019 thanks to the increase in sales volume generated by new sales channels, an increase in gas margin and effective cost management.

The ports division's revenues were TL 668.5 million at the end of 2019, up by 11% YoY, while operating consolidated EBITDA increased by 9% YoY, reaching TL 437.1 million.

The power division, which includes co/tri-generation and biomass-based renewable power production, reported TL 148.5 million revenues in 2019, up by a solid 79% over the previous year. The increase was mainly attributable to the commencement of 12 MW Mardin biomass power plant, selling electricity at the feed-in tariff rate of USD 0.133/kWh and the pleasing performance of co/tri-gen business. The power division's EBITDA increased more than two-folds, reaching TL 18.3 million. Outstanding EBITDA growth is mainly attributable to improving plant operating capability and operating performance.

Financial Overview

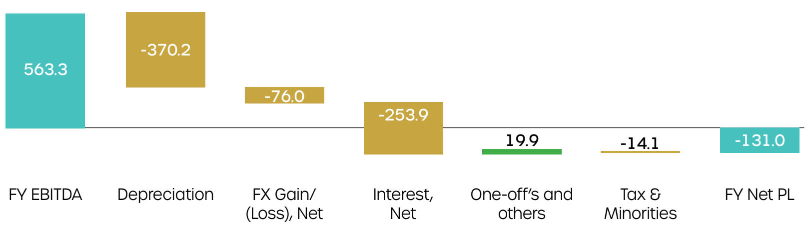
The mining division realized 483,454 tons of sales, a slight 3% YoY volume reduction in 2019. It reported TL 96.0 million in revenues for the year, a 23% increase YoY thanks to ongoing success in export markets. The mining business operating EBITDA came out at TL 32.7 million in 2019, an increase of 49% YoY. Despite contracting sales volume, improving production performance and sustaining sales volume of high value-add products were the main contributors to profitability.

The real estate division reported revenues of TL 42.5 million and an operating EBITDA of TL 21.1 million in 2019, compared to TL 61.1 million and TL 25.6 million, respectively in 2018. Higher revenue recognition in the Skycity office project upon completion had boosted the numbers in 2018.

The brokerage & asset management division reported revenues of TL 53.5 million in 2019, an 11% YoY increase, and an operating EBITDA of TL 2.7 million, compared to TL 2.9 million in the previous year. The Group's 80% subsidiary Actus Asset Management's Equity Funds (Equity Intensive Funds) ranked first among all mutual funds in the market with a 73.0% return in 2019, compared to the BIST 100's 25.4% return. Meanwhile, Actus' pension fund Vakıf Emeklilik Variable Mutual Fund has had the highest return in its peer group compromising 70 pension funds, with 47.0% return, compared to 27.9% return of its benchmark.

GIH reported a consolidated net loss of TL 131.0 million in 2019, compared to a net loss of TL 89.9 million in 2018. Despite higher revenue recognition along with EBITDA maximization, the net loss stemmed from non-cash depreciation and foreign currency translation differences incurred on Group's long term borrowings. Depreciation and amortization charges have increased from TL 290.5 million in 2018 to TL 370.2 million in 2019, purely as a result of foreign currency valuations, as well as TL 21.7 million additional charge in 2019 due to first time application of IFRS 16. Also, the Group has incurred TL 76.0 million net non-cash foreign exchange losses, compared to TL 89.7 million in the previous year. Net interest expenses in the year were TL 253.9 million, compared to the previous year's TL 197.1 million, and the increase is solely attributable to the weakness in TL against hard currencies and TL 15.0 million additional charge due to IFRS 16.

NET PROFIT/(LOSS) BREAKDOWN 2019 (TL MILLION)



On the operational front, developments are on track in line with the growth strategy by means of new acquisitions and investments mainly into core businesses, which are ports infrastructure, clean energy and asset management.

On the ports side, during 2019, Global Investment Holdings was successful in expanding the global reach of its portfolio. The Group grew its network in the Caribbean, winning the cruise port concessions for Nassau Cruise Port in the Bahamas and Antigua Cruise Port, in Antigua & Barbuda. Apart from the remarkable steps taken in the Caribbean, the Group also added to our presence in Asia, with a management contract for Ha Long Cruise Port in Vietnam, while extending the Marina Bay Cruise Centre Singapore concession to 2027, further anchoring its presence in the fast-growing Asia-Pacific region. Additionally, the Group's JV successfully acquired the operator of La Goulette Cruise Port in Tunisia. The Group operates 21 ports, including two commercial ports, across 13 countries.

During the year, Global Investment Holdings took major steps forward with its clean energy efforts. In the second core business area, GIH added its first solar power plant, Ra Solar, to the renewable portfolio with 10.8 MWp installed capacity in Mardin in Turkey. GIH's first international solar plant, Barsolar, will sell electricity with a capacity of 6 MWp in Bar in Montenegro and is scheduled to become operational in 2020.

The combined installed capacity in renewable energy and energy efficiency investments increased to 100.1 MW, of which 46.0 MW is from renewable sources.

Moreover, Naturelgaz, the compressed natural gas subsidiary, signed an agreement to purchase 100% of SOCAR Turkey LNG. There are also tentative plans for an IPO for Naturelgaz in 2020, depending on the market conditions.

In the third core business line, subsidiary Actus Asset Management and Turkey's largest domestic and independent asset management company İstanbul Asset Management have reached an agreement to merge creating, the largest domestic and independent asset management company in Turkey. The transaction is expected the merger to be finalized in 2020.

Dividend Policy

Net profit of the Company is equal to the gross profit calculated as of the end of each accounting period minus the general expenses and various depreciations and other amounts to be paid and set aside by and the taxes to be paid by the Company, and is shown in the yearly balance sheet of the Company to be prepared in accordance with the regulations of the Capital Markets Board, and is, after deduction of the past year losses, if any, distributed and allocated in the following order and as described below:

(a) First, 5% of the net profit will be set aside for the legal reserve fund.

(b) Out of the balance of profit, the first dividend will be set aside at a rate and in an amount to be determined pursuant to the provisions of the Capital Markets Law and communiqués of the Capital Markets Board.

(c) Without prejudice to the first dividend to be set aside over the fiscal profit of the relevant period, an amount up to 10% of the balance of the net profit will be allocated and distributed to the Company employees within the frame of the principles to be determined by the Board of Directors.

(d) Balance of the profit will be set aside to extraordinary reserve funds or distributed as second dividends to the shareholders pro rata their existing capital shares, as and when determined by the General Assembly of Shareholders.

(e) Related provisions of the Turkish Commercial Code are, however, reserved.

Unless and until the reserve funds required to be set aside pursuant to the laws and the first dividend required to be distributed to the shareholders pursuant to the Articles of Association are duly reserved from the net profit, it may not be decided to set aside other reserve funds or to carry the profit forward to the next year. Unless and until the reserve funds required to be set aside pursuant to the laws and the first dividend required to be distributed to the shareholders pursuant to the Articles of Association are duly reserved from the net profit, it may not be decided to allocate and distribute profit shares to the holders of the dividend shares, the Directors and officers, servants and workers, the foundations established for various purposes, or similar other persons and entities.

Profit distribution date will be determined by the General Assembly of Shareholders upon proposals of the Board of Directors in accordance with the provisions of the Capital Markets Law and the communiqués of the Capital Markets Board

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The Board of Directors may distribute an interim dividend provided that there has been a decision of the general assembly giving such authority to the Board of Directors and the distribution is in accordance with the related articles of the Capital Market Law and the Communiqués of the Capital Markets Board. The decision of the general assembly giving such authority to the Board of Directors is limited to the current year. A decision shall not be made to make additional interim dividends or to distribute dividends prior to entering into the accounts the interim dividends paid in the previous period.

Dividend Proposal for 2018:
At the 2018 Ordinary General Assembly Meeting on 07.05.2019, the Assembly was informed that since solo/legal financial statements – prepared in accordance with Tax Method Law and Turkish Commercial Code – and consolidated financial statements – prepared in compliance with CMB regulations – about the year ending 31.12.2018 had both losses, there would be no distribution of dividend.

Developments after the Reporting Period

Joint venture concludes acquisition of the operator of La Goulette, Tunisia
Global Investment Holdings' ports subsidiary Global Ports Holding Plc ("GPH" or "Group") announced that further to the Group's announcement on 24 May 2019, Goulette Cruise Holding Ltd, its joint venture with MSC Cruises S.A. ("MSC"), has completed the acquisition of Goulette Shipping Cruise, the company that operates the cruise terminal in La Goulette, Tunisia, from Al Karama Holding.

The concession to operate the cruise port was awarded to Goulette Shipping Cruise in 2006 on a 30-year basis, with a right to extend the term for an additional 20 years. While passenger volumes have been low in recent years, in 2010, La Goulette welcomed c. 900 thousand passengers and between 2011 and 2014 it welcomed on average 441 thousand cruise passengers per annum.

Naturelgaz applied to the CMB to get approval to amend the Articles of Association for the purpose of the IPO
Naturelgaz, a 95.5% subsidiary of Global Investment Holdings and Turkey's & Europe's leading CNG (Compressed Natural Gas) supplier and distributor in terms of mother station infrastructure and bulk sales volume, has made an application to the Capital Markets Board of Turkey on January 20, 2020 to get approval to amend its Articles of Association in accordance with the capital markets legislation for the purpose of initial public offering of its shares.

Joint venture concludes acquisition of remaining shares in Malaga cruise port concession
Global Investment Holdings' ports subsidiary Global Ports Holding Plc ("GPH" or "Group") announced that further to the Group's announcement on 20th August 2019, Creuers Del Port de Barcelona SA ("Creuers") has completed the purchase of Autoridad Portuaria de Malagas's (Malaga Port Authority) 20.0% holding in the Malaga cruise port concession for c. EUR 1.5 million. This increases Creuers ownership of the Malaga cruise port concession to 100% and GPH's effective ownership to 62% from 49.6%. This transaction is in line with GPH's strategy to buy out, at fair value, minority shareholdings where possible and appropriate to do so.

Naturelgaz signed a SPA to purchase SOCAR Turkey LNG…
Naturelgaz, Turkey's & Europe's leading CNG (Compressed Natural Gas) supplier and distributor in terms of mother station infrastructure and bulk sales volume, has signed a SPA (Share Purchase Agreement) to purchase 100% of SOCAR Turkey LNG. Such a transaction is subject to regulatory approvals as well as completion of the pre-conditions. After the share transfer, Naturelgaz and SOCAR Turkey LNG are planned to merge under Naturelgaz.

Such acquisition will further strengthen the position of Naturelgaz in LNG, bulk CNG, and auto-CNG businesses; increasing volume and geographical coverage while diversifying the product portfolio. This acquisition is a perfect fit for Naturelgaz's strategies to enter into the LNG business, grow in bulk CNG, and establish an auto-CNG station network on critical routes of heavy duty vehicle transportation in Turkey.

Currently, the infrastructure of Naturelgaz roughly consists of 10 bulk CNG plants, 3 auto-CNG stations, 296 CNG road tankers and 47 industrial scale compressors; while post-acquisition the infrastructure will enlarge to 12 bulk CNG plants, 11 auto-CNG stations, 345 CNG road tankers and 67 CNG compressors, expansion coming from new regions. In addition to CNG infrastructure, the acquisition will also bring 44 LNG tanks and equipment along with 6 LNG road tankers.

In 2019, Naturelgaz distributed overall 167.0 million Sm^3 of CNG, while SOCAR Turkey LNG distributed 35.4 million Sm^3 of CNG & LNG.

Strategic Review
Global Investment Holdings' ports subsidiary Global Ports Holding Plc ("GPH" or "Group") announced that following a competitive sales process conducted in the second half of 2019, GPH has entered exclusive negotiations with a potential buyer of Port Akdeniz. Although there can be no certainty as to the timing or that the terms of a sale will be agreed.

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 2018. 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 ("USD") based on the official USD/TL exchange rate announced by the Central Bank of Turkey as of such relevant dates, or else on the average official USD/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 USD 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.

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 2019 Together With Independent Auditor's Report (Originally issued in Turkish)

10 March 2020
This report includes 8 pages of independent auditor's report and 156 pages of consolidated financial statements and their explanatory notes.

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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Global Yatırım Holding Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Global Yatırım Holding Anonim Şirketi and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other 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 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by 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 declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

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.

Impairment of Goodwill and Port Operation Rights

Refer to Note 2.4 and Note 18 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of goodwill and port operation rights.

The key audit matter	How the matter was addressed in our audit
As of 31 December 2019, the Group has recognised goodwill in the amount of TL 98.944.709 (31 December 2018: TL 89.785.343) and port operation rights in the amount of TL 2.516.660.847 (31 December 2018: TL 2.056.421.028). The amount of goodwill and port operation rights constitutes 37% of the Group's total assets (31 December 2018: 38%). The goodwill has been recognised for Ege Liman İşletmeleri A.Ş., a cruise port in Turkey which is only cash-generating unit ("CGU"). The Group management carries out impairment testing for goodwill on an annual basis and port operation rights with finite live (port concession period) in case there are indicators of impairment. The recoverable amount of the CGU and port operation rights, which are based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future passenger numbers, calls, and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate).	Our audit procedures in this area included, among others: - We involved our own valuation specialist to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the cash generating units (CGUs) operate; - We evaluated the appropriateness of the assumptions applied to key inputs such as ship calls, passenger numbers, prices, operating costs, inflation and long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry; - We performed our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the goodwill and port operation rights;

KPMG

The impairment testing of goodwill and port operation rights are considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.	- We evaluated the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Determination of fair value of investment properties

Refer to Note 2.4 and Note 15 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for determination of fair value of investment properties.

The key audit matter	How the matter was addressed in our audit
As of 31 December 2019, the Group's investment property amount is TL 510.920.000 (31 December 2018: TL 473.395.000). The amount of investment properties constitutes 7% of the Group's total assets (31 December 2018: 8%) Investment properties of the Group consist of shopping malls operating in Denizli and Van ("Sümerpark AVM" and "Van AVM"), school building and hospital land located in Denizli and the land located in Bodrum. The Group measures its investment properties at fair value and the fair value of investment properties has been determined by independent real estate valuation company. As of 31 December 2019, TL 295.000 impairment is recognized for Sümerpark AVM (31 December 2018: TL 3.182.100 impairment) and TL 35.755.000 fair value increase (31 December 2018: TL 335.353 impairment) related to Van AVM as a result of the value determined by the independent real estate valuation company. We identified the determination of fair value of investment properties as a key audit matter due to the fact that the investment properties constitute significant part of the Group's total assets and the valuation methods include significant estimates and assumptions.	Our audit procedures in this area included, among others: - Evaluating the competence capabilities and objectivity of the real estate valuation expert appointed by the management; - By the help our valuation specialist, evaluation of the appropriateness of the valuation methods used in the valuation reports of the investment properties and the appropriateness of the significant assumptions used, such as the discount rate, the rate of increase in rent and the occupancy rate; - Reconciliation of the amount determined in the appraisal reports for the relevant investment properties with the amounts disclosed in Note 15; - Evaluation of the adequacy of inputs such as rental income, duration of lease agreements and occupancy rates; - Evaluation of sensitivity analyses for the basic assumptions used in the valuation reports; and - Assessing of adequacy of other informations in the consolidated financial statements and disclosures.

Initial application of the new TFRS 16 – Leases accounting standard

Refer to Note 2.2.1 and Note 2.3 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for the initial application of the new TFRS 16.

The Key Audit Matter	How the matter was addressed in our audit
The Group applied TFRS 16, effective as of 1 January 2019 and the following reporting periods, using the modified retrospective approach. Accordingly, the Group has not restated its comparative information. The Group is a party to various lease contracts, including leases for port operating concession agreements, real estate properties, production equipment and information technology (“IT”) equipment. As at 31 December 2019, the Group has recognised right-of-use (“ROU”) assets of TL 502.462.895 and lease liabilities of TL 392.983.021 for the aforementioned lease contracts. As of 31 December 2019, the amount of ROU assets constitutes 7% of the Group’s total assets (31 December 2018: Nil). It requires significant management judgment to assess the lease term and to determine the components of the asset, lease payments and appropriate discount rates in order to measure the right of use and lease obligation. Since the initial application of TFRS 16 is significant for the Group’s consolidated financial statements, transition disclosures related to initial application have been a focus area during our audit procedures. Since the lease contracts can be complex, it will require significant judgment by the relevant managements when determining the accounting basis specific to each situation. Therefore "First implementation of IFRS 16" is determined as as a key audit matter.	Our audit procedures performed related to this matter are listed: - We inspected the lease contracts between the Group and the lessors and evaluated whether the leases were appropriately identified within the scope of TFRS 16. - We evaluated the appropriateness of the process to identify the lease contracts or contracts involving lease components through inquiries with the management. - We examine a sample of contracts to agree whether underlying asset is low value and leases with a term of less than 12 months determined by the Group, - We controlled the calculation of present value of the future fixed payment rentals and guaranteed minimum payments rentals within the scope of TFRS 16. - According to the rent contracts selected through sampling, rent increase rates were evaluated and compared with the payment plan used in the calculation. - We evaluated the appropriateness of the discount rates for lease contracts based on their maturities and currencies.
	- We obtained relevant calculations which provides basis for determination of the Group’s ROU assets and lease liabilities. For each sample of leases, we controlled the inputs used in the quantification to the lease agreements, evaluated the appropriateness of the discount rate applied, and performed re-calculation checks. - We evaluated the adequacy of the consolidated financial statement disclosures in accordance with TFRS 16. - We attended a number of trainings for TFRS 16 and reviewed relevant international publications associated with the impact of TFRS 16 to assist us in benchmarking the Group’s approach to adopting TFRS 16. - Assessing of adequacy of initial application and effect of transition of TFRS 16 in the consolidated financial statements and disclosures.

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 TFRS, 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an 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 standards on auditing issued by the CMB and Standards on Auditing issued by POA 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 the CMB and Standards on Auditing issued by POA, 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.

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) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 10 March 2020.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2019 and 31 December 2019, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Ruşen Fikret Selamet, SMMM
Partner
10 March 2020
İstanbul, Türkiye

Global Yatırım Holding A.Ş. and its Subsidiaries
Consolidated Statement of Financial Position as at 31 December 2019
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

GLOBAL YATIRIM HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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Global Yatırım Holding A.Ş. and its Subsidiaries

Consolidated Statement of Financial Position as at 31 December 2019

(Currency: Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

	Notes	Audited 31 December 2019	Audited 31 December 2018
ASSETS			
Current assets		**1.350.450.647**	**1.104.203.711**
Cash and cash equivalents	7	474.710.252	496.942.269
Financial investments	8	8.504.024	4.081.903
Trade receivables		229.297.974	143.598.112
- Due from third parties	*10*	*229.297.974*	*143.598.112*
Other receivables		145.991.093	92.597.520
- Due from related parties	*6*	*81.558.783*	*47.297.264*
- Due from third parties	*11*	*64.432.310*	*45.300.256*
Receivables from operations in finance sector		233.625.016	130.289.640
- Due from related parties	*6*	*4.300.734*	*1.632.427*
- Due from third parties	*12*	*229.324.282*	*128.657.213*
Inventories	13	85.375.506	93.436.870
Prepaid expenses	14	101.100.145	80.405.863
Current tax assets	32	16.786.613	9.379.558
Other current assets	23	54.197.273	52.609.225
Subtotal		*1.349.587.896*	*1.103.340.960*
Non-current assets or disposal groups classified as held for sale	36	862.751	862.751
Non-current assets		**5.705.981.735**	**4.543.788.523**
Other receivables		65.452.441	56.479.905
- Due from related parties	*6*	*52.435.460*	*43.421.466*
- Due from third parties		*13.016.981*	*13.058.439*
Financial investments	8	8.172.568	68.589.210
Investments accounted for using equity method	19	188.296.426	150.774.125
Investment property	15	510.920.000	473.395.000
Property, plant and equipment	16	1.457.923.353	1.284.995.853
Right of use assets	17	502.462.895	-
Intangible assets and goodwill		2.786.113.909	2.331.172.127
- Goodwill	*18*	*98.944.709*	*89.785.343*
- Other intangible assets	*18*	*2.687.169.200*	*2.241.386.784*
Prepaid expenses	14	38.690.176	34.663.436
Deferred tax asset	32	131.264.565	127.171.309
Other non-current assets	23	16.685.402	16.547.558
TOTAL ASSETS		**7.056.432.382**	**5.647.992.234**

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 2019

(Currency: Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

	Notes	Audited 31 December 2019	Audited 31 December 2018
LIABILITIES			
Current liabilities		**1.579.020.677**	**1.203.373.382**
Current borrowings	9	304.449.590	180.149.679
Current portion of non-current borrowings	9	737.091.772	547.919.649
Trade payables		155.321.001	132.191.519
- Due to third parties	*10*	*155.321.001*	*132.191.519*
Payables related to employee benefits	22	10.199.359	10.880.115
Other payables		84.021.171	84.313.526
- Due to related parties	*6*	*13.476.873*	*31.609.401*
- Due to third parties	*11*	*70.544.298*	*52.704.125*
Payables on financial sector operations		212.018.523	110.767.894
- Due to third parties	*12*	*212.018.523*	*110.767.894*
Deferred income	14	12.516.981	8.740.776
Current tax liabilities	32	17.714.133	13.038.761
Current provisions		21.964.689	14.399.322
- Current provisions for employee benefits	*22*	*6.063.064*	*4.545.173*
- Other current provisions	*20*	*15.901.625*	*9.854.149*
Other current liabilities	23	23.723.458	100.972.141
Subtotal		*1.579.020.677*	*1.203.373.382*
Non-current liabilities		**3.959.455.005**	**2.768.736.603**
Non-current borrowings	9	3.266.985.412	2.169.937.684
Other payables		10.531.966	21.980.512
- Due to third parties		*10.531.966*	*21.980.512*
Liabilites due to investments accounted for using equity method	19	657.739	650.132
Deferred income		6.261.221	1.507.000
Derivative financial instruments		2.879.070	3.247.536
Non-current provisions		122.503.329	57.066.501
- Non-current provisions for employee benefits	*22*	*14.374.643*	*10.296.326*
- Other non-current provisions	*20*	*108.128.686*	*46.770.175*
Deferred tax liabilities	32	549.636.268	514.347.238
EQUITY		**1.517.956.700**	**1.675.882.249**
Equity attributable to equity holders of the Group		**973.157.167**	**951.904.088**
Paid-in capital	24	325.888.410	325.888.410
Adjustments to share capital	24	34.659.630	34.659.630
Treasury shares owned by the company (-)	24	(137.398.773)	(115.476.802)
Share premium (discount)	24	242.629.340	204.351.140
Other comprehensive income that will not be reclassified in profit or loss		2.944.643	(73.647.082)
- Other gains / (losses)	*24*	*6.510.528*	*(70.835.927)*
- Losses on remeasurements of defined benefit plans	*24*	*(3.565.885)*	*(2.811.155)*
Other comprehensive income that will be reclassified in profit or loss		418.238.966	439.449.504
- Currency translation differences	*24*	*974.306.010*	*856.335.598*
- Hedging reserve	*24*	*(556.067.044)*	*(416.886.094)*
Restricted reserves appropriated from profits	24	144.105.529	118.703.224
Prior years' profits	24	73.056.391	107.840.389
Loss for the period	24	(130.966.969)	(89.864.325)
Non-controlling interests		**544.799.533**	**723.978.161**
TOTAL EQUITY AND LIABILITIES		**7.056.432.382**	**5.647.992.234**

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 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 1 January- 31 December 2019	Audited 1 January- 31 December 2018
PROFIT OR LOSS			
Revenue	25	1.387.448.668	1.080.038.879
Cost of revenues (-)	25	(998.709.339)	(744.134.554)
Gross profit from trade operations		**388.739.329**	**335.904.325**
Revenues from finance operations	25	53.525.627	48.400.613
Cost of revenues from finance operations (-)	25	(5.175.043)	(4.743.532)
Gross profit from operations in finance sector		**48.350.584**	**43.657.081**
GROSS PROFIT		**437.089.913**	**379.561.406**
Marketing expenses (-)	26	(82.587.247)	(63.052.576)
General administrative expenses (-)	26	(213.718.279)	(192.525.120)
Other income from operating activities		89.528.396	123.558.636
Other expense from operating activities (-)		(87.838.159)	(68.187.310)
OPERATING PROFIT		**142.474.624**	**179.355.036**
Income from investing activities		47.490.068	5.276.817
Expense from investing activities (-)		(366.851)	(4.070.575)
Share of profit/(loss) of equity accounted investees	19	29.780.093	27.598.541
Impairment loss and reversal of impairment losses determined in accordance with TFRS 9	10	(6.304.997)	(3.734.085)
PROFIT/(LOSS) BEFORE FINANCE INCOME/(COSTS)		**213.072.937**	**204.425.734**
Finance income	30	80.137.833	93.888.612
Finance costs (-)	31	(427.620.223)	(384.471.654)
LOSS BEFORE TAX		**(134.409.453)**	**(86.157.308)**
Tax income/(expense)		**(23.266.991)**	**22.195.049**
- Current tax income/(expense)	*32*	(45.306.686)	(38.626.760)
- Deferred tax income /(expense)	*32*	22.039.695	60.821.809
LOSS FROM CONTINUING OPERATIONS		**(157.676.444)**	**(63.962.259)**
LOSS FOR THE PERIOD		**(157.676.444)**	**(63.962.259)**
Loss for the period attributable to		**(157.676.444)**	**(63.962.259)**
-Non controlling interests		(26.709.475)	25.902.066
-Owners of the company	33	(130.966.969)	(89.864.325)
Loss per share from continuing operations	33	**(0,5356)**	**(0,3611)**
Diluted loss per share from continuing operations	33	**(0,5356)**	**(0,3611)**
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Items not to be reclassified to profit or loss		**(754.730)**	**(217.304)**
Losses on remeasurements of defined benefit plans		(754.730)	(217.304)
Items to be reclassified to profit or loss		**(4.569.691)**	**367.359.037**
Currnecy translation differences		80.767.762	530.108.597
Other components of other comprehensive income to be reclassified to other profit or loss	24	(85.337.453)	(162.749.560)
OTHER COMPREHENSIVE INCOME / (EXPENSE)		**(5.324.421)**	**367.141.733**
TOTAL COMPREHENSIVE EXPENSE		**(163.000.865)**	**303.179.474**
Total comprehensive income/(expense) attributable to		**(163.000.865)**	**303.179.474**
Non-controlling interests		(11.613.732)	164.809.723
Owners of the Company		(151.387.133)	138.369.751

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 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

					Other accumulated comprehensive income/expense not to be reclassified to profit or loss		Other accumulated comprehensive income/expense to be reclassified to profit or loss			Retained earnings				
	Paid-in capital	Adjustments to share 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)	Hedging reserve	Currency translation differences	Restricted reserves appropriated from profits	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 2018	**325.888.410**	**34.659.630**	**(40.974.259)**	**204.351.140**	**(2.593.851)**	**14.497.128**	**(285.393.095)**	**513.285.903**	**69.027.309**	**(329.154.218)**	**483.087.996**	**986.682.093**	**608.113.398**	**1.594.795.491**
Changes in Accounting Policy - TFRS 9	-	-	-	-	-	-	-	-	-	-	(1.533.569)	**(1.533.569)**	-	**(1.533.569)**
Total comprehensive income														
Other comprehensive income/(expense)	-	-	-	-	(217.304)	-	(162.749.560)	391.200.940	-	-	-	**228.234.076**	138.907.657	**367.141.733**
Increase (decrease) due to treasury share transactions	-	-	(74.502.543)	-	-	-	-	-	74.502.543	-	(74.502.543)	**(74.502.543)**	-	**(74.502.543)**
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	(89.864.325)	-	**(89.864.325)**	25.902.066	**(63.962.259)**
Increase (decrease) due to changes in ownership interests in subsidiaries without change in control	-	-	-	-	-	(3.024.700)	31.256.561	(48.151.245)	(123.859)	-	5.239.954	**(14.803.289)**	44.912.013	**30.108.724**
Others	-	-	-	-	-	(82.308.355)	-	-	-	-	-	**(82.308.355)**	-	**(82.308.355)**
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	**-**	(93.856.973)	**(93.856.973)**
Transfers	-	-	-	-	-	-	-	-	(24.702.769)	329.154.218	(304.451.449)	**-**	-	**-**
Balance at 31 December 2018	**325.888.410**	**34.659.630**	**(115.476.802)**	**204.351.140**	**(2.811.155)**	**(70.835.927)**	**(416.886.094)**	**856.335.598**	**118.703.224**	**(89.864.325)**	**107.840.389**	**951.904.088**	**723.978.161**	**1.675.882.249**
Balance at 1 January 2019	**325.888.410**	**34.659.630**	**(115.476.802)**	**204.351.140**	**(2.811.155)**	**(70.835.927)**	**(416.886.094)**	**856.335.598**	**118.703.224**	**(89.864.325)**	**107.840.389**	**951.904.088**	**723.978.161**	**1.675.882.249**
Other comprehensive income/(expense)	-	-	-	-	(754.730)	-	(85.337.453)	65.672.019	-	-	-	**(20.420.164)**	15.095.743	**(5.324.421)**
Increase (decrease) due to treasury share transactions	-	-	(21.921.971)	38.278.200	-	-	-	-	21.921.971	-	(21.921.971)	**16.356.229**	-	**16.356.229**
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	(130.966.969)	-	**(130.966.969)**	(26.709.475)	**(157.676.444)**
Acquisition or Disposal of a Subsidiary	-	-	-	-	-	-	-	-	-	-	8.684.077	**8.684.077**	2.341.467	**11.025.544**
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	**-**	(100.875.118)	**(100.875.118)**
Increase (decrease) due to changes in ownership interests in subsidiaries without change in control	-	-	-	-	-	-	(53.843.497)	52.298.393	(398.806)	-	64.999.812	**63.055.902**	(69.031.245)	**(5.975.343)**
Others	-	-	-	-	-	77.346.455	-	-	3.879.140	-	-	**81.225.595**	-	**81.225.595**
Transfers	-	-	-	-	-	-	-	-	-	89.864.325	(86.545.916)	**3.318.409**	-	**3.318.409**
Balance at 31 December 2019	**325.888.410**	**34.659.630**	**(137.398.773)**	**242.629.340**	**(3.565.885)**	**6.510.528**	**(556.067.044)**	**974.306.010**	**144.105.529**	**(130.966.969)**	**73.056.391**	**973.157.167**	**544.799.533**	**1.517.956.700**

The detailed explanations related to equity items and transactions are presented in Note 24.

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 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 1 January- 31 December 2019	Audited 1 January- 31 December 2018
Profit (Loss)		**(157.676.444)**	**(63.962.259)**
Loss from Continuing Operations		(157.676.444)	(63.962.259)
Adjustments for depreciation and amortisation expense	27	370.186.273	290.458.006
Adjustments for / (Reversal of) provisions related with employee benefits	22	4.310.973	3.996.249
Adjustments for losses (gains) on disposal of subsidiaries or joint operations		(36.519.418)	-
Adjustments for / (Reversal of) other provisions		1.260.370	(64.938.633)
Adjustments for undistributed profits of investments accounted for using equity method	19	(29.780.093)	(27.598.541)
Adjustments for interest income		(51.430.224)	(36.303.227)
Adjustments for interest expense		279.636.704	213.583.293
Adjustments for fair value (gains) / losses on derivative financial instruments		(703.887)	-
Adjustments for tax (income) / expenses		23.266.991	(22.195.049)
Adjustments for unrealised foreign exchange losses / (gains)		84.678.898	179.307.102
Adjustments for losses / (gains) on disposal of property, plant and equipment		(8.002.566)	(409.937)
Adjustments for impairment loss / (Reversal of impairment loss) of inventories		15.951.180	-
Adjustments for fair value losses / (gains) of investment property	15	(37.525.000)	-
Other adjustments to reconcile profit (loss)		17.245.548	12.977.853
Adjustments to reconcile profit / (loss) for the period		**474.899.305**	**484.914.857**
Decrease / (increase) in financial sector receivables		(98.692.934)	(51.761.385)
Decrease / (Increase) in other receivables from third parties related with operations		(70.269.026)	(42.348.630)
Adjustments for decrease / (increase) in inventories		8.061.364	5.556.973
Increase / (Decrease) in trade payables to third parties		41.590.081	26.275.058
Increase / (Decrease) in payables to finance sector operations		101.250.629	43.845.403
Decrease / (Increase) in employee benefit liabilities		(679.960)	1.109.400
Increase / (Decrease) in deferred income		13.590.098	70.702.432
Decrease / (Increase) in other assets related with operations		23.922.812	(38.697.702)
Increase / (Decrease) in other liabilities related with operations		87.869.035	(42.604.189)
Interest paid	31	(4.374.654)	(3.919.852)
Interest received		11.846.216	11.691.200
Payments related with provisions for employee benefits	22	(1.423.633)	(1.645.791)
Income taxes refund / (payments)		(47.632.311)	(38.150.031)
Changes in working capital		**539.957.022**	**424.967.743**
Proceeds from sales of property, plant and equipment		15.524.807	1.133.485
Acquisition of property, plant and equipment	16	(168.696.281)	(213.380.798)
Acquisition of intangible assets	18	(8.234.054)	(20.425.645)
Acquisition of other long-term assets		(68.749.679)	(63.177.001)
Other payments from cash advances and payables		(38.106.340)	(19.096.316)
Interest received		21.347.362	18.194.981
Cash outflows from purchase of additional shares of subsidiaries		(115.086.225)	-
Cash Inflows from sale of shares of subsidiaries that doesn't cause loss of control		15.301.535	30.108.722
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures	19	(19.466.500)	-
Cash outflows from acquisition of investment property		-	(1.150.000)
Other cash inflows / (outflows)		119	790.331
Cash flows used in investing activities		**(366.165.256)**	**(267.002.241)**
Cash (outflows) / inflows from acquisition / sale of treasury shares		16.356.229	(74.502.543)
Proceeds from borrowings	9	1.302.787.372	680.127.201
Proceeds from issue of debt instruments	9	185.000.000	195.000.000
Repayment of borrowings	9	(1.139.311.952)	(600.418.025)
Payments of issued debt instruments	9	(134.800.000)	(45.000.000)
Decrease in other payables to related parties		(49.091.809)	31.368.547
Dividends paid		(106.528.976)	(93.856.973)
Interest paid		(253.811.096)	(190.676.438)
Payments of lease liabilities	9	(10.647.736)	-
Other cash inflows / (outflows)		(8.952.088)	(9.562.346)
Cash flows used in financing activities		**(199.000.056)**	**(107.520.577)**
Net increase / (decrease) in cash and cash equivalents before the effects of foreign currency differences		(25.208.290)	50.444.925
Effects of foreign currency differences on cash and cash equivalents		11.269.732	10.058.499
Net increase (decrease) in cash and cash equivalents		(13.938.558)	60.503.424
Cash and cash equivalents at the beginning of the period	7	442.539.616	382.036.192
Cash and cash equivalents at the end of the period	7	428.601.058	442.539.616

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 for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS

Global Yatırım Holding A.Ş. ("the Company", or "Holding") 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 restructure 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 with under 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"), energy generation, natural gas, mining (formerly named as "naturel gas/mining/energy generation") , 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 (parent company), its subsidiaries, its joint ventures and its associates are together referred to as "the Group". As at 31 December 2019, the number of employees of the Group is 1.510 (31 December 2018: 1.437).

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 24.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

The nature of the operations and the locations of the subsidiaries, and equity accounted investees of the Group are listed below:

(a) Subsidiaries

Subsidiaries	Location	Operations
Global Ports Holding B.V. (1)	Netherlands	Port Investments
Global Ports Holding Plc (1)	United Kingdom	Port Investments
Global Ports Europe B.V. ("Global BV") (2)	Netherlands	Port Investments
Global Ports Netherlands B.V.	Netherlands	Port Investments
Global Liman İşletmeleri A.Ş. ("Global Liman")	Turkey	Port Investments
Ege Liman İşletmeleri A.Ş. ("Ege Liman") (2)	Turkey	Port Operations
Bodrum Yolcu Limanı İşletmeleri A.Ş. ("Bodrum Liman") (2)	Turkey	Port Operations
Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Ortadoğu Liman") (2)	Turkey	Port Operations
Port of Adria ("Bar Limanı") (2)	Montenegro	Port Operations
Cruceros Malaga, S.A ("Malaga Cruise Port") (3)	Spain	Port Operations
Global Ports Melita Ltd. ("GP Melita")	Malta	Port Operations
Valetta Cruise Port PLC ("VCP") (4)	Valetta-Malta	Port Operations
Creuers del Port de Barcelona, S.A. ("Barcelona Port") (3)	Spain	Port Operations
Barcelona Port Investments, S.L ("BPI") (3) (2)	Spain	Port Operations
Port Operation Holding S.r.l (5)(2)	Italy	Port Operations
Ravenna Terminali Passeggeri S.r.l. (5)	Italy	Port Operations
Cagliari Terminali Passeggeri S.r.l. (5)	Italy	Port Operations
Catania Terminali Passeggeri S.r.l. (5)	Italy	Port Operations
Zadar International Port Operations ("ZIPO") (14)	Croatia	Port Operations
Travel Shopping Limited	Malta	Tourism Operations
Global Ports Mediterranean S.L. (2)	Spain	Tourism Operations
GPH Antigua Ltd. ("Antigua") (25)	Antigua and Barbuda	Port Operations
Nassau Cruise Port Ltd. ("NCP") (26)	Bahamas	Port Operations
GPH Americas Ltd.	Bahamas	Port Investments
GPH Bahamas Ltd. ("GPH Bahamas")	Bahamas	Port Investments
Global Ports Destination Services Ltd.	United Kingdom	Port Services
Global Depolama A.Ş. (2)	Turkey	Storage
Global Gemicilik ve Nakliyat Hizmetleri A.Ş. ("Global Gemicilik") (22)	Turkey	Maritime Investments
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. ("Consus Enerji") (7)	Turkey	Energy Investments
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş ("Tres Enerji") (7)	Turkey	Energy Generation
Mavi Bayrak Enerji Üretim. A.Ş. ("Mavi Bayrak")	Turkey	Energy Generation
Mavi Bayrak Doğu Enerji Üretim A.Ş. (8)	Turkey	Energy Generation
Doğal Enerji Hizmetleri ve San.Tic. A.Ş. ("Doğal Enerji") (7)	Turkey	Electricity Generation
Global Biyokütle Yatırımları A.Ş.(23)	Turkey	Energy Investments
Consus Energy Europe B.V.	Netherlands	Energy Investments
Glowi Energy Investments Limited	Malavi	Energy Investments
Glozania Energy Investments Limited	Tanzania	Energy Investments
Global Africa Power Investments (9)	Mauritius	Energy Generation
Barsolar D.O.O. (9)	Montenegro	Energy Generation
Evergas Doğalgaz İthalat ve Tic. A.Ş. (10)	Turkey	Natural Gas Sales
Doğaldan Enerji Üretim A.Ş.	Turkey	Energy Generation
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş. ("Ra Güneş") (6) (7)	Turkey	Electricity Generation
Biyotek Enerji Üretim A.Ş. (9)	Turkey	Energy Generation
Naturelgaz Sanayi ve Tic. A.Ş. ("Naturelgaz")	Turkey	Compressed Natural Gas Sales
Naturel Doğal Gaz Yatırımları A.Ş.	Turkey	Gaseous Fuel Trading
Straton Maden Yatırımları ve İşletmeciliği A.Ş. ("Straton")	Turkey	Mining
Tenera Enerji Tic. A.Ş. ("Tenera")	Turkey	Electricity and Natural Gas Trade
Edusa 1 Enerji San. Ve Tic. A.Ş. ("Edusa 1")(9)	Turkey	Energy Generation

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(a) Subsidiaries *(continued)*

Subsidiaries	Location	Operations
KNY Enerji Üretim A.Ş. ("KNY Enerji") (9)	Turkey	Energy Generation
Edusa Atık Bertaraf Geri Kazanım ve Depolama San. ve Tic. A.Ş.(9) ("Edusa Atık")	Turkey	Energy Generation
Dağören Enerji A.Ş. ("Dağören") (7)	Turkey	Electricity Generation
Ardus Gayrimenkul Yatırımları A.Ş. (12)	Turkey	Real Estate Investments
Global Ticari Emlak Yatırımları A.Ş. (13)	Turkey	Real Estate Investments
Pera Gayrimenkul Yatırım Ortaklığı A.Ş. ("Pera")	Turkey	Real Estate Investments
Rıhtım51 Gayrımenkul Yatırımları A.Ş.	Turkey	Real Estate Investments
Global Menkul Değerler A.Ş. ("Global Menkul") (15)	Turkey	Brokerage
Global MD Portföy Yönetimi A.Ş. (16)	Turkey	Portfolio Management
Actus Portföy Yönetimi A.Ş. (17)	Turkey	Portfolio Management
Global Sigorta Aracılık Hizmetleri A.Ş. ("Global Sigorta")	Turkey	Insurance Agency
Ege Global Madencilik San. ve Tic. A.Ş. ("Ege Global")	Turkey	Energy Generation
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş. ("Salıpazarı")	Turkey	Construction Investments
Güney Maden İşletmeleri A.Ş. ("Güney")	Turkey	Mining
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş. ("Neptune")	Turkey	Maritime Investments
Tora Yayıncılık A.Ş. ("Tora")	Turkey	Publishing
Global Enerji Hizmetleri ve İşletmeciliği A.Ş. ("Global Enerji") (11)	Turkey	Electricity Generation
Sem Yayıncılık A.Ş. ("Sem") (18)	Turkey	Publishing
Maya Turizm Ltd. ("Maya Turizm") (19)	Cyprus	Tourism Investments
Galata Enerji Üretim San. ve Tic. A.Ş. ("Galata Enerji") (20)	Turkey	Electricity Generation
Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa") (21)	Turkey	Marine Vehicle Trade
Adonia Shipping Limited	Malta	Ship Management
Vinte Nova	Cayman Islands	Financial Investments
Global Financial Products Ltd. ("GFP")	Cayman Islands	Financial Investments
Vespa Enterprises (Malta) Ltd. ("Vespa")	Malta	Tourism Investments
Aristaeus Limited	Malta	Financial Investments
Sümerpark Gıda İşletmeciliği A.Ş.	Turkey	Food Management
Rainbow Tech Ventures Limited	Malta	Financial Investments
Rainbow Holdings Worldwide Limited	United Kingdom	Financial Investments
Geliş Madencilik Enerji İnşaat Ticaret A.Ş. ("Geliş Madencilik") (24)	Turkey	Mining

(1) 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 which shares is started to be trading on the London Stock Exchange is owned by Global Ports Holding B.V (89,16% ownership and 49.038.000 shares) (a wholly subsidiary of the Global Yatırım Holding) and European Bank for Reconstruction and Development ("EBRD") (10,84% ownership and 5.962.000 shares). Together with the additional shares sale option, 10.967.532 shares have been sold by the Group in IPO and continue to own 60,60% of shares. As a result of share purchase transactions in 2019 as at 31 December 2019 the Company continue to own 60,86% of shares of Global Ports Holding Plc indirectly (31 December 2018: 56,74%).

(2) These companies are consolidated to Global Liman.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(a) Subsidiaries *(continued)*

(3) Global Liman acquired 43% of shares Creuers del Port de Barcelona S.A ("Barcelona Port") 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.

(4) The Group has acquired 55,60% of shares of VCP on 15 November 2015 and has started to include in the scope of consolidation as of 31 December 2015. VCP was set up to develop the Valletta Waterfront, situated on the Grand Harbour, Malta, for the purpose of the operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. VCP is also responsible for the handling of international cruise and ferry passengers and was granted a license by the Malta Maritime Authority. The concession will end in 2067.

(5) 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.

(6) This company was established in 27 November 2012 and consolidated to Consus Enerji.

(7) Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. was established on 28 August 2014. Consus Enerji has acquired 95,83% 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 at reporting date.

(8) Mavi Bayrak Doğu Enerji Üretim A.Ş. was established 9 April 2015 to operate in energy generation sector.

(9) These companies were established for the purpose of the Group's energy investment.

(10) 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.

(11) As a result of the negotiations between the parties regarding the lawsuit filed against the former shareholders of Geliş Madencilik Enerji İnşaat A.Ş., a negotiation protocal has been signed and the shares owned by Global Enerji has been transferred to the former shareholders. As at 30 June 2019, Geliş Madencilik has been excluded from the scope of consolidation.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(a) Subsidiaries *(continued)*

(12) This company has been established on 30 December 2016 through a partial division to coordinate real estate projects under one entity.

(13) This company was established on 20 August 2014 to operate in real estate investment sector.

(14) Zadar International Port Operations ("ZIPO") a subsidiary of the Global Liman with 100% shareholding rate, was established in Zadar (Croatia) for attending to tender for concession of Gazenica cruise port operation rights. ZIPO has signed a 20-year concession agreement ("the Agreement"), with the Port Authority of Zadar for the operating rights of the Gazenica cruise port in Zadar, Croatia. The concession includes cruise ship passenger port and terminal services, an international ferry terminal, Ro-Ro services, vehicles and passenger services. It also contains a commercial area of 2.400sqm, with leasable retail and office space.

(15) The Group's effective ownership rate in this company decreased to 76,85% as at 31 December 2011 as a result of the sale of its shares in 2011 through an initial public offering and direct sale and subsequent purchase of some of its publicly traded shares. As at 31 December 2019, the Group's effective ownership rate in this company is 75% (31 December 2018: 77,43%).

(16) 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.

(17) The company has acquired 90,1% of shares of Actus Portföy Yönetimi A.Ş. (formerly named was Polsan Portföy Yönetimi A.Ş.), which operates in the finance sector, on 17 April 2015. As at 31 December 2019, the Group's effective ownership rate in this company is 80% (31 December 2018: 90,1%).

(18) This company is consolidated to Tora.

(19) This company is a joint venture of Pera and Vespa and consolidated to the Group.

(20) This company is consolidated to Global Enerji. In 2014, Galata Enerji cancelled Thermal Power Plant Project and license was rendered.

(21) 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 2019 and 31 December 2018 it is excluded from the scope of consolidation (Note 2.1.f).

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(a) Subsidiaries *(continued)*

(22) This company was established in 13 May 2014. As at 31 December 2019 and 31 December 2018, it is excluded from the scope of consolidation since its financial statements are not significant in the consolidated financial statements (Note 2.1.f).

(23) This company was established in 14 June 2018 and operates in energy investments sector of the Group.

(24) The shares of this company has been transferred and excluded from the scope of consolidation. Detailed information about this is explained in Note 20.2 (viii).

(25) GPH Antigua was established in Antigua and Barbuda for signing the concession agreement of St John's cruise terminal port operation rights. GPH Antigua has signed a 25-year concession agreement ("the Agreement"), with the Government of Antigua and Barbuda for the operating rights of the St John's cruise terminal in Antigua. Under the terms of the Agreement, GPH will from 23 October 2019, use its global expertise and operating model to manage all the cruise port operations at St John's cruise terminal over the life of the concession. The concession includes cruise ship passenger port and terminal services, as well as an enhancement investment in the Terminal area, to modernize the terminal. After completion of CAPEX, terminal will have 2.400sqm, with leasable retail spaces.

(26) NCP was established in Nassau (Bahamas) for signing of Port Operation and Lease Agreement ("POLA") with respect to the Nassau Cruise Port at Prince George wharf. GPH Bahamas, a wholly owned subsidiary of GPH plc, owns a 49% equity interest in NCP, Bahamian Investment Fund "BIF" (a Company established by Bahamian authorities for arrangement of financing of the project) holds 49% shares, and YES foundation (a charitable fund dedicated to empowering generations of Bahamians by supporting local youth, education, and sports-related programs) holds remaining 2% shares of NCP. NCP has signed a 25-year agreement ("the Agreement") from the end of construction completion, with the Government of Bahamas ("GoB") for the operating rights of the Prince George wharf in Nassau, Bahamas, starting from 11 November 2019. Under the terms of the Agreement, NCP has an obligation to perform capital investments which include Cruise Terminal for an iconic design respecting and reflecting the richness and uniqueness of the traditional Bahamian culture. The concession includes cruise ship passenger port and terminal services. It will also contain a commercial area, after completion of CAPEX, with leasable retail and office space.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(b) Equity Accounted Investees *(continued)*

Investments in associates	Location	Operations
IEG Global Kurumsal Finansman Danışmanlık A.Ş. ("IEG") (1)	Turkey	Corporate Finance 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
Goulette Cruise Holding Ltd. (UK) ("Goulette") (7)	United Kingdom	Port Investments
Pelican Peak Investment Inc	Canada	Entertainment investments
1121438 B.C. LTD	Canada	Entertainment investments

(1) This company has been established on 17 May 2011 with a 50% - 50% shareholding structure by Global Menkul, a subsidiary of the Group, and IEG (Deutschland) GmbH, as a prominent company in corporate finance sector in Europe.

(2) The Group has entered into the concession agreement of Lisbon Cruise Terminals within the framework of a public-service concession on 18 July 2014 as a part of the consortium comprised of Global Liman, RCCL, Creuers and Group Sousa – Investimentos SGPS, LDA.

Within 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.

(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. After the date of acquisition, Singapore Cruise Port has been started to be consolidated by equity accounting method.

Global Yatırım Holding A.Ş. And its Subsidiaries
Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS *(continued)*

(b) Equity Accounted Investees *(continued)*

(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 19 July 2016, the international consortium, which is a member of Global Ports Operations, has become to own indirectly 44,48% of VTP with Finpax shares previously acquired.

(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 method. As at 31 December 2019, the shareholding rate is 30% through participation in capital increase in 2019 (31 December 2018: 15%).

(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.

(7) Goulette Cruise Holding is a joint venture established 50%-50% between the Company and MSC Cruises S.A. ("MSC"), to acquire La Goulette Shipping Cruise, which operates the cruise terminal in La Goulette, Tunisia. The Company made a share capital contribution for its 50% shareholding amounting to EURO 55.000 and issued a loan of USD 6 million in December 2019 to fund the acquisition of La Goulette Shipping Cruise proportionately to its share. The joint venture acquired the shares in La Goulette Shipping Cruise on 26 December 2019.

All companies have the same fiscal year with the Parent, January 1 - December 31, except Singapore Cruise Port, which has a fiscal year starting on April 1, to March 31 next year.

Global Yatırım Holding A.Ş. And its Subsidiaries
Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of Compliance to Turkish Financial Reporting Standards ("TFRS")

The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. TFRS's contain Turkish Accounting Standards ("TAS"), Turkey Financial Reporting Standards, TAS interpretations, and TFRS interpretations published by POA.

The consolidated financial statements of the Group are presented in compliance with "Announcement on Financial Statements and Disclosure Formats" announced by CMB and TAS taxonomy announced by POA.

Approval of consolidated financial statements:

The accompanying consolidated financial statements are approved by the Company's Board of Directors on 10 March 2020. General Assembly and related legal institutions have the right to correct these consolidated financial statements.

Additional paragraph for convenience translation to English:

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosures requirement of the POA.

(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 based on historical cost except for financial instruments, investment property and derivatives that are measured at fair value.

The methods used for measuring fair value are disclosed in Note 2.3.

(d) Functional and Presentation Currency

Items included in the financial statements of the entities within the Group structure are presented in the functional currencies in their primary economic environments in which those companies operates.

The presentation and functional currency of the Company is Turkish Lira ("TL").

US Dollar is significantly used in the operations of the subsidiaries GFP, Vespa, Doğal Enerji, Mavi Bayrak Enerji, Barsolar, Biyotek, Edusa Atık, RA Güneş, KNY Enerji, Doğaldan, Mavi Bayrak Doğu, Ege Liman, Bodrum Liman, Global Ports Holding Plc, Ortadoğu Liman, GPH Antigua, GPH Americas, GPH Bahamas, NCP 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.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(d) Functional and Presentation Currency *(continued)*

EURO is significantly used in the operations of the subsidiaries; Bar Limanı, Adonia Shipping, 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, ZIPO, Malaga Limanı, Global Ports Mediterranean. 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.

Change in Foreign Functional Currency

The subsidiaries of the Group, Bodrum Liman and Ege Liman, their functional currency had been decided as USD based due to changes in their operation structure and economic environment starting from the year of 2019.

According to an amendment to the Decree No. 32 on the Protection of Value of Turkish Currency numbered 85" published on the Official Gazette numbered 30534 and dated September 13, 2018, Store rental income which is major revenue component of Global Ticari Emlak has been converted to TL from USD. Therefore, as an indicator of the main economic environment, generating cash in TL, it has been determined as the functional currency of Global Ticari Emlak starting from 1 January 2019.

The Company and its subsidiaries registered in Turkey maintains their accounting records and prepare their statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance.

(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.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation

As at 31 December 2019 and 2018, 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 recognized 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 recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized 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.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(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 for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(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 2019 and 2018 for all subsidiaries directly or indirectly controlled by the Group:

	Effective ownership rates		Voting power held	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Global Liman İşletmeleri A.Ş.	60,86	56,74	60,86	56,74
Ege Liman İşletmeleri A.Ş.	44,12	41,14	44,12	41,14
Bodrum Yolcu Limanı İşletmeleri A.Ş.	36,52	34,04	36,52	34,04
Ortadoğu Antalya Liman İşletmeleri A.Ş.	60,85	56,74	60,85	56,74
Port of Adria	38,45	36,19	38,45	36,19
Cruceros Malaga, S.A. ("Port of Malaga")	30,19	28,14	30,19	28,14
Global Ports Holding B.V.	100,00	100,00	100,00	100,00
Global Ports Holding Plc	60,86	56,74	60,86	56,74
Global Ports Europe B.V ("Global BV")	60,86	56,74	60,86	56,74
Global Ports Melita Ltd.	60,85	56,74	60,85	56,74
Perquisite Holdings Ltd. ("Perquisite")	-	56,74	-	56,74
Valetta Cruise Port PLC ("VCP")	33,84	31,55	33,84	31,55
Creuers del Port de Barcelona, S.A. ("Creuers")	37,73	35,18	37,73	35,18
Barcelona Port Investments, S.L ("BPI")	37,73	35,18	37,73	35,18
Port Operation Holding S.r.l	60,86	56,74	60,86	56,74
Ravenna Terminal Passeggeri S.r.l.	32,68	30,45	32,68	30,45
Cagliari Cruise Port S.r.l.	43,15	40,22	43,15	40,22
Catania Terminali Passeggeri S.r.l.	37,85	35,30	37,85	35,30
Global Ports Netherlands B.V.	60,86	56,74	60,86	56,74
Zadar International Ports Operations d.o.o.	60,86	56,74	60,86	56,74
Travel Shopping Limited	30,45	28,39	30,45	28,39
Global Depolama A.Ş.	60,85	56,74	60,85	56,74
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş.	95,83	95,83	95,83	95,83
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
Global Biyokütle Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Consus Energy Europe BV	100,00	100,00	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	100,00	100,00
Glowi Energy Investments Limited	100,00	100,00	100,00	100,00
Glozania Energy Investments Limited	100,00	100,00	100,00	100,00
Barsolar D.O.O.	51,00	51,00	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	100,00	100,00
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Biyotek Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Naturelgaz Sanayi ve Tic. A.Ş.	95,50	95,86	95,50	95,86
Naturel Doğal Gaz Yatırımları A.Ş.	100,00	-	100,00	-
Straton Maden Yatırımları ve İşletmeciliği A.Ş.	97,69	97,69	97,69	97,69
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	100,00	100,00
KNY Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Edusa Atık Bertaraf Geri Kazanım ve Depolama San. ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Geliş Madencilik Enerji İnşaat Ticaret A.Ş.	-	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.	22,45	39,56	22,45	39,56
Rıhtım51 Gayrimenkul Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Global Menkul Değerler A.Ş.	75,00	77,43	75,00	77,43
Global MD Portföy Yönetimi A.Ş.	75,00	77,43	75,00	77,43
Actus Portföy Yönetimi A.Ş.	80,00	90,10	80,00	90,10
Global Sigorta Aracılık Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Ege Global Madencilik San. ve Tic. A.Ş.	100,00	84,99	100,00	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.	61,23	69,78	61,23	69,78
Galata Enerji Üretim San. ve Tic. A.Ş.	100,00	85,00	100,00	85,00
Randa Denizcilik San. ve Tic. Ltd. Şti.	60,85	56,74	60,85	56,74
Adonia Shipping Limited	99,93	56,74	99,93	56,74
Global Gemicilik ve Nakliyat Hizmetleri A.Ş.	59,64	98,00	59,64	98,00
Global Ports Mediterranean S.L.	60,86	-	60,86	-
GPH Antigua Ltd.	60,86	-	60,86	-
Nassau Cruise Port Ltd.	29,82	-	29,82	-
GPH Americas Ltd.	60,86	-	60,86	-
GPH Bahamas Ltd.	60,86	-	60,86	-
Global Ports Destination Services Ltd (UK)	60,86	-	60,86	-
Vinte Nova	99,93	99,93	99,93	99,93
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
Rainbow Tech Ventutres Limited	100,00	100,00	100,00	100,00

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(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(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 recognized as at the beginning of the period in which the transaction accrued. Comparative periods are restated for that purpose. Acquired assets and liabilities are recognized 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 recognized in equity.

(v) Transactions with non-controlling interest

The Group treats transactions with non-controlling 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 under retained earnings.

Global Yatırım Holding A.Ş. And its Subsidiaries

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(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(f) Basis of Consolidation *(continued)*

(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.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2019 and 2018 for the associates:

	Effective ownership rates		Voting power held	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Lisbon Cruise Terminals ("Port of Lisbon")	28,12	26,21	28,12	26,21
Singapur Limanı ("Port of Singapore")	15,22	14,07	15,22	14,07
Venezia Investimenti SRL	15,22	14,19	15,22	14,19
La Spezia Cruise Facility S.c.a.r.l	17,35	16,17	17,35	16,17
Axel Corporation Grupo Hotelero, S.L. (*)	30,00	15,00	30,00	15,00
IEG Kurumsal Finansman Danışmanlık A.Ş. (IEG)	37,50	38,72	37,50	38,72
Goulette Cruise Holding Ltd. (UK) ("Goulette") (Note 1)	30,43	-	50,00	-
Pelican Peak Investment Inc	3,96	-	3,96	-
1121438 B.C. LTD	4,75	-	4,75	-

(*) Although as at 31 December 2018 the effective ownership ratio of Axel Corporation Grupo Hotelero, S.L. is 15%, it is considered that the Group has a significant influence on the strategic, financial and operating policies established by the agreement under common control and is accounted for using the equity accounting method.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1 Basis of Preparation *(continued)*

(f) Basis of Consolidation *(continued)*

(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 showed as equity investments at fair value through fair value through other comprehensive income at consolidated financial statements.

As at 31 December 2019 Naturel Doğal Gaz Yatırımları A.Ş. in which the Group has effective ownership interest of 100%, GPH Americas Ltd., GPH Bahamas Ltd., Global Ports Destination Services Ltd. in which the Group has effective ownership interest of 60,86%, Goulette Cruise Holding Ltd. in which the Group has effective ownership interest of 30,43%, Randa in which the Group has effective ownership interest of 60,04% (31 December 2018: 56,74%), , Consus Energy BV with an effective ownership interest of 100% (31 December 2018: 100%) and Glowi Energy Investments Ltd., Glozania Energy Investments Ltd., Global Africa Power Investments and Rainbow Holdings Worldwide Limited with an effective ownership interest of 100% which are immaterial to the consolidated financial statements are disclosed as equity investments at fair value through other comprehensive income. Equity investments at fair value through fair value through other comprehensive income are initially measured at fair value plus transaction costs that are directly attributable to its acquisition. These assets are subsequently measured at fair value.

(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 current or non-current (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is more than TL) cannot 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.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies

Comparative information and adjustment of previous year financial statements

The Group's financial statements are prepared in comparison with the previous period to enable clarification of changes in financial position and performance. The comparable information is reclassified and material differences are explained when required to provide conformity with current year's financial information. Reclassifications made on the statement of financial position are as follows:

Deposits and advances given amounting to TL 4.047.001 presented under "Other receivables from third parties" as at 31 December 2018 are reclassified to "Receivables from operations in finance sector from third parties".

Reclassifications does not have an effect on consolidated statement of profit or loss for the year ended 31 December 2018.

Accounting policies have been applied consistently by the Group to all periods presented in these consolidated financial statements.Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior periods' financial statements are restated.

In the preparation of consolidated financial statements for the year ended 31 December 2019, there has been no change in the accounting policies except for the first application of TFRS 16.

The Group initially applied TFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied TFRS 16 using the modified retrospective approach resulting in the recognition of the right of use and the lease liability to an equal amount by using all practical expedients during the first transition. Accordingly, the comparative information presented for 2018 is not restated, it is presented, as previously reported, under TAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

2.2.1 TFRS 16 Leases

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under TFRS Interpretation 4 "*Determining Whether an Arrangement contains a Lease*". Under TFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to TFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and TFRS Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under TFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

On transition to TFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and TFRS Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under TFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

As a lessee

The Group has lease contracts for various items of concession agreements, buildings, production equipment and information technology ("IT") equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under TFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-consolidated balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for machine and IT equipment leases for which the lease term ends within 12 months of the date of initial application. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.1 TFRS 16 Leases *(continued)*

As a lessee *(continued)*

The Group has presented the right-of-use assets in a separate line in the consolidated statement of financial position as "right of use assets".

The carrying amounts of right-of-use assets as of 1 January 2019 and 31 December 2019 are as below:

	Right-of-use assets related to concession agreements	Other	Total
Balance at 1 January 2019	317.374.303	19.347.750	336.722.053
Balance at 31 December 2019	491.093.892	11.369.003	502.462.895

The Group presents lease liabilities in "current and non-current financial liabilities" in the consolidated statement of financial position.

	Lease liabilities related to concession agreements	Other	Total
Balance at 1 January 2019	317.374.303	19.347.750	336.722.053
Balance at 31 December 2019	380.826.599	12.156.422	392.983.021

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

2.2.1 TFRS 16 Leases *(continued)*

As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The Group's accounting policies as a lessor is not any different than TAS 17. However, when the Group is asub-lessor, the sub-lease amount is classified according to the underlying assets.

The Group is not required to make any adjustments on transition to TFRS 16 for leases in which it acts as a lessor. The Group has applied TFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

2.2.1 TFRS 16 Leases *(continued)*

Impacts on the consolidated financial statements

i) Impact on transition

On transition to TFRS 16, the Group recognised additional right-of-use assets, including additional lease liabilities. The impact on transition is summarised below.

	1 January 2019
Right-of-use asset	336.722.053
Lease liabilities	336.722.053

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 17,33% for lease contracts in Turkish Lira, 4% for lease contracts in USD and 4,67% for lease contracts in Euros. The weighted average rates applied are calculated by taking into consideration the relevant company and the country in which the lease was made.

	1 January 2019
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	836.991.801
Discounted using the incremental borrowing rate at 1 January 2019	336.722.053
Finance lease liabilities recognised as at 31 December 2018	10.022.014
Lease liabilities recognised at 1 January 2019	346.744.067

	1 January 2019
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	836.991.801
Discounted using the incremental borrowing rate at 1 January 2019	336.929.960
Finance lease liabilities recognised as at 31 December 2018	10.022.014
– Recognition exemption for leases with less than 12 months of lease term at transition	207.907
Lease liabilities recognised at 1 January 2019	346.744.067

ii) Current year impact

As a result of initially applying TFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised TL 502.462.895 of right of use assets and TL 392.983.021 of lease liabilities as at 31 December 2019.

Also in relation to those leases under TFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the twelve month ended 31 December 2019, the Group recognised TL 21.756.535 of depreciation charges and TL 14.976.113 of financial expense from these leases.

Global Yatırım Holding A.Ş. And its Subsidiaries
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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2019

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

The revised Conceptual Framework

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRSs. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2019 *(continued)*

Standards issued but not yet effective and not early adopted *(continued)*

Amendments to TAS 1 and TAS 8 - Definition of Material

In June 2019 POA issued Definition of Material (Amendments to TAS 1 and TAS 8). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in TFRS Standards. The amended "definition of material "was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 1 and TAS 8.

Amendments to TFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. In May 2019, POA has also published the Definition of Business (Amendments to TFRS 3). With this amendments confirmed that a business shall include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs. It narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a concentration test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TFRS 3.

Global Yatırım Holding A.Ş. And its Subsidiaries

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2 Changes in Accounting Policies *(continued)*

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2019 *(continued)*

Standards issued but not yet effective and not early adopted *(continued)*

Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

Interest Rate Benchmark Reform, which amended TFRS 9, TAS 39 and TFRS 7 issued in September 2019 by IASB and thereon POA issued on 14 December 2019 added Section 6.8 and amended paragraph 7.2.26 of TFRS 9. About this issue, IASB identified two groups of accounting issues that could affect financial reporting. These are:

• pre-replacement issues—issues affecting financial reporting in the period before the reform; and

• replacement issues—issues that might affect financial reporting when an existing interest rate benchmark is either reformed or replaced.

IASB considered the pre-replacement issues to be more urgent and decided to address the following hedge accounting requirements as a priority in the first phase of the project:
(a) The highly probable requirement;
(b) Prospective assessments;
(c) TAS 39 retrospective assessment; and
(d) Separately identifiable risk components.

All other hedge accounting requirements remain unchanged. The Group will apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies

(a) Revenues

General model for accounting of revenue

In accordance with TFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

Step 1: Identify the contract with a customer

A contract with a customer is in the scope of TFRS 15 when the contract is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

Step 2: Identify the performance obligations in the contract

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a:

(a) good or service (or a bundle of goods or services) that is distinct; or

(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Group may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(a) **Revenues** *(continued)*

Step 3: Determine the transaction price

When determining the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. As a practical expedient, the Group is not required to adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. The Group assessed that for contracts with an overall duration greater than one year, the practical expedient applies if the period between performance and payment for that performance is one year or less.

Variable consideration

An entity assesses whether discounts, rebates, refunds, rights of return, credits, price concessions, incentives, performance bonuses, penalties, or similar items may result in variable consideration.

Step 4: Allocate the transaction price to the performance obligations in the contract

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation

The Group recognizes revenue over time when one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced

- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(a) **Revenues** *(continued)*

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

If a performance obligation is not fulfilled in time, then the Company recognizes revenue when the control of goods or services is transferred to the customer.

In cases where the costs to be incurred by the Company to fulfill the contractual obligations exceeds the expected economic benefit, the Company provides a provision in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

The Company recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The details of significant accounting policies and revenue recognition methods of the Group's various goods and services are explained as below.

(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.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(a) **Revenues** *(continued)*

(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 also obtains tube rental revenues in addition to compressed natural gas sales. Tube rental income is recognized in profit or loss on a straight-line basis over the lease term. Discount on sales are recognized as a reduction in gross sales.

(v) Port administration revenues and port rent income

Container revenues

Container cargo revenues relate to services provided for container cargo handling including sea and land services. Revenue is recognized at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Port Akdeniz are mainly made in advance, in some cases payment terms are up to 30 days.

Port service revenues

Port service revenues relate to services provided to ships and motorboats (pilotage, towage, tugboat rents, etc.). Revenue is recognized at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are made in advance, in European ports increased up to 45 days.

Cargo revenues

Cargo revenues relate to services provided for general and bulk cargo handling including sea and land services. Revenue is recognized at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are mainly made in advance, in other cases payment terms are up to 30 days.

Landing fees

Landing fees relate to services provided to cruise ships including passenger landing, luggage handling, security fees, etc. Revenue is recognized at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are made in advance, in European ports increased up to 45 days.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES ***(continued)***

2.3 Summary of significant accounting policies *(continued)*

(a) **Revenues** *(continued)*

(v) Port administration revenues and port rent income (continued)

Rental income

Rental income is generated from the leasing of marina and shopping centers. Revenue is recognized over time as the services are provided. Revenue is recognized on a straight-line basis over the term of the lease. Invoices are issued on a monthly basis and are usually payable within 30 days. Guarantees are taken up to 6 months' rent.

Income from duty free operations

Income from duty free operations is recognized in profit or loss at the point of sale. Invoices are issued when the products are sold and are paid in cash or by credit card.

(vi) Electricity sales

The Group sells electricity as a result of electricity generation from renewable energy sources and since electricity is not a storable stock sales and costs is realized simultaneously.

(vii) 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.

(viii) 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.

(ix) Other revenues

Other service revenues and other sales are transferred to the consolidated statement of profit or loss and comprehensive income on accrual basis.

Revenues from the sale of real estates and the expenses related to the investment properties are recognized in the consolidated statement of profit or loss and other comprehensive income as part of the real estate lease and service income.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(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.

(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.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(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.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(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 labor;
- 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
- Capitalized borrowing costs.

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 capitalized 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 recognized 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.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(e) Property, Plant and Equipment *(continued)*

(ii) Subsequent costs

Subsequent expenditure is capitalized 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 recognized 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:

Buildings	2%-5%
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, 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 AND ACCOUNTING POLICIES *(continued)*

2.3 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) Service concession arrangements

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided.

Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing costs, less accumulated amortization and accumulated impairment losses.

Port operation rights arising from a service concession arrangement are recognized in line with TFRS Interpretation 12 'Service Concession Arrangements' when there is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets, and the private operator charges users for a public service, and when specific conditions are met.

The conditions include where the grantor (government or port authorities) controls or regulates what services the Group can provide with the infrastructure, to whom it must provide them to and at what price.

The grantor also has to control any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. These assets are amortized based on the lower of their useful lives or concession period.

Amortization is recorded in "depreciation and amortization" account under cost of sales.

Concession arrangements at Creuers, Cruceros, NCP, Ravenna and Catania were assessed as being within the scope of TFRS Interpretation 12.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(f) Intangible Assets *(continued)*

(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%-25%
Customer relationship	8,33%
Rights	2,22%-33,33%
Software	10%-33,33%
Natural gas selling and transmission license (**)	3,33%
Royalty license (***)	10%

(*) Port operation rights will expire by 2028 for Ortadoğu Liman, by 2033 for Ege Liman, by 2067 for Bodrum Liman, by 2038 for ZIPO, by 2043 for Port of Bar, by 2030 for Barcelona Port, by 2067 for Malta Port, by 2038 for Malaga Port, by 2020 for Ravenna Port, by 2026 for Catania Port, by 2025 for Cagliari Port, by 2044 for Nassau Port and by 2044 for Antigua Port

(**) The licenses of Naturelgaz include the compressed natural gas (CNG) sales licenses in İzmir, Bursa, Bursa-2, Adapazarı, Antalya, Konya, Afyon, Bolu, Osmaniye, Kayseri, Rize, Düzce, Elazığ, İstanbul, Kırıkkale 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, Bolu in 2012, in Afyon, Düzce, 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.

(***) Royalty license will expire by 2023 for Straton Maden.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 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 tests impairment losses more frequently than the usual conditions.

(h) Financial Instruments

i) Recognition and measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of signifiant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

ii) Classification and subsequent measurement *(continued)*

Financial assets- Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

ii) Classification and subsequent measurement *(continued)*

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest *(continued)*

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

ii) Classification and subsequent measurement *(continued)*

Financial assets – Subsequent measurement and gains and losses

The following accounting policies apply to subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, see (v) Derivative financial instruments and hedge accounting".
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. See "(iv) Derivative financial instruments and hedge accounting" for financial liabilities designated as hedging instruments.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

iii) Derecognition

<u>*Financial assets*</u>

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

<u>*Financial liabilities*</u>

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

v) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

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 host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates. The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

v) Derivative financial instruments and hedge accounting *(continued)*

Cash flow hedges *(continued)*

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Under the interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held.

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

As of 31 December 2019 and 2018, all interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

v) Derivative financial instruments and hedge accounting *(continued)*

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognized in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognized immediately in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

vi) Impairment of financial assets

a. Non-derivative financial assets

<u>Financial instruments and contract assets</u>

The Group recognizes loss allowances for the expected credit losses of the following items under TFRS 9:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI

The Group measures loss allowances at an amount equal to lifetime expected credit losses ("ECL"), except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90-120 days past due.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

vi) Impairment of financial assets *(continued)*

a. Non-derivative financial assets *(continued)*

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its obligations arising from lease contracts to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due.
- the borrower is unlikely to pay its obligations arising from natural gas sales and electricity sales to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 360 days past due.
- the borrower is unlikely to pay its obligations arising from other business activities to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 150-180 days past due.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime expected credit losses are that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risks.

<u>*Measurement of expected credit losses:*</u>

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

Expected credit losses are discounted at the effective interest rate of the financial asset.

For trade receivables, other receivables, other assets and contract assets the Company applies the simplified approach to providing for expected credit losses (TFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The Group performed the calculation of expected credit losses rates separately for receivables arising from different business lines. The expected credit losses were calculated based on actual credit loss experience over the past years.

Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

vi) Impairment of financial assets *(continued)*

a. Non-derivative financial assets *(continued)*

Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables is estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

vi) Impairment of financial assets *(continued)*

a. Non-derivative financial assets *(continued)*

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

For individual customers, the Group has a policy of written off the gross carrying amount when the financial assets is between 180 – 360 days past due based on historical experiences of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(h) Financial Instruments *(continued)*

vi) Impairment of financial assets *(continued)*

b.Non-financial assets - Impairment

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets were impaired includes that observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. 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 considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

For available-for-sale equity instruments, any impairment loss recognized in income statement in prior periods could not be reversed in income statement. The fair value gain arising from impairment loss is accounted for in other comprehensive income and is classified under the heading of revaluation provision related to investments. Impairment loss on available-for-sale debt securities is reversed in income statement in subsequent periods if the increase in the fair value of the investment is attributable to an event occurring after the impairment loss is recognized.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(ı) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized 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 recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(i) 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 22 as at 31 December 2019 and 2018. 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 22.

(j) TFRS 2 – Share-based payment arrangements

On 1 January 2019, the Group established share option program that entitles key management personnel to receive shares in the Company based on the performance of the Company during the vesting period.

Under this program, holders of vested option are entitled to receive shares of the Company at the grant date. Currently, this program is limited to key management personnel and other senior employees.

The option will be settled by physical delivery of shares.

On 1 January 2019, the Group granted 204,000 Restricted Stock Units ("RSUs") to employees that entitle them to a share issued after three years of service. The RSUs will be granted at the end of three-year vesting period and issued after two year holding period.

Shares issued under the long term incentive plan are subject to a dilution limit of up to 3% over 10 years, which will be monitored by the Committee.

Upon vesting of an RSU, Employees must pay the par value in respect of each share that vests. Employees are also responsible to declare and pay the tax related to gains from RSUs to the authorities.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(k) 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 recognized 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 recognized as "Currency Translation Differences" under the equity.

As at 31 December 2019 and 2018, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2019	31 December 2018
US Dollar / TL	5,9402	5,2609
Euro / TL	6,6506	6,0280

The average foreign currency buying exchange rates of the CBRT in 2019 and 2018 comprised the following:

	2019	2018
US Dollar / TL	5,6708	4,8134
Euro / TL	6,3477	5,6627

(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 recognized 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.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(l) 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.

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.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(m) 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.

(n) 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.

(o) 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.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(p) Leases

The Group has applied TFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under TAS 17 and TFRS Interpretation 4. The details of accounting policies under TAS 17 and TFRS Interpretation 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Group has applied TFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. In addition to the current period, the Group disclosed its accounting policies within the scope of TAS 17 (for the comparative period presented) in order to understand the comparative information and changes in important accounting policies.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(p) Leases

Policy applicable from 1 January 2019 *(continued)*

(i) As a lessee (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right- of-use asset has been reduced to zero.

The Group has recognized right-of-use assests separetely which are not classified as investment property in its consolidated financial statement. Right-of-use asssets which are defined as investment propery presented in the "investment property". The Group presented lease liabilities in the "financial borrowings".

Short-term leases and low-value leases

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and leases that are less than 12 months . The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(p) Leases

Policy applicable from 1 January 2019 *(continued)*

(i) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating leasee.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub- lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short- term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies TFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in TFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from TFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Global Yatırım Holding A.Ş. And its Subsidiaries

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(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(p) Leases

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

– fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

– the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(r) 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.

(s) 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.

(t) 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;

(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);

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(t) Related Parties *(continued)*

(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.

(u) 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 TFRS purposes as mentioned in Note 2.1 and 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.

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 realized.

Global Yatırım Holding A.Ş. And its Subsidiaries

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(Currency: Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

(v) 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.

(y) 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 current 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.

(z) Dividends

Dividend receivables are recorded as income in the period of declaration. Dividend payments are recognized in consolidated financial statements when a distribution of profit decided by General Assembly.

(aa) Finance income and finance expense

Finance income comprises interest income on funds invested, foreign currency gains on financial assets and liabilities (except for trade receivables and payables) and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, foreign currency losses on financial assets and liabilities (except for trade receivables and payables) and losses on derivatives that are recognised in profit or loss. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognised in profit or loss using the effective interest method. Borrowing costs directly related to the fixed assets under construction are included in the cost of the related asset.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.4 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 estimates.

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 2018.

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 5 Segment reporting
- Note 15 Investment properties
- Note 17 Right of use assets

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

- Note 2.3 (d,e,f) Useful lives of property, plant and equipment and intangible assets and concession intangible assets
- 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 18 Impairment of goodwill
- Note 20 Provisions, contingent assets and liabilities
- Note 22 Assumptions for provision of employment termination benefit
- Note 31 Tax assets and liabilities

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. Significant accounting errors are applied retrospectively and prior period financial statements are restated.

Except for the changes explained below, the accounting judgements, estimates and assumptions used in preparing the accompanying consolidated financial statements, are consistent with the accounting judgements, estimates and assumptions used in preparing the consolidated financial statements as at 31 December 2018.

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

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3 BUSINESS COMBINATIONS

The Group has no acquisition for the year ended 31 December 2019 and the year ended 31 December 2018.

4 INVESTMENT IN OTHER ENTITIES

Details of the Group's subsidiaries where the non-controlling interests are significant and summary financial information before consolidation adjustments are as follows:

Subsidiary	*Non-controlling interests*	*Profit/(loss) attributable to non-controlling interests*	*Accumulated non-controlling interests*	*Dividend paid to non-controlling interests*
Global Ports Holding Plc				
31 December 2019	39,14%	(23.857.466)	512.810.951	100.875.118
31 December 2018	43,26%	32.483.654	762.715.728	93.856.973
Pera Gayrimenkul Yatırım Ortaklığı Anonim Şirketi				
31 December 2019	77,55%	(4.878.687)	26.906.560	-
31 December 2018	60,44%	(5.237.509)	31.785.247	-

Consolidated financial information of Global Ports Holding Plc, before consolidation adjustments and eliminations is as follows:

Global Ports Holding Plc **Condensed Consolidated Statement of Financial Position**	**31 December 2019**	**31 December 2018**
Current assets	1.092.541.963	563.341.345
Non-current assets	3.629.197.325	3.056.083.990
Total assets	**4.721.739.288**	**3.619.425.335**
Current liabilities	562.258.292	357.541.475
Non-current liabilities	3.237.197.504	2.221.437.273
Total liabilities	**3.799.455.796**	**2.578.978.748**
Total equity	**922.283.492**	**1.040.446.587**
Total equity and liabilities	**4.721.739.288**	**3.619.425.335**

Global Ports Holding Plc **Condensed Consolidated Statement of Profit or Loss**	**2019**	**2018**
Revenue	668.498.598	570.130.453
Operating profit	86.810.571	163.970.751
Net profit / (loss) for the period	(86.301.472)	32.594.384

Global Yatırım Holding A.Ş. And its Subsidiaries

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

4 INVESTMENT IN OTHER ENTITIES *(continued)*

Consolidated financial information of Pera Gayrimenkul Yatırım Ortaklığı A.Ş., before consolidation adjustments and eliminations is as follows:

Pera Gayrimenkul Yatırım Ortaklığı A.Ş. Condensed Consolidated Statement of Financial Position	**31 December 2019**	**31 December 2018**
Current assets	17.616.584	24.425.230
Non-current assets	110.392.714	110.782.750
Total assets	**128.009.298**	**135.207.980**
Current liabilities	42.335.289	11.119.514
Non-current liabilities	3.704.588	33.897.608
Total liabilities	**46.039.877**	**45.017.122**
Total equity	**81.969.421**	**90.190.858**
Total equity and liabilities	**128.009.298**	**135.207.980**

Pera Gayrimenkul Yatırım Ortaklığı A.Ş. Condensed Consolidated Statement of Profit or Loss	**2019**	**2018**
Revenue	9.901.237	28.965.028
Operating profit	2.163.322	5.305.824
Net loss for the period	(8.202.160)	(8.962.972)

Global Yatırım Holding A.Ş. And its Subsidiaries

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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 port operations (previously named as "infrastructure"), energy generation, natural gas, mining (previously named as "naturel gas/mining/energy generation"), brokerage and asset management segment (previously named as "finance"), real estate and other. Brokerage and asset management segment includes the finance operations, natural gas segment includes compressed natural gas distribution, energy generation segment includes electricity generation facilities and mining segment includes 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. This seasonality of operations has 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 non-recurring income / expenses incurred by these companies in their EBITDA which are not arising from core operations in order to follow the operational and cash based results of the Group companies (Adjusted EBITDA). These income and expenses include project expenses related to the acquisition/sale of subsidiary and the public offering of subsidiaries, valuation 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		Energy Generation		Natural Gas		Mining		Real Estate		Brokerage & Asset Management		Other (*)		Total	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Segment assets	4.679.092.318	3.582.599.325	642.270.000	559.070.435	260.682.688	246.073.918	176.113.678	183.556.869	588.837.418	571.662.778	275.143.547	166.365.316	434.292.733	338.663.593	**7.056.432.382**	**5.647.992.234**
Segment liabilities	3.797.654.259	2.526.223.019	450.249.769	481.648.267	134.904.272	138.481.558	112.744.688	82.556.066	164.048.980	168.552.656	227.093.200	116.956.915	651.780.508	457.691.504	**5.538.475.682**	**3.972.109.985**

	Port Operations		Energy Generation		Natural Gas		Mining		Real Estate		Brokerage & Asset Management		Other (*)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External revenues	668.498.598	601.031.096	148.525.696	82.979.423	428.354.179	248.227.072	95.951.436	78.153.486	42.460.371	61.131.597	53.525.627	48.400.613	3.658.388	8.516.205	**1.440.974.295**	**1.128.439.492**
EBITDA	437.143.666	402.722.039	18.310.198	7.123.489	101.147.116	39.955.736	32.700.218	21.971.501	21.057.293	25.647.737	2.664.360	2.879.818	(49.702.815)	(35.321.253)	**563.320.036**	**464.979.066**
Depreciation and amortisation expense (-)	(270.975.681)	(215.003.568)	(29.935.573)	(17.037.106)	(27.958.423)	(22.062.333)	(32.464.838)	(30.867.828)	(690.061)	(748.819)	(2.694.960)	(600.729)	(5.466.737)	(4.137.624)	**(370.186.273)**	**(290.458.006)**
Finance income	45.565.808	50.495.216	8.557.360	22.787.578	1.034.610	692.134	2.760.357	58.847	66.138	510.805	3.958.561	3.121.085	28.213.440	43.821.811	**90.156.274**	**121.487.476**
Finance costs	(239.532.279)	(210.165.996)	(29.636.129)	(33.391.878)	(31.857.148)	(51.883.060)	(3.522.122)	(5.223.965)	(38.076.845)	(10.747.954)	(1.490.401)	(920.102)	(93.627.447)	(99.740.443)	**(437.742.371)**	**(412.073.398)**

(*) Includes Global Yatırım Holding A.Ş.'s operations.

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5 SEGMENT REPORTING *(continued)*

	1 January- 31 December 2019	1 January- 31 December 2018
Revenues		
Segment revenues	1.446.708.194	1.138.376.004
Elimination of inter-segment revenues	(5.733.899)	(9.936.512)
Consolidated revenues	**1.440.974.295**	**1.128.439.492**

	1 January- 31 December 2019	1 January- 31 December 2018
Consolidated EBITDA	563.320.036	464.979.066
Finance income (Note 30)	80.137.833	93.888.612
Finance cost (Note 31)	(427.620.223)	(384.471.654)
Non-operating income/(expenses) (*)	19.939.174	29.904.674
Depreciation and amortisation expenses (Note 27)	(370.186.273)	(290.458.006)
Consolidated profit/(loss) before income tax	**(134.409.453)**	**(86.157.308)**

	1 January- 31 December 2019	1 January- 31 December 2018
Segment finance income	90.156.274	121.487.476
Elimination of inter-segment finance income	(10.018.441)	(27.598.864)
Total finance income (Note 30)	**80.137.833**	**93.888.612**

	1 January- 31 December 2019	1 January- 31 December 2018
Segment finance cost	(437.742.371)	(412.073.398)
Elimination of inter-segment finance cost	10.122.148	27.601.744
Total finance cost (Note 31)	**(427.620.223)**	**(384.471.654)**

(*) Includes project expenses related to the new acquisitions and public offering of the group companies, impairment loss and revaluation gain, and non-cash other income and expenses.

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6 RELATED PARTY DISCLOSURES

Related party	Nature of relations
Mehmet Kutman	Shareholder and key management personnel
Erol Göker	Shareholder and key management personnel
IEG	Equity accounted investee
Global MD Portföy Investment Funds	Funds of a subsidiary
Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş. (Turkcom)	Company owned by shareholder

Due to related parties

As at 31 December 2019 and 31 December 2018, other current payables to related parties comprised the following:

Other current payables to related parties	31 December 2019	31 December 2018
Mehmet Kutman (*)	7.550.282	12.411.569
Turkcom (**)	4.948.916	18.433.567
Other	977.675	764.265
Total	**13.476.873**	**31.609.401**

(*) TL 8.973.050 portion of the total of amount comprised of the borrowing provided by Mehmet Kutman for financing of the Company. The related interest charge of the borrowing is reflected to the Company at the same rate. As at 31 December 2019, the nominal value amounting to TL 15.080.000 of own shares acquired, which is explained in detail in Note 24, has been lended as a surety of the related borrowing.

(**) The total of amount comprised of the borrowing provided by Turkcom for financing of the Company (EURO 744.131). The related interest charge of the borrowing is reflected to the Company at the same rate. As at 31 December 2019, the nominal value amounting to TL 12.500.000 of own shares acquired, which is explained in detail in Note 24, has been lended as a surety of the related borrowing.

Due from related parties

As at 31 December 2019 and 31 December 2018, 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 2019	31 December 2018
Turkcom	2.353.656	2.878
IEG Kurumsal Finansal Danışmanlık A.Ş.	1.336.201	1.095.713
Mehmet Kutman	464.841	463.899
Other	146.036	69.937
Total	**4.300.734**	**1.632.427**

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6 RELATED PARTY DISCLOSURES *(continued)*

As at 31 December 2019 and 31 December 2018, other current receivables from related parties comprised the following:

Other current receivables from related parties	31 December 2019	31 December 2018
Mehmet Kutman (1)	9.630.103	9.890.746
Erol Göker (1)	2.648.087	235.906
Other	4.481.428	2.433.438
Total (2)	**16.759.618**	**12.560.090**

(1) These amounts are related with the personnel and job advances and they are not secured. Interest is charged on advances which are not job advances (Interest rate: 31 December 2019: 13,75 %, 31 December 2018: 19,50%)

(2) The amount excludes the loans provided to key management explained below.

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 loan is revised as 31 January 2021 and interest rate is revised as 7,12%. As at 31 December 2019 and 31 December 2018, this receivable has been classified in other receivables from related parties in the balance sheet. As at 31 December 2019, the principal of this loan amounted to USD 5.185.185 and the accrued interest amounted to USD 1.267.386. The total loan amounted to USD 6.452.571 (equivalent to TL 38.329.561) (31 December 2018: USD 9.015.139 (TL 47.427.741)). As at 31 December 2019 and 31 December 2018, the Group classified this receivable as current and non-current receivables. As of 31 December 2019, the Group has recognized these receivables as current and non-current amounting to TL 33.196.055 (31 December 2018: TL 21.078.997) and TL 5.133.506 (31 December 2018: TL 26.348.745), respectively. In addition, as of 31 December 2019, out of other receivables balances of the Group amounting to TL 37.258.995 (USD 6.272.347) (31 December 2018: TL 30.730.899) with a maturity on 31 January 2021. Thereof TL 31.603.108 of those receivables (USD 5.320.209) (31 December 2018: TL 13.658.177) has been classified as current, and TL 5.655.887 (USD 952.138) (31 December 2018: TL 17.072.722) has been classified as non-current receivables.

As at 31 December 2019, in addition to the Group's other receivables from related parties which is amounting to TL 64.799.163, current other receivables due from related parties (including the loan provided to key management by the Group) amount to TL 81.558.783 (31 December 2018: TL 47.297.264) and non-current other receivables due from related parties amount to TL 52.345.460 (31 December 2018: TL 43.421.466) in the consolidated financial statements.

In addition, as at 31 December 2019, the receivable amounting to TL 41.646.067 from Goulette, which is accounted for using the equity method, has been recognized as non-current receivable from related parties. The interest rate applied on this receivable is 4% with a maturity date on 2025.

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6 RELATED PARTY DISCLOSURES *(continued)*

Transactions with related parties

Transactions with key management personnel

The Company's key management personnel consist 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 2019 and 2018, the details of compensation of key management personnel comprised the following:

	31 December 2019	31 December 2018
Salaries	33.120.673	26.430.783
Bonuses	4.410.936	2.803.113
Attendance fee	2.485.328	2.698.032
Other	1.633.712	1.179.562
Total	**41.650.649**	**33.111.490**

The Group's interest income resulting the loan provided to key management for the period 1 January-31 December 2019 amounts to TL 18.236.646 (1 January-31 December 2018: TL 12.044.523).

Regarding to the loans used by the Group, there is a personal surety amounting to TL 86.021.758 (31 December 2018: TL 17.271.830) and USD 27.539.598 (31 December 2018: USD 32.517.444), and there is pledge on personal property amounting to TL 32.500.000 (31 December 2018: TL 32.500.000) given by Mehmet Kutman with respect to these loans.

For the year ended 31 December 2019 and 2018, significant transactions with related parties comprised the following:

	1 January-31 December 2019				1 January-31 December 2018				
	Interest Received	Interest Paid	Other Income	Other Expense	Interest Received	Interest Paid	Other Income	Other Expense	Commission for letter of guarantee given
Turkcom (*)	264.331	719.254	6.148	1.086.662	806.344	637.248	-	754.762	-
Mehmet Kutman (*)	2.231.711	3.115.361	2.206	-	1.628.225	1.557.690	6.555	-	350.000
Erol Göker	278.621	-	2.986	-	16.052	-	168	-	-
IEG Global Kurumsal Finansal Danışmanlık A.Ş.	207.222	-	-	-	149.860	-	749	-	-
Global MD Funds	-	-	975.099	-	-	-	970.350	-	-
Total	**2.981.885**	**3.834.615**	**986.439**	**1.086.662**	**2.600.481**	**2.194.938**	**977.822**	**754.762**	**350.000**

(*) Includes margin lending and advance interest.

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7 CASH AND CASH EQUIVALENTS

As at 31 December 2019 and 2018, cash and cash equivalents comprised the following:

	31 December 2019	31 December 2018
Cash on hand	899.881	434.947
Cash at banks	424.787.935	492.755.880
-Demand deposits	*285.683.805*	*320.798.028*
-Time deposits	*139.104.130*	*171.957.852*
Receivables from reverse repurchase agreements (*)	38.599.997	-
Other	10.422.439	3.751.442
Cash and cash equivalents	**474.710.252**	**496.942.269**
Blocked deposits (**)	(46.109.194)	(54.402.653)
Cash and cash equivalents for cash flow purposes	**428.601.058**	**442.539.616**

(*) As at 31 December 2019, the interest rate of receivables from reverse repurchase agreement is 9% and maturity on 2 January 2020.

(*) As at 31 December 2019, cash at banks amounting to TL 38.717.746 (31 December 2018: TL 47.706.376) is blocked by relevant banks due to bank borrowings and letters of guarantee. As at 31 December 2019, TL 6.650.000 deposited at the BIST Settlement and Custody Bank ("Takasbank") is blocked by CMB (31 December 2018: TL 5.537.318). As at 31 December 2019 TL 741.448 (31 December 2018: TL 1.158.959) 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.

As at 31 December 2019 and 31 December 2018, maturities of time deposits comprised the following:

	31 December 2019	31 December 2018
Up to 1 month	132.782.235	171.957.852
1-3 months	6.321.895	-
	139.104.130	**171.957.852**

As at 31 December 2019 and 31 December 2018, the range of time deposit interest rates included in cash and cash equivalents is as follows:

	31 December 2019	31 December 2018
Interest rate range for time deposit - TL	8,00% - 12,50%	%13,25 - %26,00
Interest rate for time deposit - USD	1,50% - 1,90%	%1,25 - %4,00

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8 FINANCIAL INVESTMENTS

As at 31 December 2019 and 2018, the details of financial investments of the Group comprised the following:

Current assets	**31 December 2019**	**31 December 2018**
Financial assets mandatorily at fair value through profit or loss	8.085.225	3.703.871
Other	418.799	378.032
Total	**8.504.024**	**4.081.903**
Non current assets		
Financial assets at fair value through other comprehensive income-equity instruments	8.172.568	5.412.209
Financial assets mandatorily at fair value through profit or loss	-	63.177.001
Total	**8.172.568**	**68.589.210**

The details of the Group's financial assets classified as mandatorily at fair value through profit or loss are as follows:

	31 December 2019	**31 December 2018**
Debt securities (governmental bonds)	144.428	446.017
Equity securities	6.340.786	1.757.844
Investment funds participations	1.600.011	1.500.010
	8.085.225	**3.703.871**

All financial assets mandatorily at fair value through profit/loss are financial assets at fair value through profit/loss. The changes in fair value of these assets are accounted in gain/ (loss) on investing activities, at consolidated statement of profit or loss and other comprehensive income.

All the equity securities included in the financial assets mandatorily at fair value through profit/loss are traded in active markets.

As at 31 December 2019 the equity shares amounting to TL 9.402 are pledged for an ongoing lawsuit case (31 December 2018: TL 9.402).

As at 31 December 2019 and 2018, the letters of guarantee given to BIST, Settlement and Custody Bank, Derivative Market ("VIOP") and the CMB are explained in Note 21.

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8 FINANCIAL INVESTMENTS *(continued)*

	31 December 2019	**31 December 2018**
Equity instruments unquoted to an active market	8.172.568	5.412.209
Convertible debt instrument (*)	-	63.177.001
Total	**8.172.568**	**68.589.210**

(*) The Group's subsidiary Global Ports Holding Plc formed an exclusive partnership with Dreamlines GmbH ("Dreamlines"). Dreamlines is a cruise tourism oriented online travel agency and operating in 12 countries. The Group has acquired bond in May 2018 that is convertible to the shares of this company in 12 months. The loan was repayable in quarterly instalments starting February 2020 until its final maturity in May 2021. The Group's convertible debt instrument investment was repaid fully as of 1 October 2019, including all interest.

Details of equity securities which are not quoted in an active market comprised the following:

	31 December 2019		**31 December 2018**	
	Share ratio (%)	**Book value**	**Share ratio (%)**	**Book value**
Firefly Systems Inc.	0,52	4.499.951	-	-
Borsa İstanbul A.Ş.	0,08	3.034.508	0,08	3.034.508
Bakü Borsası	4,76	137.594	4,76	137.594
Other	-	500.515	-	2.240.107
Total		**8.172.568**		**5.412.209**

The cost of the shares that are not traded in the organized markets is used to measure the fair value because the management does not have sufficient recent information about the measurement of the fair value.

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9 BORROWINGS

As at 31 December 2019 and 2018, borrowings comprised the following:

Current borrowings	**31 December 2019**	**31 December 2018**
Current bank loans	275.052.263	180.149.679
-TL Loans	*105.809.445*	*79.051.778*
-Foreign currency loans	*169.242.818*	*101.097.901*
Other financial liabilities (*)	29.397.327	-
Total	**304.449.590**	**180.149.679**

Current portion of non-current borrowings	**31 December 2019**	**31 December 2018**
Current portion of non-current bank loans	408.068.230	313.482.436
-TL Loans	*14.127.249*	*13.733.293*
-Foreign currency loans	*393.940.981*	*299.749.143*
Debt securities issued	290.499.189	201.481.710
- TL debt securities	*178.833.171*	*102.557.494*
-Foreign currency debt securities	*111.666.018*	*98.924.216*
Finance lease obligations	23.417.637	32.955.503
Total borrowings	**721.985.056**	**547.919.649**
Lease liabilities (TFRS 16- Note 2.2.1)	15.106.716	-
Total	**737.091.772**	**547.919.649**

Non-current borrowings	**31 December 2019**	**31 December 2018**
Non-current bank loans	1.158.900.729	872.780.252
-TL Loans	*11.797.398*	*31.998.093*
-Foreign currency loans	*1.147.103.331*	*840.782.159*
Debt securities issued	1.398.533.539	1.241.476.833
- TL debt securities	-	*8.244.847*
-Foreign currency debt securities	*1.398.533.539*	*1.233.231.986*
Finance lease obligations	40.685.217	55.680.599
Other financial liabilities (*)	290.989.622	-
Total borrowings	**2.889.109.107**	**2.169.937.684**
Lease liabilities (TFRS 16- Note 2.2.1)	377.876.305	-
Total non-current borrowings	**3.266.985.412**	**2.169.937.684**
Total current and non-current borrowings	**3.915.543.753**	**2.898.007.012**
Total	**4.308.526.774**	**2.898.007.012**

(*) As at 31 December 2019, TL 24.230.076 of current other financial liabilities and TL 285.624.918 of non-current other financial liabilities are related to liabilities of NCP which is explained in Note 18.

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9 BORROWINGS *(continued)*

Maturity profile of non-current bank loans and debt securities issued comprised the following:

Years	**31 December 2019**	**31 December 2018**
2020	-	374.681.651
2021	1.932.338.795	1.362.693.523
2022	181.090.379	159.489.242
2023 and onwards	444.005.094	217.392.669
Total	**2.557.434.268**	**2.114.257.085**

Maturity profile of finance lease obligations and lease liabilities comprised the following:

	31 December 2019			**31 December 2018**		
	Future minimum lease payments	Interest	Present value of minimum lease payment	Future minimum lease payments	Interest	Present value of minimum lease payment
Less than one year	43.070.348	(4.545.995)	38.524.353	37.386.669	(4.431.166)	32.955.503
Between one and five years	464.561.099	(45.999.577)	418.561.522	61.335.281	(5.654.682)	55.680.599
Total	**507.631.447**	**(50.545.572)**	**457.085.875**	**98.721.950**	**(10.085.848)**	**88.636.102**

The movement of financial borrowings as of 31 December 2019 and 2018 is as follows:

	2019	**2018**
Opening balance as at 1 January	**2.898.607.012**	**1.987.975.034**
Included in the scope of consolidation	187.688.447	-
Additions	1.482.619.462	875.127.201
Repayments	(1.274.111.952)	(645.418.025)
Other financial liabilities	320.386.949	-
Lease liabilities (TFRS 16)	403.630.757	-
Repayments related to lease liabilities	(10.647.736)	-
Changes in foreign currency exchange rates	84.678.898	179.907.102
Changes in interest accruals	21.450.954	37.040.816
Currency translation difference	194.223.983	463.974.884
Closing balance as at 31 December	**4.308.526.774**	**2.898.607.012**

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9 BORROWINGS *(continued)*

Loan Type	Company Name	Currency	Maturity	Interest Type	31 December 2019 Nominal Interest Rate %	Principal (TL)	Carrying Value (TL)
Loans and issued debt securities used to finance							
Debt securities issued (i)	Holding	USD	2022	Fixed	8,00%	19.270.009	19.273.986
Bond issued (ii)	Holding	TL	2020	Fixed	28,00%	125.000.000	132.894.728
Bond issued (ii)	Holding	TL	2020	Floating	TR Libor + 4,50%	20.000.000	20.000.000
Bond issued (ii)	Holding	TL	2020	Floating	GDS + 4,25%	25.000.000	25.938.444
Secured loan (iii)	Holding	EURO	2020	Fixed	7,50%	31.257.820	31.817.322
Secured loan (iii)	Holding	EURO	2020	Floating	Euribor +7,35 %	31.424.085	32.460.952
Secured loan (xvii)	Antigua	USD	2026	Floating	Libor + 5,75%	95.663.559	90.278.132
Secured loan (xvi)	Nassau	USD	2021	Fixed	4,50%	95.043.200	95.043.200
Secured loan (xiii)	VCP	EURO	2029	Floating	Euribor + 3%	54.418.445	54.418.490
Secured loan (xviii)	Global Ports Holding BV	EURO	2021	Floating	Euribor + 6,75 %	314.475.867	317.027.217
Secured loan (xii)	Global Ports Europe BV	EURO	2020	Floating	Euribor + 4,60 %	32.255.410	32.323.750
Bond issued (iv)	Global Liman	USD	2021	Fixed	8,125%	1.485.050.000	1.490.925.571
Secured loan	Global Liman	TL	2020	Fixed	26,34%	16.000.000	16.045.930
Secured loan(xiv)	Port of Adria	EURO	2025	Floating	Euribor + 4,25%	133.012.000	133.956.750
Secured loan	Port of Adria	EURO	2020	Floating	Euribor + 3,85 %	4.987.950	5.001.779
Secured loan	Bodrum Liman	TL	2020	Fixed	17,00 - 27,50%	3.040.000	3.528.844
Secured loan	Ege Liman	EURO	2020	Fixed	3,54%	14.120.810	14.475.440
Secured loan	Ege Liman	TL	2021	Fixed	15,84 - 30,60%	3.166.988	3.019.132
Secured loan	Ege Liman	USD	2020	Fixed	4,95%	8.910.300	8.978.200
Secured loan	Ortadoğu Liman	USD	2020	Fixed	3,48 - 5,16%	8.866.012	8.881.690
Secured loan	Ortadoğu Liman	EURO	2020	Fixed	3,00 - 4,56%	3.166.061	3.169.579
Secured loan	Ortadoğu Liman	USD	2020	Fixed	4,60 - 8,50%	60.574.871	61.692.643
Secured loan (xix)	Ortadoğu Liman	EURO	2022	Fixed	2,40 - 5,75%	123.847.473	124.891.245
Secured loan	Ortadoğu Liman	TL	2020	Fixed	12,50 - 26,34%	3.900.000	3.904.688
Secured loan (v)	Naturelgaz	TL	2022	Floating	TR Libor + 2,50%	10.833.220	11.315.726
Secured loan (v)	Naturelgaz	USD	2022	Floating	USD Libor + 5,25%	72.819.434	74.479.945
Secured loan	Naturelgaz	TL	2020	Rotative	-	3.141.241	3.148.489
Secured loan	Straton Maden	TL	2021	Fixed	5,26 - 27,35%	12.988.984	13.034.011
Secured loan (vi)	Straton Maden	EURO	2021	Floating	Euribor + 0,65 - 3,00%	42.628.532	42.491.735
Secured loan	Straton Maden	EURO	2020	Fixed	5,40 - 6,50%	14.499.589	14.499.614
Secured loan	Güney Maden	TL	2020	Rotative	-	20.000.000	20.010.957
Secured loan (xi)	BPI	EURO	2024	Floating	Euribor +4 %	124.203.865	122.877.258
Secured loan (xi)	Malaga Cruise Port	EURO	2025	Floating	Euribor + 1,75%	27.016.135	25.784.975
Secured loan	Tres Enerji	TL	2020	Rotative	-	24.380.000	24.537.135
Secured loan	Tres Enerji	TL	2020	Fixed	16,08 %	104.233	104.274
Secured loan	Tenera Enerji	TL	2020	Rotative	-	20.000.000	20.010.959
Secured loan	Tenera Enerji	TL	2020	Fixed	16%	104.233	104.274
Secured loan	Ra Güneş	USD	2029	Floating	Libor + 8,50%	50.598.624	52.767.744
Secured loan	Mavi Bayrak Enerji	USD	2025	Floating	Libor + 5,95%	71.579.456	71.173.230
Secured loan	Mavi Bayrak Enerji	USD	2020	Rotative	-	18.474.022	18.958.845
Secured loan	Doğal Enerji	USD	2024	Floating	Libor + 6,50%	26.959.372	27.780.569
Secured loan	Mavi Bayrak Doğu	USD	2026	Floating	Libor + 5,95 - 7,00%	106.923.600	105.897.120
Secured loan	Port Operation Holding	EURO	2037	Fixed	2,75%	3.007.165	3.349.555
Secured loan	Global Menkul	TL	2020	Rotative	-	4.550.000	4.550.000
Secured loan	Pera	TL	2021	Floating	TR Libor +5,00 %	4.157.370	4.180.727
Secured loan	Pera	TL	2021	Fixed	14,50%	4.279.000	4.238.944
Secured loan (xv)	Global Ticari Emlak	USD	2025	Floating	Libor +6,20%	133.367.974	135.810.153
						3.509.066.909	**3.531.053.951**
Finance Lease Obligations							
Leasing (vii)	Ortadoğu Liman	USD	2020	Fixed	7,35%	1.110.937	1.110.937
Leasing	Ege Liman	USD	2020	Fixed	5,50%	5.857	6.922
Leasing (viii)	Ege Liman	EURO	2020	Fixed	7,75%	2.288.179	2.290.812
Leasing	Straton maden	EURO	2023	Fixed	4,93 - 5,25%	2.292.645	2.292.645
Leasing (x)	Tres Enerji	EURO	2022	Fixed	4,98%	2.720.972	2.720.972
Leasing (x)	Tres Enerji	EURO	2024	Fixed	5,15%	27.307.404	27.307.404
Leasing (x)	Tres Enerji	EURO	2022	Fixed	5,13%	10.758.067	10.758.067
Leasing (x)	Tres Enerji	EURO	2023	Fixed	7,00%	11.653.431	11.653.431
Leasing	Mavi Bayrak Doğu	EURO	2022	Fixed	5,25 - 7,50%	3.510.884	3.510.884
Leasing	Port Operation Holding	EURO	2021	Fixed	1,96%	220.647	220.647
Leasing	Edusa Atık Bertaraf	EURO	2021	Floating	Libor + 6,00%	1.778.389	1.778.389
Leasing	Pera	TL	2020	Fixed	13,90%	451.743	451.743
						64.099.155	**64.102.853**
						3.573.166.064	**3.595.156.804**

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9 BORROWINGS *(continued)*

Loan Type	Company Name	Currency	Maturity	Interest Type	31 December 2018 Nominal Interest Rate %	Principal (TL)	Carrying Value (TL)
Loans and issued debt securities used to finance							
Debt securities issued (i)	Holding	USD	2022	Fixed	8,00%	17.066.360	17.070.735
Bond issued (ii)	Holding	TL	2019	Floating	GDS + 3,75 %	50.000.000	51.823.237
Bond issued(ii)	Holding	TL	2019	Floating	GDS + 5,25%	14.800.000	15.075.560
Secured loan (iii)	Holding	EURO	2019	Floating	Euribor + 6,70%	4.049.285	4.167.388
Secured loan (iii)	Holding	EURO	2020	Floating	Euribor + 7,35%	85.446.900	88.253.634
Bond issued(ii)	Holding	TL	2019	Fixed	23,00%	15.000.000	15.753.855
Bond issued(ii)	Holding	TL	2019	Fixed	31,00%	15.000.000	15.937.294
Bond issued(ii)	Holding	TL	2020	Floating	GDS + 4,25%	25.000.000	25.971.075
Secured loan (xiii)	VCP	EURO	2029	Floating	Euribor + 2,80%	46.464.638	46.464.638
Secured loan (xviii)	Global Ports Holding BV	EURO	2021	Floating	Euribor +6,75 %	180.840.000	182.179.373
Secured loan (xii)	Global Ports Europe BV	EURO	2020	Floating	Euribor+ 4,6%	58.773.000	58.797.851
Bond issued(iv)	Global Liman	USD	2021	Fixed	8,125%	1.315.225.000	1.316.402.348
Secured loan(xiv)	Port of Adria	EURO	2025	Floating	Euribor + 4,25%	113.401.894	114.198.042
Secured loan	Ege Liman	USD	2019	Fixed	6,50%	1.736.097	1.826.290
Secured loan	Ege Liman	EURO	2020	Fixed	3,54%	25.136.760	25.764.640
Secured loan	Ege Liman	TL	2020	Fixed	15,84 - 18,50%	3.025.433	3.024.519
Secured loan	Ortadoğu Liman	USD	2020	Fixed	3,6 - 6,60%	3.677.109	3.684.301
Secured loan	Ortadoğu Liman	EURO	2019	Fixed	3,40 - 6,00%	3.009.560	3.017.627
Secured loan	Ortadoğu Liman	EURO	2022	Fixed	3,80 - 8,75%	78.260.633	79.628.128
Secured loan	Naturelgaz	EURO	2020	Fixed	10,08%	238.498	238.499
Secured loan	Naturelgaz	TL	2020	Fixed	18,00 - 30,70%	9.452.906	9.886.525
Secured loan (v)	Naturelgaz	TL	2022	Floating	TR Libor +2,50 %	14.707.199	15.846.659
Secured loan (v)	Naturelgaz	USD	2022	Floating	USD Libor +5,25 %	87.554.534	88.636.367
Secured loan	Straton Maden	TL	2019	Fixed	24,80 - 33,00%	4.398.385	4.442.448
Secured loan (vi)	Straton Maden	EURO	2021	Floating	Euribor + 0,65 - 3,00%	43.686.012	44.585.173
Secured loan	Straton Maden	EURO	2020	Fixed	5,00%	947.123	947.295
Secured loan	Güney Maden	TL	2019	Rotative	-	20.000.000	20.002.192
Secured loan (xi)	BPI	EURO	2024	Floating	Euribor + 4%	134.790.418	131.728.886
Secured loan (xi)	Malaga Cruise Port	EURO	2025	Floating	Euribor + 1,75%	28.647.797	28.079.749
Secured loan	Tres Enerji	TL	2019	Rotative	-	20.000.000	20.002.192
Secured loan	Tres Enerji	TL	2020	Fixed	16,08%	479.894	479.800
Secured loan	Tenera Enerji	TL	2019	Fixed	33,00%	3.750.000	3.829.794
Secured loan	Tenera Enerji	TL	2019	Rotative	-	20.000.000	20.002.192
Secured loan	Tenera Enerji	TL	2020	Fixed	16%	479.894	479.800
Secured loan	Mavi Bayrak Enerji	USD	2025	Floating	Libor + 5,95%	73.915.665	74.286.363
Secured loan	Mavi Bayrak Enerji	USD	2019	Rotative	-	5.839.599	5.839.599
Secured loan	Doğal Enerji	USD	2024	Floating	Libor +6,50 %	28.651.671	29.043.025
Secured loan	Mavi Bayrak Doğu	USD	2026	Floating	Libor + 5,95 - 7,00%	84.174.400	84.024.932
Secured loan	Port Operation Holding	EURO	2026	Fixed	2,75%	3.131.030	3.131.030
Secured loan	Pera	TL	2021	Floating	TR Libor + 5,00%	6.928.950	7.078.533
Secured loan	Pera	TL	2021	Fixed	14,50%	5.770.942	5.711.327
Secured loan (xv)	Global Ticari Emlak	USD	2025	Floating	Libor +6,20 %	139.358.146	142.027.995
						2.792.815.732	**2.809.370.910**
Finance Lease Obligations							
Leasing (vii)	Ortadoğu Liman	USD	2020	Fixed	7,35%	2.802.109	2.802.109
Leasing	Ege Liman	USD	2020	Fixed	5,50%	921.751	921.751
Leasing (viii)	Ege Liman	EURO	2020	Fixed	7,75%	5.947.123	5.947.123
Leasing (ix)	Naturelgaz	USD	2019	Fixed	5,75%	952.234	952.234
Leasing (ix)	Naturelgaz	EURO	2019	Fixed	7,94 - 9,90%	720.279	720.279
Leasing	Straton maden	EURO	2021	Fixed	5,25%	1.337.008	1.337.008
Leasing (x)	Tres Enerji	EURO	2025	Fixed	4,98%	14.771.784	14.771.784
Leasing (x)	Tres Enerji	EURO	2022	Fixed	5,13%	17.760.104	17.760.104
Leasing (x)	Tres Enerji	EURO	2022	Fixed	5,15%	9.468.325	9.468.325
Leasing (x)	Tres Enerji	EURO	2021	Fixed	5,44%	12.466.154	12.466.154
Leasing (x)	Tres Enerji	EURO	2023	Fixed	7,00%	12.553.461	12.553.461
Leasing	Mavi Bayrak Doğu	EURO	2020	Fixed	5,25%	4.937.276	4.937.276
Leasing	Port Operation Holding	EURO	2021	Fixed	1,96%	334.177	334.177
Leasing	Edusa Atık Bertaraf	EURO	2021	Floating	Libor + 6,00%	2.350.602	2.350.602
Leasing	Pera	TL	2020	Fixed	13,90%	1.313.712	1.313.715
						88.636.099	**88.636.102**
						2.881.451.831	**2.898.007.012**

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9 BORROWINGS *(continued)*

Detailed information related to the significant borrowings of the Group is as follows:

(i) The Company has borrowed amounting to USD 100.000.000 non-current 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 "Financial Instruments: Presentation".

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 have been closed by repayment of all interest and principal amounts.

The General Assembly of the Bonds Owned by the Bondholders of the CMB on 15 June 2017; it has been decided to extend the market by 30 June 2022, by setting various improvements in favor of the Company, including the reduction of the bond interest to 8%. In addition, a total amount of USD 11.986.000 is paid to the debt holders who demanded the deposit of their treasury deposits and the remaining net debt amount is USD 3.244.000 as at 31 December 2019.

As at 31 December 2019, the portion amounting to USD 10.360.000 of the new notes issued by the Company with a total amount of USD 13.604.000 are the notes held by the Company and its subsidiaries (31 December 2018: USD 10.360.000). As of 6 February 2018 the portion of the shares held by the Group amounting to USD 13.944.600 has been amortized using the "right of sale option". These bonds are available in the accounts of the Group. 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 2019, the net nominal value (principal amount) of the issued new notes (presented as debt securities issued) is USD 3.244.000 (31 December 2018: USD 3.244.000).

(ii) 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 loan amount was paid on maturity and the loan was closed on 14 February 2019.

The Company has issued bonds to qualified investors amounting to TL 50.000.000 with 370 days maturity and an interest rate of GDS+3,75% on 5 January 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2019.

The Company has issued bonds to qualified investors amounting to TL 25.000.000 with 735 days maturity and an interest rate of GDS+4,25% on 5 January 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2020.

The Company has issued bonds to qualified investors amounting to TL 15.000.000 with 181 days maturity and an interest rate of 23,00% on 13 July 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2019.

The Company has issued bonds to qualified investors amounting to TL 15.000.000 with 176 days maturity and an interest rate of 31,00% on 18 October 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 12 April 2019.

The Company has issued bonds to qualified investors amounting to TL 40.000.000 with 178 days maturity and an interest rate of 28,00% on 11 January 2019. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 8 July 2019.

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9 BORROWINGS *(continued)*

The Company has issued bonds to qualified investors amounting to TL 125.000.000 with 186 days maturity and an interest rate of 28,00% on 8 July 2019. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2020.

The Company has issued bonds to qualified investors amounting to TL 20.000.000 with 364 days maturity and an interest rate of TRLIBOR + 4,50 % on 8 July 2019. The interest is paid every three months.

(iii) 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 2018 is EURO 671.746. The loan amount was paid on maturity and the loan was closed on 30 January 2019.

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 2019 is EURO 4.725.000 (31 December 2018: EURO 14.175.000). The loan amount was paid on maturity and the loan was closed on 23 January 2020.

On 5 July 2019, the Company has borrowed a total of EURO 5.500.000, with an interest rate of 7,50 % and maturity on 3 July 2020. Interest and principal are paid in October 2019 and July 2020. The remaining principal amount of the loan as at 31 December 2019 is EURO 4.700.000.

(iv) Global Liman has issued bonds by pricing resale gain to qualified investors amounting to USD 250.000.000 with 7 years maturity and 8,125 % coupon 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 Adria 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 Adria Indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

Group debt covenants are calculated based on applicable TFRSs as of the time the lease obligations were initially recognized. Therefore, the group debt covenants as at period end have not been affected from the transition to TFRS 16. Management will assess in the future for any new transactions that will be entered into, depending on the nature of them, whether debt covenants' calculations are affected.

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9 BORROWINGS *(continued)*

(v) Naturelgaz has borrowed a total of TL 10.833.220 and USD 12.258.751, with a maturity date of 2022, with an interest rate of TRLibor+2,5 % and USD Libor+5,25% respectively to finance investing activities. Interest and principal are paid every six months. Under this loan agreement, the shares of Naturelgaz amounting to TL 66.000.000 nominal value have 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.

(vi) Straton Maden entered into a loan agreement with interest rates of Euribor + 0,65% and Euribor + 3% to finance investing activities. The remaining principal amount of the loan as at 31 December 2019 is EURO 6.409.727 (31 December 2018: EURO 7.247.182).

(vii) On 12 August 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.

(viii) 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.

(ix) Financial lease agreements signed by Naturelgaz with an interest rate of 9,90% and expiry date of 2019 for the purpose of leasing machinery and motor vehicles.

(x) Finance lease agreements signed by Tres Enerji to finance investments.

(xi) Barcelona Port Investments (BPI) has entered into a syndication loan amounting to EURO 60.249.642 with a maturity date on 2024, an interest rate of Euribor+4%. The remaining principal amounts of the loans as at 31 December 2019 are EURO 18.675.588 (31 December 2018: EURO 22.360.720). There is a pledge on BPI shares amounting to EURO 19.640.360 (TL 130.620.178) (31 December 2018: EUR 19.640.360) and Creuers shares amounting to EURO 1.863.138 (TL 12.390.986) (31 December 2018: EUR 1.863.138) related to this loan.

On 12 January 2010, Malaga Port has borrowed a loan from Unicaja amounted EURO 9.000.000 with an interest rate of Euribor+1,75% 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 concession right. The remaining principal amount of the loan as at 31 December 2019 is EURO 4.062.210 (31 December 2018: EURO 4.752.455).

(xii) Global Ports Europe BV entered into a loan amounting to EURO 22.000.000, on 16 November 2015 with a six-year term, 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 2019 is EURO 4.850.000 (31 December 2018: EURO 9.750.000).

(xiii) Valletta Cruise Port's bank loans and overdraft facilities bear interest at Euribor+3% (31 December 2018: + 3%) per annum and are secured by a mortgage over tangible assets amounting to EURO 19.828.200 (TL 131.869.427 TL) (31 December 2018: TL 46.464.638).

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9 BORROWINGS *(continued)*

(xiv) Port of Adria entered into a loan amounting to EURO 20.000.000 (31 December 2018: EURO 18.812.524) on 18 May 2018 with a maturity date on 2025, an interest rate of Euribor+4,25% to finance investing activities. Under this loan agreement, there are pledges amounting to EURO 10.054.887 over property, plant and equipment and EUR 41.292.300 (TL 274.618.570) over the shares of Port of Adria owned by the Group.

(xv) Global Ticari Emlak entered into a loan amounting to USD 34.640.000 with an interest rate of Libor+6,20% to finance construction of Van AVM. The interest is paid every six-month (April and October). The remaining principal amount of the loan as at 31 December 2019 is USD 22.451.765 (31 December 2018: USD 26.489.412).

(xvi) Nassau Cruise Port entered into a local bridge loan financing with Colina Financial Advisors Ltd. ("CFAL") amounting to USD 50 million (USD 16 million was used as of reporting date) in total on 29 December 2019 with a 18 months maturity, and an interest rate of 4,50%. Purpose of this loan agreement is financing of design, construction, operation and maintenance of the cruise port terminal and its associated facilities in Nassau. Principal and interest will be paid at maturity. Under this loan agreement, in the event of default, the entire outstanding principal amount of the loan and all accrued interest shall become immediately due and payable by lenders written consent, subject to standard cure periods, cure rights and other borrower remedies.

(xvii) On 26 September 2019, GPH Antigua entered into a syndicated loan with 6 years maturity and 2 years grace period. Repayment will be made quarterly starting from 31 December 2021, at a principal rate of 2,0835%. Remaining amount (58,33%) will be paid at 31 December 2026. The interest rate of this loan will be Libor + 5,75% prior to new pier completion date and Libor + 5,25% after completion of new pier construction. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. The agreement includes terms about certain limitations on dividends payments, new investments, and change in the control of the companies, change of the business, new loans and disposal of assets.

(xviii) Global Ports Holding BV has borrowed a total of EURO 60.000.000 in two tranches to finance purchase of the 5% shares of GPH Plc held by EBRD. The loan has 3 years maturity and interest rate of Euribor + 6,75%. The remaining principal amount of the loan as at 31 December 2019 is EURO 47.285.338 (TL 314.475.867). The shares of GPH Plc amounting to GBP 37.230.508 nominal value (TL 289.523.045), including the shares subject to the purchase, has been pledged to provide security for the loan. The main financial covenant is net financial leverage ratio would not exceed 4,5 to 1 for the subsidiaries and associates operating in port operation segment, which are included in the calculation.

(xix) Ortadoğu Liman entered into a loan agreement with interest rate of 2,40% - 5% and with a maturity date of 2022 on to finance operating activities. The remaining principal amount of the loan as at 31 December 2019 is TL 123.847.473.

A summary of other guarantees with respect to the loans are presented in Note 21.

The details of the foreign currency risk with respect to financial liabilities are presented in Note 34.

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10 TRADE RECEIVABLES AND PAYABLES

Current trade receivables

As at 31 December 2019 and 2018, current trade receivables other than related parties comprised the following:

	31 December 2019	31 December 2018
Receivables from customers	226.908.777	141.146.012
Doubtful receivables	23.443.431	17.898.261
Allowance for doubtful receivables	(23.443.431)	(17.898.261)
Other	2.389.197	2.452.100
Total	**229.297.974**	**143.598.112**

The movement of the allowance for doubtful trade receivables as at 31 December 2019 and 2018 comprised the following:

	2019	2018
Balance at the beginning of the period (1 January)	(17.898.261)	(11.590.377)
Changes in Accounting Policy - TFRS 9	-	(1.966.114)
Allowance for the period	(6.304.997)	(3.734.085)
Cancellation of allowances and collections	4.534.339	1.167.434
Currency translation differences	(3.774.512)	(1.775.119)
Balance at the end of the period (31 December)	**(23.443.431)**	**(17.898.261)**

The expenses related to the allowance for doubtful receivables are presented under impairment losses (gains) and reversal of impairment losses determined in accordance with TFRS 9.

The average maturity of trade receivables arising from port operations is between 30 and 90 days, the average maturity of trade receivables arising from energy generation activities is between 30 and 180 days, the average maturity of trade receivables arising from natural gas sales activities is between 10 and 33 days, the average maturity of trade receivables arising from mining operations is between 30 and 180 days, the average maturity of trade receivables arising from real estate activities is between 30 and 90 days. As at 31 December 2019 and 2018, no maturity difference is applied to customers.

The details of currency risk of the Group's current trade receivables are disclosed in Note 34.

Current trade payables

As at 31 December 2019 and 2018, current trade payables other than related parties comprised the following:

	31 December 2019	31 December 2018
Payables to suppliers	155.321.001	132.191.519
Total	**155.321.001**	**132.191.519**

The details of liquidty risk and currency risk of the Group's current trade payables are disclosed in Note 34.

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11 OTHER RECEIVABLES AND PAYABLES

Other current receivables

As at 31 December 2019 and 2018, current other receivables other than related parties comprised the following:

	31 December 2019	31 December 2018
Deposits and advances given	50.487.732	34.158.494
Receivables from subsidiaries' and joint ventures' other shareholders	4.259.014	2.902.437
Tax returns	4.474.073	2.138.783
Other	5.211.491	6.100.542
Total	**64.432.310**	**45.300.256**

Other current payables

As at 31 December 2019 and 2018, current other payables other than related parties comprised the following:

	31 December 2019	31 December 2018
Due to subsidiaries' and joint ventures' other shareholders	16.297.209	28.284.770
Taxes payable and others	46.912.559	18.670.871
Deposits and advances received	1.695.012	1.704.358
Other	5.639.518	4.044.126
Total	**70.544.298**	**52.704.125**

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12 RECEIVABLES FROM AND PAYABLES TO OPERATIONS IN FINANCE SECTOR

Current receivables

As at 31 December 2019 and 2018, current receivables from operations in finance sector other than related parties comprised the following:

	31 December 2019	31 December 2018
Receivables from customers	62.166.653	36.430.411
Receivables from money market	161.034.136	88.144.477
Deposits and guarantee given	6.021.136	4.047.001
Doubtful receivables	1.227.875	1.228.017
Allowance for doubtful receivables	(1.227.875)	(1.228.017)
Other trade receivables	102.357	35.324
Total	**229.324.282**	**128.657.213**

Current trade payables

As at 31 December 2019 and 2018, current trade payables due to operations in finance sector other than related parties comprised the following:

	31 December 2019	31 December 2018
Payables to money market	186.996.701	94.839.680
Payables to customers	11.826.658	6.145.499
Payables to suppliers	6.209.718	5.110.486
Other	6.985.446	4.672.229
Total	**212.018.523**	**110.767.894**

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13 INVENTORIES

As at 31 December 2019 and 2018, inventories comprised the following:

	31 December 2019	31 December 2018
Properties held for sale (*)	31.389.740	36.423.060
Raw materials (**)	29.317.042	38.873.775
Trading goods	11.447.107	19.164.127
Provision for impairment on inventories	(618.390)	(10.674.141)
Other	13.840.007	9.650.049
Total	**85.375.506**	**93.436.870**

Movements of properties held for sale for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
Balance at the beginning of the period (1 January)	36.423.060	57.380.433
Additions	96.996	702.324
Disposals (***)	(5.130.316)	(21.659.697)
Balance at the end of the period (31 December)	**31.389.740**	**36.423.060**

(*) The Group's land classified as inventory transferred from investment property consist of the land plots on which residential flats started to be built in 2011 in the scope of the residential project in Denizli. The land is located in Denizli, Plot 6224, and Parcel numbered 1. In addition, the offices of the Sky City Office Project and the apartments in the Sümerpark Houses 3rd Block are included in the properties held for sale.

(**) A significant portion of the raw materials comprised of inventories held by the Group's subsidiaries which operates in energy generation, natural gas sales, and mining.

(***) As at 31 December 2019 disposals amounting to TL 5.130.316 include cost of sales related to Sky City Office (amounting to TL 3.634.006 (31 December 2018: TL 20.474.913)) and Sümerpark Residences (amounting to TL 1.496.310 (31 December 2018: TL 955.032)).

As at 31 December 2019 and 31 December 2018, the mortgage or pledge on the inventory of the Group is explained in Note 21.

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14 PREPAID EXPENSES

Prepaid expenses-current

As at 31 December 2019 and 2018, current prepaid expenses comprised the following:

	31 December 2019	31 December 2018
Prepaid expenses (*)	25.433.361	21.353.980
Advances given (**)	75.026.847	58.757.752
Other	639.937	294.131
Total	**101.100.145**	**80.405.863**

Prepaid expenses-non current

As at 31 December 2019 and 2018, non-current prepaid expenses comprised the following:

	31 December 2019	31 December 2018
Advances given (**)	34.376.946	28.868.939
Prepaid expenses (*)	4.002.993	5.235.947
Other	310.237	558.550
Total	**38.690.176**	**34.663.436**

(*) As at 31 December 2019 and 31 December 2018, the major part of prepaid expenses comprises of prepaid expenses for energy, mining and port operation activities of the Group.

(**) As at 31 December 2019 and 31 December 2018, the major part of current and non-currents advances given comprises of advances given for developing projects of the Group for energy, mining and port operation investments.

Deferred income-current

As at 31 December 2019 and 2018, current deferred income comprised the following:

	31 December 2019	31 December 2018
Advances received	10.554.860	7.758.294
Deferred income	1.876.259	933.104
Other	85.862	49.378
Total	**12.516.981**	**8.740.776**

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15 INVESTMENT PROPERTY

As at 31 December 2019 and 2018, investment properties comprised the following:

Investment Properties	1 January 2019	Additions	Valuation gain/(loss) (Note 29.1)	Currency translation differences	31 December 2019
Non-operating investment properties					
- Hospital land in Denizli	15.045.000	-	590.000	-	15.635.000
- Land in Bodrum	1.150.000	-	15.000	-	1.165.000
Operating investment properties					
- Sümerpark Shopping Mall ("Sümerpark AVM")	106.440.000	-	(295.000)	-	106.145.000
- Van Shopping Mall ("Van AVM")	327.500.000	-	35.755.000	-	363.255.000
- School building in Denizli	23.260.000	-	1.460.000	-	24.720.000
Total	**473.395.000**	**-**	**37.525.000**	**-**	**510.920.000**

Investment Properties	1 January 2018	Additions	Valuation gain/(loss) (Note 29.1)	Currency translation differences	31 December 2018
Non-operating investment properties					
- Hospital land in Denizli	13.380.000	-	1.665.000	-	15.045.000
- Land in Bodrum	-	1.150.000	-	-	1.150.000
Operating investment properties					
- Sümerpark Shopping Mall ("Sümerpark AVM")	109.622.100	-	(3.182.100)	-	106.440.000
- Van Shopping Mall ("Van AVM")	235.070.000	-	(335.353)	92.765.353	327.500.000
- School building in Denizli	21.635.000	-	1.625.000	-	23.260.000
Total	**379.707.100**	**1.150.000**	**(227.453)**	**92.765.353**	**473.395.000**

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15 INVESTMENT PROPERTY *(continued)*

Denizli Sümerpark Shopping Mall ("Sümerpark AVM")

	2019		2018	
	Valuation Report Date	**Fair Value**	**Valuation Report Date**	**Fair Value**
Denizli Sümerpark AVM ("Sümerpark AVM")	31 December 2019	106.145.000	28 December 2018	106.440.000
		106.145.000		**106.440.000**

Sümerpark AVM, which is the property of Pera GYO, which has been officially opened on 12 March 2011.

As at 31 December 2019, there is an insurance amounting to TL 92.816.660 on Sümerpark AVM (31 December 2018: TL 89.760.600).

As at 31 December 2019 and 2018, Sümerpark AVM is first degree pledged as collateral in favor of a bank amounting to TL 35.000.000.

As of 31 December 2019, the supermarket within the shopping center is registered as the lessee in the land registry records for 12 years.

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 31 December 2019, the fair value of the Sümerpark AVM has been determined as TL 106.145.000 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.

The main assumptions contained in the valuation reports related to the income capitalization method of investment properties are as follows:

Main assumptions used in income capitalization method:

	2019	2018
Discount rate (%)	15,0-12,0	17,5-12,5
Occupancy rate (%)	64 – 75	67,5 – 75
Capitalization rate (%)	5	5
Rent increase rate (%)	12,69-6,87	15,9-9,8

Sensitivity analysis of the investment property is as follows:

		Changes in fair value	
		2019	**2018**
Discount rate			
	1% increase	(7.595.395)	(7.600.316)
	1% decrease	8.325.867	8.329.692
Rent increase rate			
	1% increase	8.493.426	8.409.788
	1% decrease	(7.870.329)	(7.800.132)
Occupancy rate			
	1% increase	1.436.136	1.431.818
	1% decrease	(1.436.136)	(1.431.818)

As at 31 December 2019, the fair value of investment properties is in the scope of level 3 based on the methods used for valuation. (31 December 2018: level 3)

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15 INVESTMENT PROPERTY *(continued)*

Van Shopping Mall ("Van AVM")

	2019		2018	
	Valuation Report Date	**Fair Value**	**Valuation Report Date**	**Fair Value**
Van AVM	3 February 2020	363.255.000	31 January 2019	327.500.000
		363.255.000		**327.500.000**

Investment properties consist of Van AVM which has completed construction process on 2015 and has been officially opened on 15 December 2016. Van AVM is the property of Global Ticari Emlak, one of the Group companies.

As at 31 December 2019, there is an insurance amounting to TL 95.317.000 on Van AVM (31 December 2018: TL 91.485.509).

As at 31 December 2019 and 2018, Van AVM is first degree pledged as collateral in favor of a bank amounting to USD 50.000.000. In addition, there is a pledge on shares, that owned by the Group, of Global Ticari Emlak amounting to nominal value of TL 38.600.000.

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 3 February 2020, the fair value of the Van AVM has been determined as TL 363.255.000 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 expertise reports dated 31 January 2019, the fair value of Van AVM has been determined as TL 327.500.000 as at 31 December 2018.

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 conciliation commission 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 fulfillment of the certain conditions specified in the protocol (Note 23).

As at 31 December 2019, the fair value of investment properties is in the scope of level 3 based on the methods used for valuation. (31 December 2018: level 3)

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15 INVESTMENT PROPERTY *(continued)*

School and Land

	2019		2018	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Denizli Land (Hospital)	3 February 2020	15.635.000	31 January 2019	15.045.000
School building in Denizli	3 February 2020	24.720.000	31 January 2019	23.260.000
		40.355.000		**38.305.000**

These land plots of the Group in Denizli include the plots on which the investments made on them and are 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 2019, the fair values of these land plots have been determined by market approach method according to the valuation reports dated 3 February 2020 prepared by an independent real estate appraisal company, which has the authorization license of CMB.

As at 31 December 2018, the fair values of these land plots have been determined according to the valuation reports dated 31 January 2019 prepared by an independent real estate appraisal company, which has the authorization license 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 one of the subsidiary of the Group, 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 2019, the fair value of investment properties is in the scope of level 2 based on the methods used for valuation. (31 December 2018: level 2)

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16 PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the year ended 31 December 2019 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 2019										
Cost	31.234.659	52.202.839	133.827.587	621.264.781	141.388.362	150.635.045	421.144.927	5.414.171	137.754.553	**1.694.866.924**
Accumulated depreciation	-	(4.009.497)	(18.799.333)	(164.748.398)	(67.529.691)	(60.014.402)	(93.619.646)	(1.150.104)	-	**(409.871.071)**
Carrying value	**31.234.659**	**48.193.342**	**115.028.254**	**456.516.383**	**73.858.671**	**90.620.643**	**327.525.281**	**4.264.067**	**137.754.553**	**1.284.995.853**
Additions	537.196	488.782	221.376	43.808.400	13.203.941	15.269.134	17.707.631	83.897	77.375.924	**168.696.281**
Current period depreciation	-	(2.246.879)	(4.477.504)	(65.321.888)	(20.028.442)	(10.742.545)	(29.993.153)	(194.963)	-	**(133.005.374)**
Disposals	-	-	-	(14.996.950)	(2.681.939)	(94.869)	(8.739)	-	(12.098.002)	**(29.880.499)**
Transfer (i)	-	19.151.933	1.895.289	144.633.168	31.351	10.887.018	4.672.510	(4.487.689)	(179.158.579)	**(2.374.999)**
Foreign currency translation differences	2.873.074	4.695.116	9.813.588	55.524.913	9.132.632	2.259.767	35.903.798	474.792	4.179.819	**124.857.499**
Additions to the scope of consolidation (ii)	-	148.885	-	359.952	105.212	716.931	39.856.823	-	3.446.789	**44.634.592**
Carrying value at the end of the period	**34.644.929**	**70.431.179**	**122.481.003**	**620.523.978**	**73.621.426**	**108.916.079**	**395.664.151**	**140.104**	**31.500.504**	**1.457.923.353**
31 December 2019										
Cost	34.644.929	76.687.555	145.757.840	850.594.264	161.179.559	179.673.026	519.276.950	1.485.171	31.500.504	**2.000.799.798**
Accumulated depreciation	-	(6.256.376)	(23.276.837)	(230.070.286)	(87.558.133)	(70.756.947)	(123.612.799)	(1.345.067)	-	**(542.876.445)**
Carrying value	**34.644.929**	**70.431.179**	**122.481.003**	**620.523.978**	**73.621.426**	**108.916.079**	**395.664.151**	**140.104**	**31.500.504**	**1.457.923.353**

(i) The amount of 2.374.999 is classified to rights under intangible assets.

(ii) On 9 October 2019, Nassau Cruise Port Ltd ("NCP") signed a deed with the Government of Bahamas by virtue of which the Government granted a 25-year concession over the passenger terminal area situated within Nassau Cruise Port. NCP will perform operation and management of the cruise passenger terminal in the area.

As at 31 December 2019, the insurance amount on tangible assets is TL 2.179.579.661 (31 December 2018: TL 1.981.135.841).

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16 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Movements of property, plant and equipment for the year ended 31 December 2018 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 2018										
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**
Additions	5.096.554	4.605.526	199.549	37.191.639	4.601.071	7.740.473	7.646.967	589.060	145.709.959	**213.380.798**
Current period depreciation	-	(1.700.995)	(4.030.643)	(49.112.804)	(18.380.216)	(9.418.657)	(23.866.143)	(514.067)	-	**(107.023.525)**
Disposals	(299.000)	-	-	(1.038.591)	(131.522)	(47.223)	(26.381)	-	(705)	**(1.543.422)**
Transfer	(20.589)	-	-	144.977.102	(1.455.245)	776.309	12.552.654	97.012	(157.375.715)	**(448.472)**
Foreign currency translation differences	6.935.941	10.763.105	24.843.931	92.641.717	22.152.956	5.159.821	81.860.297	1.005.919	5.031.494	**250.395.181**
Carrying value at the end of the period	**31.234.659**	**48.193.342**	**115.028.254**	**456.516.383**	**73.858.671**	**90.620.643**	**327.525.281**	**4.264.067**	**137.754.553**	**1.284.995.853**
31 December 2018										
Cost	31.234.659	52.202.839	133.827.587	621.264.781	141.388.362	150.635.045	421.144.927	5.414.171	137.754.553	**1.694.866.924**
Accumulated depreciation	-	(4.009.497)	(18.799.333)	(164.748.398)	(67.529.691)	(60.014.402)	(93.619.646)	(1.150.104)	-	**(409.871.071)**
Carrying value	**31.234.659**	**48.193.342**	**115.028.254**	**456.516.383**	**73.858.671**	**90.620.643**	**327.525.281**	**4.264.067**	**137.754.553**	**1.284.995.853**

Mortgage and pledges related to property plant and equipment are presented in Note 21.

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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 21.

Other mortgage and pledges related to property plant and equipment are presented in Note 21.

As at 31 December 2019 and 2018, the carrying values of the leased assets in property, plant and equipment are as follows:

	31 December 2019	31 December 2018
Furniture and fixtures	32.910	236.647
Motor vehicles	64.571.545	69.037.166
Machinery, plant and equipment	105.171.198	50.665.457
Land improvements	3.999.543	3.999.543
	173.775.196	**123.938.813**

17 RIGHT OF USE ASSETS

Movements of right of use assets for the year ended 31 December 2019 is as follows:

	Right of use assets	Others	Total
Carrying value as at 1 January	**317.374.303**	**19.347.750**	**336.722.053**
Additions	27.394.302	1.168.929	28.563.231
Additions to the scope of consolidation	124.744.200	-	124.744.200
Current period depreciation	(12.261.924)	(9.494.611)	(21.756.535)
Currency translation differences	33.843.011	346.935	34.189.946
Carrying value as at 31 December	**491.093.892**	**11.369.003**	**502.462.895**

Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

As of 31 December 2019, the carrying amount of TL 491.093.892 comprised the right of use assets related to port concession agreements and the carrying amount of TL 11.369.003 are classified as right of use asset of office, vehicle, facility etc.. The transition effect of the Group's accounting in accordance with TFRS 16 Leases is explained in Note 2.2.1.

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18 INTANGIBLE ASSETS AND GOODWILL

a) Other Intangible assets:

Movements of other intangible assets for the year ended 31 December 2019 is as follows:

	Rights	Software	Port operation rights	Customer relationships	Royalty rights	Naturel gas licenses	Other intangible assets	Total
1 January 2019								
Cost	13.523.590	8.487.412	3.114.486.169	16.269.876	199.608.124	78.264.741	15.528.394	**3.446.168.306**
Accumulated amortization	(7.401.410)	(4.861.766)	(1.058.065.141)	(13.262.734)	(102.816.593)	(16.570.919)	(1.802.959)	**(1.204.781.522)**
Carrying value	**6.122.180**	**3.625.646**	**2.056.421.028**	**3.007.142**	**96.791.531**	**61.693.822**	**13.725.435**	**2.241.386.784**
Additions	2.480.415	553.112	2.734.171	-	-	-	2.466.356	**8.234.054**
Current period amortization	(2.196.771)	(1.375.645)	(181.535.549)	(1.860.243)	(23.710.610)	(3.031.452)	(1.714.094)	**(215.424.364)**
Transfers	2.374.999	-	(1.847.227)	-	-	-	-	**527.772**
Diposals	-	-	-	-	-	-	(119)	**(119)**
Additions to the scope of consolidation (i)	-	74.514	412.932.344	-	-	-	-	**413.006.858**
Foreign currency translation differences	662.434	228.454	227.956.080	299.882	8.865.659	-	1.425.705	**239.438.214**
Carrying value at the end of the period	**9.443.257**	**3.106.081**	**2.516.660.847**	**1.446.781**	**81.946.580**	**58.662.370**	**15.903.283**	**2.687.169.199**
31 December 2019								
Cost	23.618.260	9.402.706	3.630.694.689	14.830.391	222.411.947	78.264.741	21.603.246	4.000.825.980
Accumulated amortization	(14.075.897)	(6.296.625)	(1.114.033.842)	(13.383.610)	(140.465.367)	(19.602.371)	(5.799.068)	(1.313.656.780)
Carrying value	**9.542.363**	**3.106.081**	**2.516.660.847**	**1.446.781**	**81.946.580**	**58.662.370**	**15.804.178**	**2.687.169.200**

(i) On 9 October 2019, Nassau Cruise Port Ltd ("NCP") signed a deed with the Government of Bahamas by virtue of which the Government granted a 25-year concession over the passenger terminal area situated within Nassau Cruise Port. NCP will perform operation and management of the cruise passenger terminal in the area.

18 INTANGIBLE ASSETS AND GOODWILL *(continued)*

a) Other Intangible assets *(continued)*

	Rights	Software	Port operation rights	Customer relationships	Royalty rights	Naturel gas licenses	Other intangible assets	Total
1 January 2018								
Cost	12.929.592	7.570.018	2.262.210.693	11.073.587	144.210.144	78.234.741	9.912.189	**2.526.140.964**
Accumulated amortization	(10.844.913)	(3.194.189)	(636.679.014)	(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**
Additions	4.626.448	272.834	10.803.456	-	-	30.000	4.692.907	**20.425.645**
Current period amortization	(852.599)	(1.362.694)	(152.334.760)	(1.621.213)	(21.151.810)	(3.017.616)	(3.093.789)	**(183.434.481)**
Transfers	448.472	-	-	-	-	-	-	**448.472**
Diposals	(108.346)	-	-	-	-	-	-	**(108.346)**
Foreign currency translation differences	(76.474)	339.677	572.420.653	1.082.970	28.571.228	-	2.607.911	**604.945.965**
Carrying value at the end of the period	**6.122.180**	**3.625.646**	**2.056.421.028**	**3.007.142**	**96.791.531**	**61.693.822**	**13.725.435**	**2.241.386.784**
31 December 2018								
Cost	17.819.692	8.182.529	2.845.434.802	12.156.557	172.781.372	78.264.741	17.213.007	3.151.852.700
Accumulated amortization	(11.697.512)	(4.556.883)	(789.013.774)	(9.149.415)	(75.989.841)	(16.570.919)	(3.487.572)	(910.465.916)
Carrying value	**6.122.180**	**3.625.646**	**2.056.421.028**	**3.007.142**	**96.791.531**	**61.693.822**	**13.725.435**	**2.241.386.784**

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18 INTANGIBLE ASSETS AND GOODWILL *(continued)*

Port Operating Rights

The details of Port operation rights for the years ended 31 December 2019 and 2018 are as follows:

	As at 31 December 2019		As at 31 December 2018	
	Net book value	Remaining Amortization Period	Net book value	Remaining Amortization Period
Barcelona Port	596.087.262	126 months	592.643.995	138 months
Malaga Cruise Port	67.718.280	152 months	64.709.070	164 months
Valletta Cruise Port	364.128.320	563 months	337.076.385	575 months
Port of Adria	116.564.545	288 months	110.052.767	300 months
Ortadoğu Liman	856.564.960	104 months	845.942.198	116 months
Ege Liman	66.767.848	159 months	63.546.411	171 months
Bodrum Liman	15.783.111	579 months	12.868.161	591 months
Nassau Cruise Port	406.832.418	332 months	--	--
Cagliari Terminali Passeggeri S.r.l.	13.074.380	84 months	15.198.740	96 months
Catania Terminali Passeggeri S.r.l.	12.908.055	96 months	13.225.903	108 months
Ravenna Terminali Passeggeri S.r.l.	231.668	12 months	1.157.398	24 months

All port operating rights have arisen as a result of TFRS 3 Business combinations, except BPI, Port Operation Holding S.r.l and Nassau Cruise Port, which arose as a result of applying TFRS Interpretation 12. Each port represents a separate CGU as per TAS 36.

Port operating rights of Nassau have been created by discounted cash outflows of fixed payments related to the future concession fees payable to the government and future payments to local organization (in substance payments to obtain the rights) in accordance with the concession agreement. The discount rate used is a risk-adjusted rate that matches the duration of concession term and currency of the cash flows. As these payments are contractually agreed simultaneously with the port operating rights with an interest rate of 2,04% and 2047 maturity, an equivalent long-term financial liability of USD 48.083.000, short term financial liability of USD 4.079.000 has been created.

Project expenses directly attributable to the creation of the port right of USD 7.125.000 have also been capitalized as part of the port operating rights.

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18 INTANGIBLE ASSETS AND GOODWILL (continued)

Recoverability of intangible assets

The recoverable amount of the CGU relating to the Ortadoğu Liman was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of TL 1.342.485.200 (USD 226.000.000) and no impairment loss during 2019 (2018: nil) was recognized.

The key assumptions are the expected growth rate in container volume of the port and the discount rate used. Cash flows used to calculate value-in-use are prepared in USD. A post-tax discount rate of 11,24% was used for discounting future cash flows to the reporting date. The growth in container operations was forecasted at 2,2 % average per annum until end of concession. General Cargo has been assumed to recover back to 2017 levels in 2023 and no growth has been forecasted for the remaining life of concession.

9 years of cash flows were included instead of 5 years plus terminal value as the life of the rights determined in the concession agreement. The growth is forecasted based on the historical information, management knowledge on the business and meetings made with customers for 2020. Future growth expectations forecasted based on the average growth rate expectation of containerized products and Country growth forecast made by World Bank.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 14,8%.

Management has identified that a reasonably possible change in the number of container cargo or the discount rate could cause the carrying amount to exceed the recoverable amount. The recoverable amount will be equal to the carrying amount if the cash flow has produced with a post-tax discount rate of 18,5% per annum was used.

The low performance in Port of Adria is related to non-recurring project-based revenues in 2018. When these revenues are being excluded, core operations showed a better performing year compared to last year.

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18 INTANGIBLE ASSETS AND GOODWILL *(continued)*

b) Goodwill:

During the years ended 31 December 2019 and 2018, movement of goodwill is as follows:

	2019	2018
Carrying value as at 1 January	**89.785.343**	**71.986.732**
Currency translation differences	9.159.366	17.798.611
Carrying value as at 31 December	**98.944.709**	**89.785.343**

During the years ended 31 December 2019 and 2018, the distribution of goodwill is as follows:

Distribution by segments	**31 December 2019**	**31 December 2018**
Port Operations	80.094.924	70.935.555
Finance	12.137.491	12.137.491
Real Estate	6.712.294	6.712.297
Total	**98.944.709**	**89.785.343**

Port operations

As at 31 December 2019, the Group has carried USD 13.483.540 (TL 80.094.924) goodwill related to the acquisition of Ege Liman in its consolidated financial statements (31 December 2018: TL 70.935.555).

The recoverable amount of this CGU was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU.

The key assumptions are the expected increase in the number of calls and passengers of the port and the discount rate used. Cash flows used to calculate value-in-use are prepared in USD. A post-tax discount rate of 11,26% was used for discounting future cash flows to the reporting date.

The growth in number of passengers was assumed at 26,7% average per annum until 2023, followed by 2% per annum until end of concession. 13 years of cash flows were included in the discounted cash flow instead of 5 years plus terminal values as the life of the rights are determined in the concession agreement.

The discount rate was estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 12% at a market interest rate of 7%. The growth is forecasted based on the nature of the business.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 12,9%.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately USD 31.000.000 (2018: USD 23.000.000). Management has not identified any reasonably possible change in the number of passengers or the discount rate could cause the carrying amount to exceed the recoverable amount.

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18 INTANGIBLE ASSETS AND GOODWILL *(continued)*

b) Goodwill *(continued)***:**

Finance operations

The Group tested impairment of assets of Global Menkul in order to test the goodwill as at 31 December 2019 and 2018 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. 21,8% discounted rate (2018: 22%) is used for discounting future cash flows.

Real estate operations

The Group tested the impairment of the goodwill related to the acquisition of Maya amounting to TL 6.712.297 as at 31 December 2019 and 2018. 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 the leased land, because the expropriation studies have not been completed. As at 31 December 2019 and 2018, 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 14.440.000 (31 December 2018: TL 14.375.000) which is above the total investment of the Group in Maya recognized in the consolidated financial statements.

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19 EQUITY ACCOUNTED INVESTEES

As at 31 December 2019 and 2018, the details of financial information related to equity accounted investees are as follows:

	Effective voting power	Effective ownership held	Carrying value 31 December 2019	Carrying value 31 December 2018
Assets				
Port of Singapore	40,00 %	15,09 %	43.374.916	39.218.325
Port of Lisbon	50,00 %	28,12 %	56.144.307	48.966.551
Venezia Investimenti Srl (**)	25,00 %	15,22 %	58.298.119	50.108.644
Axel Corporation Grupo Hotelero SL (***)	30,00 %	30,00 %	30.068.749	12.269.390
La Spezia	30,00 %	17,35 %	44.552	211.215
Goulette Cruise Holding (Note 1)	50,00 %	30,43 %	365.783	-
Total Assets			**188.296.426**	**150.774.125**
Liabilities				
IEG (*)	50,00 %	37,50 %	(657.739)	(650.132)
Total Liabilities			**(657.739)**	**(650.132)**
			187.638.687	**150.123.993**

(*) Since the Group will compensate the liabilities of IEG based on the it's 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 consolidates its financial statements as equity accounted investment method.

(***) Aristaeus Limited, a subsidiary of the Group, has acquired 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 (Note 2.1 (f)). As at 31 December 2019, the effective ownership held rate in the company by participating in the capital increase has risen to 30%. (31 December 2018: %15).

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19 EQUITY ACCOUNTED INVESTEES *(continued)*

The financial information that represents summary financial information of 100% of the of the Group's investments accounted for using the equity method as at and for the year ended 31 December 2019 and 2018 are as follows:

31 December 2019	Current Assets	Non Current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Income	Expenses	Net Profit/Loss for the period
IEG	593.592	8.875	602.467	(1.917.945)	-	(1.917.945)	4.305	(19.519)	(15.214)
Port of Lisbon	38.514.035	175.027.874	213.541.909	(20.649.354)	(80.603.942)	(101.253.296)	44.412.052	(35.954.055)	8.457.997
Port of Singapore	114.479.876	42.418.805	156.898.681	(31.553.250)	(16.908.142)	(48.461.392)	161.560.602	(100.573.585)	60.987.017
Venezia Investimenti Srl	29.819.386	203.595.096	233.414.482	(222.007)	-	(222.007)	17.315.180	(5.246.501)	12.068.679
Axel Corporation Grupo Hotelero SL	57.994.631	101.904.220	159.898.851	(52.090.524)	(14.049.721)	(66.140.245)	140.963.150	(162.529.337)	(21.566.187)
La Spezia	148.505	-	148.505	-	-	-	-	-	-
Goulette Cruise Holding	81.868.886	-	81.868.886	-	(81.137.320)	(81.137.320)	-	-	-

31 December 2018	Current Assets	Non Current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Income	Expense	Net Profit/Loss for the period
IEG	591.406	8.875	600.281	(1.900.545)	-	(1.900.545)	58.865	(164.915)	(106.050)
Port of Lisbon	31.512.992	162.851.948	194.364.940	(18.343.921)	(78.087.918)	(96.431.839)	30.107.901	(23.104.281)	7.003.620
Port of Singapore	114.994.961	17.729.572	132.724.533	(34.678.721)	-	(34.678.721)	138.352.386	(81.464.263)	56.888.123
Venezia Investimenti	15.607.238	184.560.552	200.167.790	(266.787)	-	(266.787)	-	(509.352)	(509.352)
Axel Corporation Grupo Hotelero SL	50.181.929	65.491.634	115.673.563	(20.306.431)	(2.203.122)	(22.509.553)	119.472.478	(115.825.746)	3.646.732
La Spezia	704.050	-	704.050	-	-	-	-	-	-

For the year ended at 31 December 2019 and 2018, the movement of the Group's investments accounted for using the equity method is as follows:

	2019	2018
Balance at the beginning of the period (1 January)	**150.123.993**	**92.588.791**
Shares in profit / (loss) of associates and joint ventures	29.780.093	27.598.541
Currency translation difference	(11.731.899)	29.936.661
Capital increase	19.466.500	-
Balance at the end of the period (31 December)	**187.638.687**	**150.123.993**

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

20.1 Other provisions

As at 31 December 2019 and 2018, the details of other provisions are as follows:

Other Current Provisions

	31 December 2019	31 December 2018
Provision for lawsuits	12.448.844	6.304.167
Other current provisions	3.452.781	3.549.982
	15.901.625	**9.854.149**

Other Non-current Provisions

	31 December 2019	31 December 2018
Provisions for the purchase of Port of Barcelona (*)	41.138.487	32.286.020
Provisions for the purchase of Port of Adria (**)	-	7.233.600
Provisions for the purchase of Port Operation Holding (***)	5.044.827	7.250.555
Provisions for the purchase of Nassau (****)	61.945.372	-
	108.128.686	**46.770.175**

(*) As part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities entered in 2013 (Note 20), the company has an obligation to maintain the port equipment in good operating condition throughout its operating period, and in addition return the port equipment to the Port Authorities in a specific condition at the end of the agreement. Therefore, replacement provisions have been recognized based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement.

(**) The restructuring provisions are related to the acquisition of the Port of Adria and are allocated within the scope of the Transfer of Operating Rights Agreement signed between Global Liman and the Government of Montenegro on 15 November 2013. In order to be distributed equally to the concession period provisions were made for the first three years. Starting from the 4th year of the concession period, Port of Adria had an obligation to pay a concession fee to the Government of Montenegro of EURO 500.000 per year until the end of the agreement. As the related concession agreement is classified as lease liabilities in the consolidated financial statements within the scope of TFRS 16, the accrued provision for previous years is cancelled.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

20.1 Other provisions

(***) On 16 December 2009, Ravenna Port Authority and Ravenna Passenger Terminal S.r.l. ("RTP") has signed a contract in connection with the concession right of the Ravenna Passenger Terminal operating expiry on 27 December 2020. RTP is obliged to pay a concession fee to the Port Authority of EURO 86.000 per year until the concession is over. The expenses related to this concession agreement are recorded on a linear basis over the duration of the concession period and accrued in the relevant years.

On 13 June 2011, Catania Port Authority and Catania Passenger Terminal S.r.l. ("CCT"), reached an agreement on the concession rights of the Catania Passenger Terminal, which will expire on 12 June 2026. CCT is obliged to pay a concession fee to the Port Authority of EURO 135.000 per year until the concession is over. The expenses related to this concession agreement are recorded on a linear basis over the duration of the concession period and accrued in the relevant years.

On 14 January 2013, Cagliari Cruise Port ("CCP") and Cagliari Port Authority signed a contract in connection with the concession right of the Cagliari Cruise Terminal operating expiry on 13 January 2027. CCP is obliged to pay a concession fee to the Port Authority of EURO 44.316 per year until the concession is over. The expenses related to this concession agreement are recorded on a linear basis over the duration of the concession period and accrued in the relevant years.

(****) As part of agreement between NCP and Government of Bahamas entered in 2019, ancillary contributions will be made to local community to increase the wealth of people of Bahamas. These payments will be made as grant and partly as interest free loan. Therefore, a provision is provided for ancillary contributions based on the company management's best estimate of these payments.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the amount of right of use assets are equal to the lease liability and the comparative information has not been restated as disclosed in Note 2. An amount equals to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that approach. Therefore, The Group reversed long term provision of Bar Port amounting to TL 7.233.600 according to the calculation of the carrying amount of right of use assets.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.2 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 21.1. 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") filed its applications regarding extension of the operation period of the port 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 filed lawsuit at the competent administrative court.

The case taken to the court by Port Akdeniz had been rejected and the Group lawyers appealed the rejection decision.

The Council of State rejected Port Akdeniz' appeal and upheld the judgment of the lower court relating to Port Akdeniz-Antalya. The Group lawyers applied for rectification of this judgment.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.2 Legal issues *(continued)*

(ii) 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 4 partners on 21 April 2016. Three of the court claims have been ruled in favor of the Group and the other one is still pending. Group lawyers succeeded in their application to take and impose an interim injunction on company shares of one of the debtors.

(iii) 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 15.000.000 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.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.2 Legal issues *(continued)*

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. The Group have appealed the Court decision. The Court of Appeal rejected the appeal whereupon the Group lawyers have made a request for rectification of the Court of Appeal decision.

Group lawyers initiated a debt recovery procedure for TL 10.128.300, which is TL equivalent of USD 6.890.000 which amounts to USD 6.900.000 Group's portion of the bid bond minus USD 10.000 as described above, against the PA and sent a payment order to the PA. The PA has objected to this payment order.

(iv) 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 by the Group lawyers but this request of rectification has been rejected by the Pleanary Session of the Administrative Law Chamber and the court file has returned to the 13th Chamber of Council of State on 21 June 2018. The reasoned decision has been served on the parties and thereby became final.

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.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.2 Legal issues *(continued)*

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.

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 been 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. The court decided in the hearing dated 27 June 2018 to refer the court file to expert examination. The expert report was in favor of the Group. The court has decided to obtain an expert report from a new experts commission in line with the parties' objections. The new expert report is not submitted to the court file yet. The next hearing is adjourned to 20 May 2020.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.2 Legal issues *(continued)*

Briefly 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) 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. 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 March 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.The lawyers of the Municipality did not attend the hearing on 10th of April 2019 and the Group's and Enerya's lawyers requested the court file to be cancelled until renewed by the Municipality. The court accepted such request and cancelled the court file until renewed. The Municipality did not submit a renewal statement within the legal time period. Consequently, the Group's lawyers requested the court to declare the court claim as not filed and to revoke the preliminary injunction decision on the collateral of the Group. The court decided the court claim as not filed as requested by the Group lawyers, however rejected to revoke the preliminary injunction decision. The Group's Lawyers appealed the unfavorable part of the court decision. The Regional Court accepted the appeal and ordered to revoke the preliminary injunction decision on the collateral of the Group. The Municipality appealed the Regional Court's decision before the Court of Cassation. The Group Lawyers have submitted reply statements against the Municipality's appeal statement. The Group management did recognise any provision related to the case explained above in its consolidated financial statements in accordance with its legal advisors' opinion.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.2 Legal issues *(continued)*

(v) 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 E before 13th Council of State. Since the lawsuit with the file numbered 2010/920 E 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 the Company; 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 Court of Appeal has accepted the appeal and overruled the Court decision on 26 November 2018. The Court will re-examine the court file in accordance with the Court of Appeal decision. At the hearing held on 10 October 2019, the court ruled to abide by the overturning decision of the Court of Appeal and to wait for the result of the 2010/308 E. file (new file number as 2016/37 E.) of Ankara 4th Commercial Court and adjourned the hearing to 13 February 2020. At the hearing held on 13 February 2020, mentioning the case file (2010/308E.) sent by the Ankara 4th Commercial Court to their court was missing, the Court decided to wait the full case file to be received from the Ankara 4th Commercial Court and to decide afterwards whether to send the file to expert commission. The next hearing will be held on 14 May 2020.

(vi) 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 and the generation licence had to be granted by the Energy Market Regulatory Authority ("EMRA"). Subsequently, Dağören completed its licence 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.

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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(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.2 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 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 Council of State approved the decision of the Court of the First Instance. The Group Lawyers applied for a request of rectification which has been rejected by the Council of State, and thereby the decision of the Court of First Instance became firm. As a result of exhaustion of legal remedies, the Group Lawyers have made an individual application to Constitutional Court on 11 February 2019.

The Group also also filed a full remedy action against the Administration for the recovery of damages incurred in respect of HEPP Project before 23th Administrative Court of Ankara with file number 2019/432E on 12 March 2019.

As at 31 December 2017, based on the precautionary principle and according to the current existing situation, the Group has accounted for an impairment provision amounting to TL 50.968.072 for the HEPP license and for the other tangible assets accounted in the consolidated financial statements.

(vii) 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 appealed the decision before the Provincial High Court. The Provincial High Court ruled on rescission of the court decision due to short payment of the court claim fee by the claimant. The file has returned to the first instance court and the new hearing is adjourned to 29 November 2018. On the hearing dated 29 November 2018, the Court ordered the claimant to remit the remaining court claim fee amount until the next hearing. Raiffeisen remitted the remaining court fee. At the hearing held on 05 December 2019, the court accepted the court claim and ruled to approve the arbitration award. The reasoned decision is not served to the parties yet.The Group Lawyers shall appeal the court decision upon service of the reasoned decision. The Group has accounted provision amounting to TL 4.147.795 for this lawsuit in its consolidated financial statements in 2014.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.2 Legal issues *(continued)*

(viii) 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 of 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. In the hearing dated 7 June 2018, the Court has accepted the first lawsuit and ruled that the defendants are jointly and severally liable from and will pay to the Group USD 7.958.000 together with accrued interest as of the court claim date, the Group to return 85% of the Gelis Madencilik Enerji Insaat A.S' shares to the defendants, namely Mustafa Acar, Mehmet Sıddık Balkan and Veysi Gelis, Muhammet Fatih Bahşiş, to concurrent fulfillment of mutual obligations and rejection of the counter lawsuit. The Defendants have applied to Regional Court of Appeal against the Court decision. The Group Lawyers also appealed the Court decision on the ground that the default interest commencement date adjusted by the Court is erroneous. The Group have also commenced enforcement procedure of the Court decision and obtained attachment order over some cash and various company shares, immovables and vehicles. As a result of the settlement negotiations between the Parties, a settlement and release agreement has been signed on 27 March 2019 wherein the defendants have agreed to pay to the Group USD 7.600.000. As per the agreement the shares of Geliş Madencilik have been transferred back to the defendants' nominee in line with the court decision. USD 1.600.000 of the agreed amount has been collected in advance. The Group have obtained various securities for the remaining amount and furthermore, the court decision and enforcement file has been finalised in favor of the Group. The Parties have agreed that remaining amount shall be paid in 4 instalments each to be in the amount of USD 1.500.000 and to be paid in every 3 months. Three instalments have been received. As at 31 December 2019, the Group has accounted other expense amounting to TL 8.410.402 and other income amounting toTL 44.929.820 related to the release agrrement under other other operating income/expense in the consolidated financial statements. The Group have obtained various securities for the remaining amount including the pledge amounting USD 6.000.000 and furthermore, the court decision and enforcement file has been finalised in favour of the Group.

(ix) On 29 April 2019, the Competition Authority notified Ortadoğu Liman, that it has commenced an investigation into Ortadoğu Liman due to an alleged breach of Article 6 of the Law on the Protection of Competition, Law No. 4054 due to excessive pricing concerns on certain services. Ortadoğu Liman has engaged legal representation and submitted a full defence against all allegations on 28 May 2019. By law, the Competition Authority has 6 months to prepare an investigation report which can be extended by an additional 6 months. On 16 September 2019, the Competition Authority has notified Ortadoğu Liman that the period for the preparation of the investigation report has been extended to 11 April 2020. At this stage, the claim has not been matured and it depends on the result of the final investigation report to be issued by the Competition Authority by no later than 11 April 2020. Whole process before the Competition Authority may take up to an additional 6 to 12 months (excluding the possibility to file an administrative lawsuit against a negative decision of the Competition Authority).

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.3 Contingent liabilities

The details related to the Group's guarantees, pledges and mortgages given are presented in Note 21. 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") is 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.

Bodrum Liman also executed an extension on prior Concession Agreement with the General Directorate of National Property on 15 November 2018 ("Bodrum Port Concession Agreement"). The BOT Agreement is attached to the Bodrum Port Concession Agreement and Bodrum Liman is entitled to use the Bodrum Cruise Port under these agreements for an extended period of 49 years starting from 31 December 2019.

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.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.3 Contingent liabilities *(continued)*

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.

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.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.3 Contingent liabilities *(continued)*

Valletta Cruise Port

On 22 November 2001, VCP signed a deed with the Government of Malta by virtue of which the Government granted a 65-year concession over the buildings and lands situated in Floriana, which has an area of 46.197square meters ("sqm"). VCP will perform operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities.

A ground rent is payable by Valletta Cruise Port to the Government of Malta. At the end of each 12 months period, VCP is required pay to the Government of Malta (a) 15% of all revenue deriving from the letting of any buildings or facilities on the concession site for that 12 month period, and (b) 10% of revenue deriving from passenger and cruise liner operations, subject to the deduction of direct costs and services from the revenue upon which 10% fee is payable.

Ravenna Passenger Terminal

On 19 December 2009, Ravenna Terminal Passeggeri S.r.l ("RTP") signed a deed with the Ravenna Port Authority by virtue of which the Port Authority granted a 10-year concession over the passenger terminal area situated within Ravenna Port. RTP will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by RTP to the Port Authority in the sum of EURO 895.541,67 during the concession period. The repayment of the total amount is presented as EURO 3.000 for the year 2009, EURO 28.791,67 for the year 2010 and the remaining EURO 863.750 overall for the years 2011 to 2020.

Catania Cruise Terminal

On 18 October 2011, Catania Cruise Terminal SRL ("CCT") signed a deed with the Catania Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated on Catania City Center. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCT to the Port Authority in the sum of EURO 135.000 for each year during the concession period.

Cagliari Cruise Terminal

On 14 January 2013, Cagliari Cruise Port S.r.l ("CCP") signed a deed with the Cagliari Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated within Cagliari Port. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCP to the Port Authority in the sum of EURO 44.316 for each year during the concession period.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.3 Contingent liabilities *(continued)*

Nassau Cruise Port

On 9 October 2019, Nassau Cruise Port Ltd ("NCP") signed a deed with the Government of Bahamas by virtue of which the Government granted a 25-year concession over the passenger terminal area situated within Nassau Cruise Port. NCP will perform operation and management of the cruise passenger terminal in the area.

NCP will invest an amount of USD 250 m in expanding the capacity of the port. Investment amount also includes ancillary contributions made to local community to increase the wealth of people of Bahamas. These payments will be made as grant and partly as interest free loan.

The construction phase is expected to start in 2020 and is anticipated to be completed within 24 months; once construction has been completed total revenues are expected to be in the range of USD 35-40 m per annum.

A variable fee payment based on the number of passengers will be made to the Port Authority starting from the operations commencement date. Starting from the construction commencement date and until the end of the concession, a minimum fixed fee will be payable to the Port Authority amounting to USD 2 m per annum subject to US CPI adjustment.

Antigua Cruise Port

On 24 October 2019, Antigua Cruise Port Ltd ("ACP") signed a deed with the Government of Antigua&Barbuda by virtue of which the government granted a 25-year concession over the passenger terminal area situated within Antigua Cruise Port. ACP will perform operation and management of a cruise passenger terminal in the area.

Total initial investment in the first 12 months of operation will be between USD 45-50 m, including repayment of the existing bond of USD 21 m, completion of new pier construction and dredging work, and investment into the retail facilities. The Company's cash equity contribution is set at 27,5%, with the balance provided through non-recourse project finance.

A variable fee payment based on the number of passengers will be made to the Port Authority with a minimum fee guarantee. From the 21st year of the concession, ACP will pay a share of its annual revenue annually to the Port Authority.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.3 Contingent liabilities *(continued)*

Legal proceedings in relation to Ortadoğu Liman, Ege Liman and Bodrum Liman's applications for extension of their concession rights

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that prevented operators of privatized facilities from applying to extend their operating term. The respective Group companies then applied to extend the concession terms of Ortadoğu Liman, Ege Liman and Bodrum Liman to give each concession a total term of 49 years from original grant date. After these applications were rejected, the respective Group companies filed lawsuits with administrative courts challenging the decisions.

After going through legal proceedings, Bodrum Liman's application for the extension of concession term is accepted by the relevant administrative authority. The extension agreement is executed on December 2018 which has extended the remaining concession period to 49 years. The original concession agreement was due to expire in December 2019 and following this new agreement the concession will now expire in December 2067.

Ortadoğu Liman filed lawsuits against Privatization Administration and the General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State rejected the appeal of Ortadoğu Liman and approved the decision of the Court. The Group lawyers have applied to the Council of State for reversal of this judgement and the case is still pending.

Ege Liman filed lawsuits against Privatization Administration and General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State accepted the appeal and reversed the Court's judgement against to Ege Liman. The Privatization Administration applied to the Council of State for reversal of this judgement and this time, the Council of State has changed its standpoint and approved the Court's decision against Ege Liman.

In this regard, Ege Liman has submitted an individual application to the Constitutional Court. Constitutional Court has rendered its decision against Ege Liman and the judicial process for the extension of the concession period has been concluded against Ege Liman. Accordingly, upon expiration of the concession period in 2033, Ege Liman will need to participate in the tender for new concession term.

As at and for the year ended 31 December 2019 consolidated financial statements have been prepared assuming the current concession length.

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20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

20.4 Operating leases

Group as lessee

The Group entered into various operating lease agreements. As at 31 December 2019 and 2018, operating lease rentals are payable as follows:

	2019	**2018**
Less than one year	5.243.103	22.478.858
Between one and five years	7.600.512	90.336.809
More than five years	2.478.878	719.268.207
Total	**15.322.493**	**832.083.874**

For the year ended 31 December 2019, payments recognized as rent expense are TL 935.831 (2018: TL 19.172.230).

Group as lessor

As at 31 December 2019 and 2018, the future lease receivables under operating leases are as follows:

	2019	**2018**
Less than one year	19.285.751	28.934.522
Between one and five years	44.156.889	46.226.278
More than five years	40.094.311	43.476.124
Total	**103.536.951**	**118.636.924**

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, Bodrum Liman, VCP, Barcelona Port, Malaga Cruise Port, ZIPO and Antigua.

During the year ended 31 December 2019, TL 65.410.491 (2018: TL 62.702.256) have been recognized as rent income in the consolidated financial statements.

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21 COMMITMENTS

As at 31 December 2019 and 2018 guarantees, pledges and mortgages (GPMs) given by the Group are presented below:

31 December 2019

		Original Amount		
	TL Equivalent	TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	476.977.774	276.725.134	10.200.000	21.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	4.516.250.055	1.343.093.926	247.754.037	255.833.699
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	**4.993.227.829**	**1.619.819.060**	**257.954.037**	**276.833.699**

31 December 2018

		Original Amount		
	TL Equivalent	TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	418.325.017	238.075.837	10.200.000	21.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	3.864.816.070	1.120.125.075	244.986.372	241.513.303
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	**4.283.141.087**	**1.358.200.912**	**255.186.372**	**262.513.303**

As at 31 December 2019 the ratio of other GPMs given to the Group's equity is 0% (31 December 2018: 0%).

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21 COMMITMENTS *(continued)*

The details of the GPMs (contingent liabilities) given by the Group are presented below:

	31 December 2019	31 December 2018
Given to Energy Market Regulatory Authority (1)	5.869.880	5.266.880
Given for tenders	17.973.217	5.943.900
Given as a guarantee for commercial contracts	40.422.100	40.140.175
Given to Borsa Istanbul	2.012.500	2.012.500
Given to banks	42.619.964	39.626.933
Given to Takasbank	30.525.000	30.525.000
Given to Privatization Administration	33.040.762	2.969.440
Given to supply for natural gas	57.199.613	57.755.562
Given to courts, ministries, Tax Administration	2.570.153	5.449.082
Given to Capital Markets Board	4.576	4.576
Other	83.999.633	61.008.511
Total letters of guarantee	**316.237.398**	**250.702.559**
Mortgages and pledges on inventory, property plant and equipment and investment property (2)	2.854.909.041	2.507.667.814
Pledges on equity securities (3)	1.107.741.947	828.940.266
Sureties given (4)	714.339.443	695.830.448
Total contingent liabilities	**4.993.227.829**	**4.283.141.087**

1) The amounts include the letters of guarantee given by the Group for its subsidiaries operating in energy sector to EMRA.

(2) Mortgages and pledges on inventory, property, plant and equipment and investment property:

As at 31 December 2019, there is a mortgage amounting to TL 120.000.000 and EURO 15.000.000 (TL 99.759.000) over one of the buildings of Global Yatırım Holding A.Ş. (which is classified as property, plant and equipment) with respect to the loans obtained (31 December 2018: TL 120.000.000 and EURO 15.000.000).

As at 31 December 2019, there is mortgage on the land of the Group located in Denizli, as collateral of the Group's bank loans amounting to TL 48.500.000 (31 December 2018: TL 48.500.000). Additionally, as at 31 December 2019, there is a mortgage on the land of the Group located in Van, related with the loans utilized by Global Ticari Emlak amounting to USD 50.000.000 (TL 297.010.000) (31 December 2018 : USD 50.000.000 (TL 263.045.000)).

As at 31 December 2019, there is a mortgage over the property, plant and equipment of the Group's subsidiaries which are operating in energy generation sector amounting to USD 100.000.000 (TL 594.020.000), EURO 117.515.250 (TL 781.546.922) and TL 545.400.000 with respect to the loans utilized by those subsidiaries.

As at 31 December 2018, there is mortgage over the property, plant and equipment of the Group's subsidiaries which are operating in energy generation sector amounting to USD 100.000.000 (TL 526.090.000), EURO 109.865.000 (TL 662.266.220) and TL 535.400.000 with respect to the loans utilized by those subsidiaries.

As at 31 December 2019, there is a mortgage over the property, plant and equipment of the Group's subsidiaries which are operating in natural gas sector amounting to TL 61.484.205 (31 December 2018: TL 61.484.205)

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21 COMMITMENTS *(continued)*

As at 31 December 2019, there is a mortgage over the property, plant and equipment of Barcelona Port, Ortadoğu Liman, VCP and Port of Adria amounting to EURO 13.493.042 (TL 89.736.825), USD 3.150.000 (TL 18.711.630), EURO 19.828.200 (TL 131.869.427) and EURO 10.054.887 (TL 66.871.032) respectively due to the loans utilized by those companies.

As at 31 December 2018, there is a mortgage over the property, plant and equipment of Barcelona Port, Ortadoğu Liman, VCP and Port of Adria amounting to EURO 13.493.042 (TL 81.336.057), USD 3.150.000 (TL 16.571.835), EURO 7.708.135 (TL 46.464.638) and EURO 9.304.887 (TL 56.089.859) respectively due to the loans utilized by those companies.

(3) Pledges on equity securities:

As at 31 December 2019, the Group gave marketable securities with a nominal value of USD 10.200.000 (TL 60.590.040) (31 December 2018: USD 10.200.000 (TL 53.661.180)) and equity shares amounting to TL 9.402 (31 December 2018: TL 9.402) as collateral with respect to ongoing legal proceedings. There are pledges on shares with a nominal value of a subsidiary of Group amounting to TL 289.523.045, on shares of the subsidiaries which operating in port operations amounting to TL 423.951.630, on shares of the subsidiaries which operating in natural gas, mining, energy generation amounting to TL 101.000.000 and on shares of the subsidiaries which operating in real estate development amounting to TL 38.600.000 with respect to the loans obtained by the Group.

As at 31 December 2019, treasury shares amounting to nominal value of TL 39.820.000 (31 December 2018: TL 41.867.229) as mentioned in Note 24.1 has been pledged for loans and debt securities. As at 31 December 2019, there is a blockage of financial investments with a carrying value of TL 144.430 in Takasbank.

(4) Securities given:

As at 31 December 2019, the Group provided surety amounting to EURO 17.295.448, USD 82.609.724 and TL 108.596.056, a total of amounting to TL 714.339.443 (31 December 2018: TL 695.830.448) with respect to loans and lease agreements of subsidiaries of the Group.

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22 EMPLOYEE BENEFITS

Payables related to employee benefits

As at 31 December 2019 and 2018, payables related to employee benefits comprised the following:

	31 December 2019	31 December 2018
Payables to personnel	3.996.802	4.102.152
Social security premiums payable	5.420.186	6.087.411
Other	782.371	690.552
Total	**10.199.359**	**10.880.115**

Provisions for employee benefits

As at 31 December 2019 and 2018, current and non-current provisions for employee benefits comprised the following:

Current provisions

	31 December 2019	31 December 2018
Provision for notice pay and vacations	5.851.009	4.504.014
Other	212.055	41.159
	6.063.064	**4.545.173**

Non-current provisions

Non-current provisions consist of provision for employment termination indemnities. The details of the non-current provisions are as follows:

	31 December 2019	31 December 2018
Provision for employment termination indemnity	14.374.643	10.296.326
	14.374.643	**10.296.326**

The assumptions used to recognize provision for employment termination indemnity are explained below:

Under the Turkish Labor Law, the Group is required to pay employment 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 6.380 for each period of service as of 31 December 2019 (31 December 2018: TL 5.434).

Provisions for employment termination indemnity are not subject to any statutory funding.

For the year ended 31 December 2019 and 2018, the movement of the provision for employment termination indemnity as follows:

	2019	2018
Opening balance (1 January)	10.296.326	7.945.868
Interest for the period	1.097.019	593.961
Service costs	3.213.954	2.721.828
Payments within the period	(1.423.633)	(1.645.791)
Currency translation differences	223.374	401.865
Actuarial gain/losses	967.603	278.595
Closing balance (31 December)	**14.374.643**	**10.296.326**

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23 OTHER ASSETS AND LIABILITIES

a) Other current assets

As at 31 December 2019 and 31 December 2018, other current assets comprised the following:

	31 December 2019	31 December 2018
Deferred value added tax (*)	31.912.056	37.736.836
Job and salary advances given to personnel	9.779.128	7.569.375
Income accruals	11.224.406	6.018.017
Other	1.281.683	1.284.997
Total	**54.197.273**	**52.609.225**

(*) 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 2019 and 31 December 2018, other non-current assets comprised the following:

	31 December 2019	31 December 2018
Deferred value added tax (*)	2.359.388	2.056.029
Job and salary advances given to personnel (**)	14.326.014	14.491.529
Total	**16.685.402**	**16.547.558**

(*) The Group has classified deferred VAT assets as current or non-current assets on basis of future realizable projections.

(**) As a state-owned company before being acquired by the Group, Port of Adria had granted housing loans to its employees up to a maturity of 35 years. The housing loans were acquired as part of business combinations and recognized at fair value on acquisition date. Subsequent to the acquisition date the loans have been held, at amortized cost. Whilst there is credit risk associated with the collection of these loans the Group has mortgages over the relevant properties and the value of the properties is expected to cover the outstanding amount in the event of a default.

c) Other current liabilities

As at 31 December 2019 and 31 December 2018, other current liabilities comprised the following:

	31 December 2019	31 December 2018
Liabilities related to share repurchase commitment (Note 24.8)	-	82.308.355
Liabilities related with real estate (*)	3.668.000	3.668.000
Expense accruals	17.292.597	12.652.614
Other	2.762.861	2.343.172
Total	**23.723.458**	**100.972.141**

(*) Includes liabilities based on the protocol between the Group and Van Municipality.

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24 CAPITAL, RESERVES AND OTHER EQUITY ITEMS

24.1 Share capital / Capital adjustments due to cross ownership/ Treasury shares

Share capital:

As at 31 December 2019 the Company's statutory nominal value of paid-in share capital consists of 32.588.840.993 registered shares with a par value of TL 0,01 each. As at 31 December 2018 the Company's statutory nominal value of paid-in share capital consists of 32.588.840.993 registered shares with a par value of TL 0,01 each. Number of shares is presented in lots in the consolidated financial statements and the accompanying notes (1 lot = 100 shares).

The issued capital of the Company is TL 325.888.410 and the authorized capital ceiling is TL 650.000.000. The authorized capital ceiling permit given by the Capital Markets Board is valid for the years 2018-2022 (5 years). The shareholder structure of the Company is as follows:

	31 December 2019		31 December 2018	
	Proportion of share %	Value of share	Proportion of share %	Value of share
Mehmet Kutman (*)	26,04%	84.875.163	24,33%	79.301.914
Centricus Holdings Malta Limited	31,25%	101.826.967	31,25%	101.826.967
Erol Göker	0,15%	488.707	0,15%	488.707
Publicly traded other shares (**)	42,56%	138.697.573	44,27%	144.270.822
Total	**100 %**	**325.888.410**	**100 %**	**325.888.410**
Adjustment related to inflation		34.659.630		34.659.630
Inflation adjusted capital		**360.548.040**		**360.548.040**

(*) Disclosed together with the shares of Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş. which is owned by Mehmet Kutman.

(**) Comprised the nominal number of the repurchased shares 43.126.651 (31 December 2018: 46.572.505 shares).

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 Centricus Holdings Malta Limited (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.

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24 CAPITAL, RESERVES AND OTHER EQUITY ITEMS *(continued)*

24.1 Share capital / Capital adjustments due to cross ownership/ Treasury shares *(continued)*

Treasury shares

The Company and some of the subsidiaries of the Group 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 "Treasury shares owned by the Company" in the consolidated statement of changes in equity. As at 31 December 2019, the Company and the subsidiaries of the Group held 43.126.651 shares of Global Yatırım Holding A.Ş (31 December 2018: 46.572.505 shares), with the cost of TL 137.398.773 (31 December 2018: TL 115.476.802). Those shares have been reclassified as "Treasury shares" under equity.

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 2019, the Group made provision for the shares owned by the Group amounting to TL 137.398.773 accounted under restricted reserves in the consolidated financial statements (31 December 2018: TL 115.476.802).

24.2 Share premium/discounts

Share premium represents the inflow of cash arising from the sales of shares on market value. The premium amount is included in equity and cannot be distributed. It can only be used for the future capital increases.

24.3 Accumulated 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

Based on the transitional provisions of the TAS 19 standard, starting from 1 January 2012 actuarial gains and losses in accordance with the announcement on the financial statements and footnote formats stated in the Communiqué Serial: II, 14.1 published in the Official Gazette No. 28676 dated 13 June 2013 followed under these accounts.

b) Other Gain/Loss

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.

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24 CAPITAL, RESERVES AND OTHER EQUITY ITEMS *(continued)*

24.3 Accumulated other comprehensive income/expense not to be reclassified to profit or loss *(continue)*

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 this has been reflected in the consolidated financial statements of the Group. As of 31 December 2019 TL 6.510.528 (31 December 2018: TL 11.472.428) has been classified as "Special Reserve" in the consolidated financial statements.

24.4 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 or loss on hedging

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 recognized in other comprehensive income in the consolidated financial statements. The accounting method mentioned above has been applied since 1 October 2013 and the Group has recognized loss amounting to TL 86.798.742 for the year ended 31 December 2019 (31 December 2018 :TL 163.278.074 loss) in other comprehensive income within equity.

Gain or loss on cash flow hedge

In order to maintain its position against the change in interest rates, the Group entered into an interest rate swap transaction. The effective portion of the cash flow hedge accounting recognized in other comprehensive income is TL 1.989.967 loss (31 December 2018: TL 815.440 loss).

Within the cash flow hedge transactions, the amount classified from equity to profit or loss, in other words effective portion of changes in the fair value row for the current period is TL 1.461.289 (31 December 2018: TL 528.514) accounted under finance expense in profit or loss.

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24 CAPITAL, RESERVES AND OTHER EQUITY ITEMS *(continued)*

24.5 Restricted reserves

As at 31 December 2019, the Group's restricted reserves are total of TL 141.116.478 (31 December 2018: TL 118.703.224.

As disclosed in Note 24.1, 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 2019, the Group made provision for the shares owned by the Group amounting to TL 137.398.773 accounted under restricted reserves in the consolidated financial statements (31 December 2018: TL 115.476.802).

24.6 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.

For the year ended 31 December 2019 the Group entered into sale and purchase transactions of shares in Pera, operating in real estate, and Global Menkul, operating in brokerage, which shares are publicly traded at BIST. As a result of the sale and purchase of Pera and Global Menkul shares by the Group, the effective shareholding rate of the Group in Pera decreased to 22,45% (31 December 2018: 39,56%) and in Global Menkul decreased to 75,00% (31 December 2019: 77,43%). The result of these transactions is recognized under equity and is shown as change in ownership interests in subsidiaries without change in control in Consolidated Statement of Changes in Shareholders' Equity.

24.7 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 financial statements.

The Group recognized net loss amounting to TL 45.673.635 for the period 1 January-31 December 2019 (1 January-31 December 2018: TL 106.846.864 net loss) in its stand-alone statutory financial statements prepared in accordance with Tax regulation and TCC.

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24 CAPITAL, RESERVES AND OTHER EQUITY ITEMS *(continued)*

24.8 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 which shares is started to be trading on the London Stock Exchange is owned by Global Liman (89,16% ownership & 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 have 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. As of 31 December 2019, the Company's ownership ratio was 60,86% as a result of the share purchase / sales transactions in 2019 (31 December 2018: 56,74%).

Accounting for this transaction is made in accordance with TAS 27 "Consolidated and Separate Financial Statements", paragraphs 30 and 31. According to these paragraphs; changes in the ownership rate of a parent company in the event of a without loss of control despite the change in the ownership of the subsidiary is accounted as equity transactions. In such cases, the carrying values of the non-minority shares or the controlling power and non-controlling interests are adjusted to reflect the changes in their relative shares in the subsidiary. The difference between the amount in which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly accounted in equity and owned by the owners of the parent company.

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25 REVENUE AND COST OF SALES

For the years ended 31 December 2019 and 2018, the Group's gross profit on the basis of operations comprised the following:

Revenue	**1 January- 31 December 2019**	**1 January- 31 December 2018**
Natural gas revenue	428.354.179	248.227.072
Port operating revenue	668.498.598	601.031.096
Mining revenue	95.951.436	78.153.486
Real estate rent and service revenue	42.460.371	61.131.597
Energy generation and sales revenue	148.525.696	82.979.423
Other	3.658.388	8.516.205
Total	**1.387.448.668**	**1.080.038.879**
Cost of sales		
Cost of natural gas sales and services	(313.775.771)	(193.190.826)
Cost of port operations	(453.170.686)	(373.525.737)
Cost of mining operations	(65.759.169)	(62.325.308)
Cost of energy generation and sales	(145.002.276)	(81.645.383)
Cost of real estate service	(10.317.272)	(24.859.725)
Other	(10.684.165)	(8.587.575)
Total	**(998.709.339)**	**(744.134.554)**
Gross Profit from Non-finance Operations	**388.739.329**	**335.904.325**

Revenues from Finance Operations	**1 January- 31 December 2019**	**1 January- 31 December 2018**
Agency commissions	27.117.992	27.731.111
Interest received from customers	11.846.216	11.691.200
Portfolio management fees	4.539.066	1.881.084
Gain on sale of marketable securities, net	1.329.122	1.044.259
Other revenue	8.693.231	6.052.959
Total	**53.525.627**	**48.400.613**
Cost of Revenues from Finance operations (-)		
Commission charges	(800.389)	(823.680)
Interest charges from loans delivered to customers	(4.374.654)	(3.919.852)
Total	**(5.175.043)**	**(4.743.532)**
Gross Profit from Finance Operations	**48.350.584**	**43.657.081**
GROSS PROFIT	**437.089.913**	**379.561.406**

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26 GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

26.1 Marketing expenses

For the years ended 31 December 2019 and 2018, marketing expenses comprised the following:

	1 January- 31 December 2019	**1 January- 31 December 2018**
Personnel expenses	10.892.655	8.491.673
Depreciation and amortization expenses (Note 16-18)	11.825.256	10.509.135
Export expenses of mining operations	23.522.541	18.272.154
Advertising and promotion expenses	8.089.445	7.591.175
Taxes and duties	6.038.801	3.003.563
Commission expenses of derivative exchange market	1.359.294	1.024.004
Representation expenses	4.355.198	452.704
Stock market participation share	2.753.408	2.285.136
Money market settlement and custody expenses	793.942	615.434
Vehicle expenses	669.657	534.547
Repair and maintenance expenses	1.657.822	702.473
Building management expenses	1.010.029	826.358
Commission expenes	3.158.038	3.634.788
Other	6.461.161	5.109.432
	82.587.247	**63.052.576**

26.2 General administrative expenses

For the years ended 31 December 2019 and 2018, general administrative expenses comprised the following:

	1 January- 31 December 2019	**1 January- 31 December 2018**
Personnel expenses	115.100.770	95.973.094
Consultancy expenses	25.924.651	21.968.460
Travelling expenses	9.378.895	11.768.267
Taxes and duties other than on income	8.674.011	6.037.711
Depreciation and amortization expenses (Note 16-18)	17.088.532	18.115.388
IT expenses	10.050.878	7.437.210
Communication expenses	2.463.459	2.475.194
Building management expenses	3.370.243	2.670.150
Vehicle expenses	4.741.593	4.319.998
Representation expenses	3.504.822	7.922.383
Repair and maintenance expenses	1.732.285	955.776
Other expenses	11.688.140	12.881.489
	213.718.279	**192.525.120**

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27 EXPENSES BY NATURE

For the years ended 31 December 2019 and 2018, the breakdown of personnel, depreciation and amortization expenses comprised the following:

Personnel expenses	1 January- 31 December 2019	1 January- 31 December 2018
Cost of sales	81.247.289	64.896.480
Marketing expenses	10.892.655	8.491.673
General administrative expenses	115.100.770	95.973.094
	207.240.714	**169.361.247**

Depreciation and amortization expenses	1 January- 31 December 2019	1 January- 31 December 2018
Cost of sales	341.272.485	261.833.483
Marketing expenses	11.825.256	10.509.135
General administrative expenses	17.088.532	18.115.388
	370.186.273	**290.458.006**

28 OTHER OPERATING INCOME / EXPENSES

28.1 Other operating income

For the years ended 31 December 2019 and 2018, other operating income comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Other revenue based on the agreement (Note 20)	44.929.820	-
Other miscalleneous income	-	22.464.595
Foreign currency exchange gain on trade operations, net	14.298.159	18.930.121
Reversal gain/(loss) of provisions (*)	2.907.293	62.620.785
Other income	27.393.124	19.543.135
Total	**89.528.396**	**123.558.636**

(*) As explained in Note 20, as part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities, the Group has an obligation to maintain the port equipment in good operating condition throughout its operating period. Therefore, replacement provisions have been recognised based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement. During 2018, the Group engaged an expert to provide an updated estimate of the likely capital expenditure required to replace the port equipment assets. This estimate was significantly lower than previous estimates, related to a reduction in the number of components of the port equipment and infrastructure that would require replacement. As a result, an amount of TL 58.769.127 was released from the provision in 2018.

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28 OTHER OPERATING INCOME / EXPENSES *(continued)*

28.2 Other operating expenses

For the years ended 31 December 2019 and 2018, other operating expense comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Donations	2.435.806	613.198
Project expenses (*)	30.123.440	46.178.698
Other expense based on the agreement (Note 20)	8.410.402	-
Impairment loss (**)	15.951.180	510.078
Concession fee expense	4.753.551	5.075.264
Other miscalleneous expenses	26.163.780	15.810.072
Total	**87.838.159**	**68.187.310**

(*) The major part of project expenses comprises of uncapitalized project expenses related to port investments of the Group.

(**) As at 31 December 2019, the Group has accounted impairment loss related to subsidiaries operating in energy segment amounting to TL 15.951.180 as a result of stock losses caused by fire and flood.

29 INCOME AND EXPENSE FROM INVESTING ACTIVITIES

29.1 Income from investing activities

For the years ended 31 December 2019 and 2018, income from investing activities comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Investment property valuation gain (Note 15)	37.820.000	3.290.000
Gain on sale of financial assets	806.831	736.688
Gain on sale of fixed assets	8.002.566	700.031
Other	860.671	550.098
Total	**47.490.068**	**5.276.817**

29.2 Expense from investing activities

For the years ended 31 December 2019 and 2018, expense from investing activities comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Investment property valuation loss (Note 15)	295.000	3.517.453
Loss on sale of financial assets	65.084	17.288
Loss on sale of fixed assets	-	290.094
Other	6.767	245.740
Total	**366.851**	**4.070.575**

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30 FINANCE INCOME

For the years ended 31 December 2019 and 2018, finance income of the Group comprised the following:

	1 January- 31 December 2019	1 January- 31 December 2018
Foreign currency gain	39.482.975	67.400.175
Interest income	21.347.362	12.567.504
Other interest income (Note 6)	18.236.646	12.044.523
Other	1.070.850	1.876.410
Total	**80.137.833**	**93.888.612**

31 FINANCE COSTS

For the years ended 31 December 2019 and 2018, finance costs of the Group comprised the following:

Recognized in profit or loss	1 January- 31 December 2019	1 January- 31 December 2018
Foreign currency loss	115.441.407	157.130.115
Interest expense on borrowings	275.262.050	209.663.441
Letter of guarantee commissions	5.002.222	3.800.295
Comission expenses	11.486.754	3.552.781
Interest expense on lease liabilities (TFRS 16)	14.976.113	-
Other	5.451.677	10.325.022
Total	**427.620.223**	**384.471.654**

Recognized in other comprehensive income	1 January- 31 December 2019	1 January- 31 December 2018
Gain/(losses) from net investment hedges (Note 24.4)	(85.337.453)	(162.749.560)
	(85.337.453)	**(162.749.560)**

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32 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 2019 is 22% (31 December 2018: 22%).

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 periods 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 2019 year is determined at 25% (2018: 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 the next 5 years while it is for up to 18 years in Spain.

Port operations in the Bahamas, Antigua and Barbuda are exempt from corporate tax.

"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.

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32 TAX ASSETS AND LIABILITIES *(continued)*

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.

Income withholding tax:

5th 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 utilized 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.

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32 TAX ASSETS AND LIABILITIES *(continued)*

Current tax income assets

As at 31 December 2019 and 2018, current tax income assets of the Group comprised the following:

	31 December 2019	31 December 2018
Prepaid taxes and funds	15.947.090	8.946.093
Other	839.523	433.465
Total	**16.786.613**	**9.379.558**

Tax expenses:

For the years ended 31 December 2019 and 2018, tax income/ (expense) comprised the following:

	2019	2018
Current tax charge	(45.306.686)	(38.626.760)
Deferred tax benefit	22.039.695	60.821.809
Total	**(23.266.991)**	**22.195.049**

As at 31 December 2019 and 2018, current tax liability for the period comprised the following:

	2019	2018
Current tax charge	(45.306.686)	(38.626.760)
Taxes paid during period	36.538.646	38.732.304
Total	**(8.768.040)**	**105.544**
Changes in prepaid taxes	7.000.997	(4.198.212)
Income tax payable	**(1.767.043)**	**(4.092.668)**

As of 31 December 2019, the tax payable amounting to TL 17.714.133 (31 December 2018: TL 13.038.761) and the prepaid tax amounting to TL 15.947.090 (31 December 2018: TL 8.946.093) have not been offset since they are subject to different tax legislation.

The tax reconciliation for the years ended 31 December 2019 and 2018 is as follows:

	%	2019	%	2018
Loss before income tax		(134.409.453)		(86.157.308)
Corporate tax using domestic rate	22,00	29.570.080	22,00	18.954.608
Disallowable expenses	(6,78)	(9.109.714)	(14,24)	(12.267.621)
Effect of unrecognized tax losses	(28,08)	(37.744.845)	(2,30)	(1.982.844)
Effect of tax exemption on maritime operations	2,83	3.799.436	5,29	4.558.290
Effect of change in tax rates	(12,58)	(16.906.522)	8,95	7.711.067
Other	5,30	7.124.574	6,06	5.221.549
		(23.266.991)		**22.195.049**

32 TAX ASSETS AND LIABILITIES *(continued)*

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.

As at 31 December 2019 and 31 December 2018, the deferred tax assets and liabilities reflected to the consolidated financial statements are as follows:

	31 December 2019	31 December 2018
Deferred tax assets	131.264.565	127.171.309
Deferred tax liabilities	(549.636.268)	(514.347.238)
Total	**(418.371.703)**	**(387.175.929)**

For the years ending 31 December 2019 and 31 December 2018, the movement of deferred tax assets and liabilities is as follows:

	2019	2018
Balance at the beginning of the year	(387.175.929)	(309.644.296)
Changes in Accounting Policy - TFRS 9	-	432.545
Deferred tax income	22.039.695	60.821.809
Foreign currency translation differences	(53.424.152)	(138.840.313)
Recognized in equity	188.683	54.326
	(418.371.703)	**(387.175.929)**

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32 TAX ASSETS AND LIABILITIES *(continued)*

Deferred tax assets and deferred tax liabilities as at 31 December 2019 and 31 December 2018 are attributable to the items presented in the table below:

	2019		2018	
	Temporary differences	Deferred tax assets / (liabilities)	Temporary differences	Deferred tax assets / (liabilities)
Accumulated tax losses	396.517.130	79.303.426	322.244.645	64.448.929
Receivables	99.832.455	19.966.491	85.140.825	17.028.165
Valuation differences of marketable securities	2.553.075	510.615	2.393.790	478.758
Provisions	10.745.510	2.149.102	8.994.375	1.798.875
Provision for employement termination indemnity	15.812.105	3.162.421	11.325.960	2.265.192
Valuation of derivative instruments	3.598.835	719.767	4.059.405	811.881
Property, plant and equipment, intangible assets and concession intangible assets and right of use of assets	(2.502.461.635)	(500.492.327)	(2.280.096.230)	(456.019.246)
Loans and prepaid commissions of the loans	(7.161.465)	(1.432.293)	(14.413.095)	(2.882.619)
Valuation of investment property	(116.450.300)	(23.290.060)	(80.695.300)	(16.139.060)
Other	5.155.775	1.031.155	5.165.980	1.033.196
		(418.371.703)		**(387.175.929)**

As at 31 December 2019 and 31 December 2018, the breakdown of the accumulated tax losses carried forward in terms of their final years of utilization is as follows:

	31 December 2019		31 December 2018	
Expiry years of the tax losses carried forward	**Recognized**	**Unrecognized**	**Recognized**	**Unrecognized**
2019	-	-	884.938	6.840.575
2020	6.515.858	2.790.574	7.605.560	2.721.175
2021	16.882.807	2.191.719	19.226.421	1.954.732
2022	8.407.433	3.057.986	4.490.783	6.932.205
2023	35.780.942	4.469.113	32.241.227	1.589.489
2024	11.716.386	59.855.290	-	-
	79.303.426	**72.364.682**	**64.448.929**	**20.038.176**

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 2024. 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.

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33 EARNINGS/ (LOSS) PER SHARE

For the years ended 31 December 2019 and 2018, basic and diluted earnings per share are calculated by dividing the net profit attributable to owners of the Company by weighted average number of shares outstanding.

	1 January- 31 December 2019	1 January- 31 December 2018
Net loss for the period	(130.966.969)	(89.864.325)
Net loss from continuing operations for the period	(130.966.969)	(89.864.325)
Weighted average number of shares	287.637.196	295.444.434
Weighted average number of ordinary shares	287.637.196	295.444.434
Number of shares held by the Group (Note 24.1)	(43.126.651)	(46.572.505)
Weighted average number of shares	244.510.545	248.871.929
Loss per share with par value of TL 1 (TL full)	(0,5356)	(0,3611)
Loss per share of continuing operations with par value of TL 1 (TL full)	(0,5356)	(0,3611)

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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.

34.1 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 2019 and 2018, 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 2019 and 2018 maximum credit risk exposure is as follows:

31 December 2019	Trade receivables (*)	Receivables from related parties	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Current financial investments	Advances given	Total
Maximum credit risk exposure at the reporting date	229.297.974	138.294.977	229.324.282	77.449.291	463.387.932	563.227	119.182.921	**1.257.500.604**
Portion of maximum risk covered by guarantee	15.838.895	-	-	-	-	-	-	**15.838.895**
A. Net book value of financial assets neither past due nor impaired	218.598.274	137.819.977	229.324.282	77.449.291	463.387.932	563.227	119.182.921	**1.246.325.904**
B. Net book value of financial assets past due but not impaired whose terms have been renegotiated	10.699.700	-	-	-	-	-	-	**10.699.700**
Portion of maximum risk covered by guarantee	1.031.565	-	-	-	-	-	-	**1.031.565**
C. Net book value of assets past due and impaired	-	-	-	-	-	-	-	**-**
-Past due (gross book value)	23.443.431	-	1.227.875	-	-	-	-	**24.671.306**
-Impairment (-)	(23.443.431)	-	(1.227.875)	-	-	-	-	**(24.671.306)**
-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	14.807.331	-	-	-	-	-	-	**14.807.331**
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".

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

34.1 Credit risk *(continued)*

31 December 2018	Trade receivables (*)	Receivables from related parties	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Current financial investments	Advances given	Total
Maximum credit risk exposure at the reporting date	143.598.112	92.351.157	124.610.212	62.405.696	492.755.880	824.049	95.196.066	**1.011.741.172**
Portion of maximum risk covered by guarantee	21.402.473	-	-	-	-	-	-	**21.402.473**
A. Net book value of financial assets neither past due nor impaired	119.316.154	92.351.157	124.610.212	62.405.696	492.755.880	824.049	95.196.066	**988.959.224**
B. Net book value of financial assets past due but not impaired whose terms have been renegotiated	24.281.958	-	-	-	-	-	-	**24.281.958**
Portion of maximum risk covered by guarantee	1.228.768	-	-	-	-	-	-	**1.228.768**
C. Net book value of assets past due and impaired	-	-	-	-	-	-	-	**-**
-Past due (gross book value)	17.898.261	-	1.228.017	-	-	-	-	**19.126.278**
-Impairment (-)	(17.898.261)	-	(1.228.017)	-	-	-	-	**(19.126.278)**
-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	20.173.705	-	-	-	-	-	-	**20.173.705**
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 2019 Trade Receivables	31 December 2018 Trade Receivables
1 to 30 days overdue	4.235.207	13.711.962
1 to 3 months overdue	2.760.222	3.820.778
3 to 12 months overdue	2.994.984	1.894.147
1 to 5 years overdue	709.288	4.855.072
Total	**10.699.701**	**24.281.959**
Portion of assets secured by guarantee etc.	1.031.565	1.228.768

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 2019

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	1.842.021.222	1.942.049.257	246.967.214	372.094.695	1.134.019.711	188.967.637
Debt securities issued	1.689.032.728	1.711.248.762	161.153.250	147.028.816	1.403.066.696	-
Liabilities due to operations in finance sector	212.018.523	212.018.523	-	212.018.523	-	-
Finance lease obligations	457.085.875	507.631.447	39.009.578	4.060.770	464.561.099	-
Trade payables	155.321.001	146.154.280	27.785.071	118.369.209	-	-
Other payables	94.553.137	94.553.137	75.794.657	8.226.514	10.531.966	-
Derivative Financial Liabilities						
Interest rate swap	2.879.070	3.503.759	-	-	3.503.759	-

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

34.2 Liquidity risk *(continued)*

31 December 2018

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	1.366.412.367	1.446.669.915	172.446.196	340.444.491	763.308.043	170.471.185
Debt securities issued	1.442.958.543	1.777.442.849	84.814.692	72.461.759	1.620.166.398	-
Liabilities due to operations in finance sector	110.767.894	110.767.894	-	110.767.894	-	-
Finance lease obligations	88.636.102	98.721.950	12.830.022	24.556.647	61.335.281	-
Trade payables	132.191.519	132.191.519	28.694.516	103.497.003	-	-
Other payables	106.294.038	106.294.038	73.665.628	10.647.898	21.980.512	-
Derivative Financial Liabilities						
Interest rate swap	3.247.536	3.503.759	-	-	3.503.759	-

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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.

As at 31 December 2019, the Group had outstanding foreign-currency denominated borrowing designated as a hedge of net foreign investment of USD 250.404.940 (31 December 2018: USD 250.223.792). The results of hedges of the Group's net investment in foreign operations included in hedging reserves was a net loss of USD 23.603.730 after tax for the period ended 31 December 2019 (net loss of USD 54.698.888 after tax for the period ended 31 December 2018). In the years ended 31 December 2019 and 2018, USD 5.222.213, USD 17.551.964 respectively was recognized in profit or loss due to hedge ineffectiveness.

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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 2019 and 31 December 2018, foreign currency risk exposures of the Group comprised the following:

31 December 2019	TL Equivalent	USD	EURO	GBP	TL
1.Trade Receivables	52.395.539	3.337.896	291.067	-	30.631.999
2.a Monetary Financial Assets	261.845.409	2.763.971	17.245.364	3.306.203	105.024.163
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**314.240.948**	**6.101.867**	**17.536.431**	**3.306.203**	**135.656.162**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	15.439.931	1.771.015	299.142	-	2.930.274
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**15.439.931**	**1.771.015**	**299.142**	**-**	**2.930.274**
9. Total Assets (4+8)	**329.680.879**	**7.872.882**	**17.835.573**	**3.306.203**	**138.586.436**
10. Trade Payables	51.891.257	495.648	2.569.019	580	31.856.981
11. Financial Liabilities	323.592.617	29.426.366	21.682.986	-	4.589.251
12.a. Other Monetary Liabilities	25.347.902	768.763	41.112	27.527	20.293.813
12.b. Other Non-monetary Liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**400.831.776**	**30.690.777**	**24.293.117**	**28.107**	**56.740.045**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	1.707.017.640	260.208.604	21.071.711	-	21.186.969
16.a. Other Monetary Liabilities	6.339.178	-	-	-	6.339.178
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	**1.713.356.818**	**260.208.604**	**21.071.711**	**-**	**27.526.147**
18. Total Liabilities (13+17)	**2.114.188.594**	**290.899.381**	**45.364.828**	**28.107**	**84.266.192**
19.Off-balance Sheet Foreign Currency Derivative Instruments Net Position (19a-19b)	**-**	**-**	**-**	**-**	**-**
19a. Foreign currency derivative assets	-	-	-	-	-
19b. Foreign currency derivative liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/Liability Position (9-18+19)	**(1.784.507.715)**	**(283.026.499)**	**(27.529.255)**	**3.278.096**	**54.320.244**
21. Net Foreign Currency Position of monetary items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.784.507.715)**	**(283.026.499)**	**(27.529.255)**	**3.278.096**	**54.320.244**
22. Fair Value of Derivative Instruments Held for Hedging	**1.226.086.625**	**206.404.940**	**-**	**-**	**-**
23. Derivative Assets Held for Hedging	**-**	**-**	**-**	**-**	**-**
24. Derivative Liabilities Held for Hedging	**1.226.086.625**	**206.404.940**	**-**	**-**	**-**
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.

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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)

31 December 2018	TL Equivalent	USD	EURO	GBP	TL
1.Trade Receivables	25.494.086	2.192.294	27.113	-	13.797.210
2.a Monetary Financial Assets	285.695.040	8.713.252	27.440.377	727.313	69.606.232
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**311.189.126**	**10.905.546**	**27.467.490**	**727.313**	**83.403.442**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	18.308.163	2.273.737	303.300	-	4.517.968
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**18.308.163**	**2.273.737**	**303.300**	**-**	**4.517.968**
9. Total Assets (4+8)	**329.497.289**	**13.179.283**	**27.770.790**	**727.313**	**87.921.410**
10. Trade Payables	44.587.451	317.373	1.040.154	67.273	36.200.181
11. Financial Liabilities	284.766.965	24.318.370	25.689.325	-	1.975.201
12.a. Other Monetary Liabilities	20.862.683	1.278.922	24.902	27.527	13.801.161
12.b. Other Non-monetary Liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**350.217.099**	**25.914.665**	**26.754.381**	**94.800**	**51.976.543**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	1.392.925.729	246.701.745	15.701.914	-	401.381
16.a. Other Monetary Liabilities	9.614.004	851.506	-	-	5.134.316
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	**1.402.539.733**	**247.553.251**	**15.701.914**	**-**	**5.535.697**
18. Total Liabilities (13+17)	**1.752.756.832**	**273.467.916**	**42.456.295**	**94.800**	**57.512.240**
19.Off-balance Sheet Foreign Currency Derivative Instruments Net Position (19a-19b)	**-**	**-**	**-**	**-**	**-**
19a. Foreign Currency Derivative Assets	-	-	-	-	-
19b. Foreign Currency Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/Liability Position (9-18+19)	**(1.423.259.543)**	**(260.288.633)**	**(14.685.505)**	**632.513**	**30.409.170**
21. Net Foreign Currency Position of monetary items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.423.259.543)**	**(260.288.633)**	**(14.685.505)**	**632.513**	**30.409.170**
22. Fair Value of Derivative Instruments Held for Hedging	**1.016.723.538**	**193.260.381**	**-**	**-**	**-**
23. Derivative Assets Held for Hedging	**-**	**-**	**-**	**-**	**-**
24. Derivative Liabilities Held for Hedging	**1.016.723.538**	**193.260.381**	**-**	**-**	**-**
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.

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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 2019 and 31 December 2018 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 2019	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	(168.123.401)	168.123.401	-	-
2- Hedged portion against USD risk (-)	122.608.662	(122.608.662)	-	-
3- Net effect of USD (1+2)	**(45.514.739)**	**45.514.739**	-	-
	A 10 percent change in Euro against Turkish Lira:			
4- Net Euro asset/liability	(18.308.606)	18.308.606	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	**(18.308.606)**	**18.308.606**	-	-
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	2.549.211	(2.549.211)	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	**2.549.211**	**(2.549.211)**	-	-
TOTAL (3+6+9)	**(61.274.134)**	**61.274.134**	-	-

(*) Profit and loss excluded.

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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 *(continued)*

31 December 2018	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	(35.262.893)	35.262.893	-	-
2- Hedged portion against USD risk (-)	101.672.354	(101.672.354)	-	-
3- Net effect of USD (1+2)	**66.409.461**	**(66.409.461)**	-	-
	A 10 percent change in Euro against Turkish Lira:			
4- Net Euro asset/liability	(8.852.422)	8.852.422	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	**(8.852.422)**	**8.852.422**	-	-
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	420.798	(420.798)	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	**420.798**	**(420.798)**	-	-
TOTAL (3+6+9)	**57.977.837**	**(57.977.837)**	-	-

(*) Profit and loss excluded.

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

34.3 Market risk *(continued)*

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 2019	31 December 2018
Financial Instruments with fixed Interest		**(2.063.902.510)**	**(1.573.980.052)**
Financial Assets	Financial assets held for trading	144.428	446.017
	Due from related parties	4.300.734	1.632.427
	Receivables from money markets	46.906.595	28.216.035
	Bank deposits	139.104.130	171.957.852
Financial Liabilities	Loans and borrowings	(2.116.197.334)	(1.642.212.878)
	Liabilities due to operations in finance sector	(25.962.565)	(6.695.203)
	Interest rate swap effect	(112.198.498)	(127.324.302)
Financial Instruments with variable interest		**(1.179.956.029)**	**(1.026.572.768)**
Financial Assets	Loans granted to the key management	75.588.558	78.158.640
Financial Liabilities	Loans and borrowings	(1.367.743.085)	(1.188.634.244)
	Interest rate swap effect (*)	112.198.498	127.324.302

(*) The Group hedged 75% of one of the subsidiary's variable interest rate loan to a fixed interest rate payment of 0.97% and that interest rate swap requires using Euribor until the maturity of the loan (31 December 2023).

Sensitivity analysis – interest rate risk

As at 31 December 2019, 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 35.951.568 (31 December 2018: profit before tax lower by TL 28.980.070), the net profit attributable to the owners of the Company would have been lower by TL 28.042.223 (31 December 2018: lower by TL 22.604.455) and total equity attributable to equity holders of the Company would have been lower by TL 19.957.400 (31 December 2018: lower by TL 15.698.003). 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 59% as of 31 December 2019 (2018: 49%).

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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. Since the majority of the long term loans have floating rate or has borrowed close to the balance sheet date, the 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 except the Eurobond issued in USD.

Carrying amounts and fair values of financial assets and liabilities are listed below:

		31 December 2019		31 December 2018	
Financial Assets	**Notes**	**Carrying Value**	**Fair value**	**Carrying Value**	**Fair value**
Cash and Cash Equivalents	7	474.710.252	474.710.252	496.942.269	496.942.269
Financial Investments	8	16.676.592	16.676.592	72.671.113	72.671.113
Trade Receivables	10	229.297.974	229.297.974	143.598.112	143.598.112
Receivables from Operations in Finance Sector	12, 6	233.625.016	233.625.016	126.242.639	126.242.639
Other Receivables	11, 6	211.443.534	211.443.534	153.124.426	153.124.426
Other Current and Non-current assets	23	70.882.675	70.882.675	69.156.783	69.156.783
Total		**1.236.636.043**	**1.236.636.043**	**1.061.735.342**	**1.061.735.342**
Financial Liabilities					
Borrowings	9	4.308.526.774	4.271.881.680	2.898.007.012	2.841.646.990
Trade Payables	10	155.321.001	155.321.001	132.191.519	132.191.519
Liabilities due to Operations in Finance Sector	12, 6	212.018.523	212.018.523	110.767.894	110.767.894
Other Payables	11, 6	94.553.137	94.553.137	106.294.038	106.294.038
Other Liabilities	23	21.847.199	21.847.199	100.039.037	100.039.037
Total		**4.792.266.634**	**4.755.621.540**	**3.347.299.500**	**3.290.939.478**

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35 FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

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 assets or liabilities that are not based on observable market data (unobservable inputs).

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at fair value through profit or loss	8.085.225	-	-	8.085.225
Financial assets at fair value through other comprehensive income-equity instruments	-	-	8.172.568	8.172.568
Derivative financial liabilities	-	2.879.070	-	2.879.070
	8.085.225	2.879.070	8.172.568	19.136.863

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at fair value through profit or loss	3.703.871	-	-	3.703.871
Financial assets at fair value through profit or loss (*)	-	-	63.177.001	63.177.001
Financial assets at fair value through other comprehensive income-equity instruments	-	-	5.412.208	5.412.208
Derivative financial liabilities	-	3.247.536	-	3.247.536
	3.703.871	3.247.536	68.589.209	75.540.616

(*) The Group's convertible bond issued by Dreamlines is included in Level 3 of the fair value hierarchy. The Group Management concludes that it is reasonable to continue to recognize the instrument recognized at fair value through profit or loss at cost at this point, based on the absence of any alternative or counter-evidence.

36 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2019 and 2018, the detail of assets held for sale is as below:

	31 December 2019	31 December 2018
Real Estates	862.751	862.751
	862.751	**862.751**

The Group's real estate's held for sale amounting to TL 862.751 (31 December 2018: 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 the Group.

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37 GOVERNMENT GRANTS

As explained in detail in Note 32, the Group benefits from investment allowance and miscellaneous tax exemptions.

38 EVENTS AFTER THE REPORTING PERIOD

(i) On 6 February 2020, the subsidiary of the Group, Naturelgaz, has signed a Share Purchase Agreement with Socar Turkey Petrol Enerji Dağıtım Sanayi ve Ticaret A.Ş. ("Socar Dağıtım") to purchase all of the shares of Socar Turkey LNG Satış A.Ş. ("Socar LNG"), from Socar Dağıtım which is 100% shareholder of Socar LNG. The acquisition is subject to regulatory approvals of the Energy Market Regulatory Authority and the Competition Authority as well as completion of the pre-conditions.

(ii) The subsidiary of the Group, Naturelgaz, has made an application to the Capital Markets Board of Turkey on 20 January 2020 to get approval to amend its Articles of Association in accordance with the capital markets legislation for the purpose of initial public offering of its shares.

(iii) The contract of the 6. Vakıfhan building, which has been leased for 12 years on 13 September 2007, with the "restore / operate / transfer" system from the General Directorate of Foundations, ended in January 2020. Negotiations between the subsidiary of the Group, Pera, and the General Directorate of Foundations are ongoing for the determination of the new lease agreement duration and rental fee.

(iv) Goulette Cruise Holding Ltd, which is a joint venture of Global Ports Holding Plc with MSC Cruises S.A. ("MSC"), has completed the purchase of the Goulette Shipping Cruise in January 2020.
The concession to operate the cruise port was awarded to Goulette Shipping Cruise in 2006 on a 30-year basis, with a right to extend the term for an additional 20 years. While passenger volumes have been low in recent years, in 2010, La Goulette welcomed approximately 900 thousands passengers and between 2011-2014 it welcomed on average 441 thousands cruise passengers per annum.

(v) Creuers Del Port de Barcelona SA ("Creuers"), 62% subsidiary of the Company, has completed the purchase of Autoridad Portuaria de Malaga's (Malaga Port Authority) 20,0% holding in the Malaga cruise port concession for EURO 1,5 million. This increases Creuers ownership of the Malaga cruise port concession to 100% and GPH PLC"s effective ownership to 62% from 49,6%.

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