<u>Date: 06.09.2011</u>

<u>Subject: 1H 2011 Financial Results Kerem Eser</u>

<u>Attendees: Kerem Eser & Selran Baydar</u>

<u>Transcript:</u>

<u>Kerem Eser:</u> Looking into Global Yatırım Holding's consolidated performance for the first 6 months of 2011; we observe a growth both in revenue and in EBITDA. This is a healthy growth. The revenue for the first 6 months was about TL 165 million. Compared with the figures of last year for the same period, this result indicates a growth of 57%. Similarly, the consolidated EBITDA for the first 6 months of 2011 is TL 16.7 million; whereas this number was TL 4 million for the same period last year. This growth is valid for the segments of our operations. I will get into the details of our operations later on, but first, I would like to indicate that as the management, we are looking into operational criteria and performance indicators. The two most important are EBITDA and in general liquidity that are based on segments and consolidations. At the same time, we know that some investors are looking at the bottom of the profits/losses. When we consider this, our financial statements for the first 6 months show a consolidated loss of about TL 33 million. However, as I mentioned before, consolidated EBITDA is way over the previous year. Besides, when looking into liquidity, consolidated cash resources, we need to add the holding's shares from the portfolio as well, these are standing in equity. Therefore, if we should look into it as of end of June, it is over TL 100 million; and resources gained from the port sales are not included in this figure since they took place in July. When considered together, the number is at TL 200-250 million at this time. But there is a loss at the bottom total. There are two reasons for this: Depreciation and Financial Expenditures. Exchange rate differences have a significant weigh on it. On the period of the first 6 months of 2011, our share for the total of consolidated depreciation and redemption was approximately TL 22 million. Looking into 2010 for the same period, the total was only TL 7 million. There is a significant growth between the two and almost the entire amount derives for the consolidation of the Antalya Harbor. As you are well aware, our 40% shares in the Antalya Harbor were raised to 100% last July. During this purchasing process, in accordance with relevant standards, we had the harbor's market value evaluated by an independent expertise company and we had to reflect this into our financial reports. Therefore, the value of the re-calculated harbor operations rights needs to be redeemed for the remaining time; this is a technical subject. There are non-cash amortization expenses as a result of it. Another issue is that there is an exchange rate related loss of about TL 16.7 in the financial expenses. Last year, this amount was about TL 8.8 million. We are bearing a position of foreign exchange deficiency. And in this position, it is predominantly our bond-sourced credit. Linked to exchange-rate difference, for the records that do not need cash outflow and are not realized, we record them as losses. Meaning that, in the contrary, the reverse movements of the exchange rates will lead to a reversed profit just like it did in previous years. Finally, again compared to last year, the credits that we used for the financial investments for the purchasing stocks for the Antalya Port and in addition to gas distribution and real estate operations, there are additional interest expenses. Compared to last year, the increase in net interest is at about TL 4-4.5 million. In summary, the net consolidated losses for 2011 are basically due to the reasons I stated above. If we should take a quick look in to the results of operations in segment basis, the largest increase in turnover was provided from business activities in ports. While the turnover for the Ports Department for the first half of 2011was at TL 19.4 million, with an increase of 117% it increased to TL 42.2 million. When we consider the additional revenue increase originated from the share increase of the Antalya Port from 40% to 100%, we would see that it is equal to the total turnover of the port segment for the first 6 months of 2010. The Antalya Port is predominantly a container port; the volume of the containers handled at the port, as per end of June was approximately 78.000 TEU. When we look into the first 6 months of the previous year, this number was approximately 51.000 TEU. On the other hand, compared to last year, there has been a reduction in the volume of general and bulk shipment. And the reason for this is the conflicts occurring in Africa, though this is a temporary situation. Especially in terms of port operations revenues, we do not foresee any deviations from the 2011- 12-months budget that we made in the new year. From the other hand, revenues have increased here as well. As you well know, there is a seasonal trend in cruise ports; especially on the first quarter of the year, revenues are at the lowest level, they start increasing radually at the beginning of the second quarter. In addition, as per end of June, the numbers of cruise passengers in Kuşadası Port have increased by 8% compared to last year. Over 200.000 passengers have visited the port. By the end of the year, we are expecting this number to reach to 600.000s. By the end of last year we had initiated a public offering from the port segments. Later we thought that the value of port assets will realize more realistic revenues and so this operation was converted to CVCI and VEI funds. These operations of course have especially a relatively high cost of legal advice. We need to underline the fact that these costs are usually for one time only. But the effects of these costs and the increase of EBITDA in port segment by TL 24 million were realized a little under the increase of turnover in percentage. Yet, as a result of these works, we sold 22% of our portfolio to funds that are established by Italy's leading organizations. As a result of this transaction, US$ 77.4 million was remitted in cash into the company's safe. With that, maybe more importantly, one of our business branches' value was registered at US$ 415 million. There is another important effect of the sale as well: on financial statements prepared in accordance with CMB regulations, this transaction will be reflected on the 3rd quarter. However the effects of this will be calculated following the audit works. It is not possible to say this exactly right now, but it is easy to figure out the profits made from this transaction through the statutory financial statements of the Holding. Based on a simple calculation, a pre-tax statuary profit in the amount of TL 113.5 million was recorded. Per CMB regulations, along with the consolidated financial statements, the profit account that will be distributed should be taken into account within the statutory financial statements. In this sense, this sale has a significant impact. It benefits to repeat; the profit that reflects into statutory statements that I have just mentioned, should not, in any way, compared with the consolidated statutory financial statement drawn per CMB because the calculations basis of them are completely different. If we should continue with the energy segments; as per the semester, the turnovers of the energy segments consist of the turnover amount of the 10 regions where we are distributing natural gas. The consolidated turnover in gas section has increased by 53% compared to last year and reached a total of TL 102 million. This increase is the result of addition of new subscribers as well as the increase in gas consumption. We have sold a total of 461 million m^3 gas in the first 6 months of 2011. This is approximately a 31% increase in sales compared to the same period in last year. In the first semester of 2011, 38.000 new subscribers were added in the customer portfolio, for the same period last year this amount was at 30.000. There has been an increase here as well by 27%. When we consider the EBITDA from gas distribution operations, we see the effects of accounting standards that are applied per CMB regulations. One of the revenues that affect EBITDA the most is subscriber related incomes. These incomes are non-refundable cash incomes. However, due to policies applied in accounting, during the license period, they are gradually accumulated and then reflected into the consolidated revenues. When we strip these effects, the positivity of EBITDA in gas distribution operations in the first 6 month of 2011 is around TL 3.2 million. Compared to last year's figures for the same period of time this amount was realized below TL 1 million. Another investment that we have made in 2011 in the field of energy is in the distribution of compressed natural gas (CNG). Through our Enerji Yatırım Holding partnership, we purchased 50% to Naturalgaz Sanayi shares from Çalık. This is another comply that we believe has a high growth potential. Another development that will be reflected in the 2011-3rd quarter results; our effective share from Energaz, where we have consolidated our gas operations, has increased from 26% to 50%. Our 50% partner in this operation is STFA. The last thing that I would like to mention in regards of the gas operations is the Thermal Power Plant project in Şırnak that is very important to us. At first the installation capacity will be at 270 MW. This project, including the financial matters, has reached quite a maturity. We shall gradually make announcements in regards of this project as well. As with the port investments, energy investments have gained a value structure with time as well. Following with real-estate operations, they are basically are run by Pera Gayrimenkul Yatırım Ortaklığı which is another company of the group that is open to the public. The first project completed here is the SümerPark Shopping Mall opened in Denizli, and businesses officially started their businesses at the end of the first quarter of 2011. As thus, we were able to reflect a turnover in the real-estate se segments for the first time in 2011. On the first 6 months of 2011, the revenue from rents is at about TL 1.6 million. We need to pay attention to this figure, since the opening was in March; therefore we are actually talking about the income for three months alone. And this is only the revenue from rents; the turnover share and etc are not reflected. Of course we need to make certain campaigns for marketing and advertisements. When we look at the real-estate segment from this perspective, there is not yet a profit as of the end of the 6th month, this status will of course be changed by the end of the year. Finally, if we should briefly look into the finance sector, although not as much as in the other segments, there has been an increase here as well. The brokerage commission income for the first semester of 2011 has increased 13% and reached 11.5 million TL. The net interest from credited customers has increased by about 10% and reached a level of 4.3 million. In June, the initial public offering of Global Menkul Değerler was realized and 60% from Global Portfolio will be transferred to Azmuta which is one of Italy's biggest independent portfolio managements company. This transaction will also be completed in 2011. In summary, these are the financial results that I wanted to talk about on the basis of segments.

Behlül Bataş: Due to the reason you just mentioned, there is a significant loss in the first semester of the year. If we should consider the income that will be remitted from the sale of the port, the end results will be different. Looking into the revenues of the last year, the capital appears to be at about US$ 100 million. If we should consider the profits of last year, do you suppose that there will be a dividend distribution next year? As far as I know, the administration also has such an intention.

Kerem Eser: Our Board of Directors Chairman Mehmet Kutman had already a question-answer format conference call as well. Let me repeat his answer in regards the dividend; within the next 3-4 years period, our company should reach a dividend performance in the basis of inflation+300. Of course there are technicalities involved in it. We have a significant profit in consolidations. Regarding the dividends, as you know there is the matter of Board of Directors authorization; Mr. Mehmet has made a commitment that they will do their best for it. And this is considered same as an instruction for the executive management.

Mert Bal: There is a hotel project with PEGYO as well as the construction of a hospital. Could you make a turnover projection in regards of these projects? For instance, the turnover period of hotels vary depends with their regions. Is there such turnover projection in regards the hotel and hospital in Denizli?

Kerem Eser: Of course, it depends with the 4 lots; there was one for a Shopping Center as well, we are in the process of revising it. There are lots for housing, hotel and hospital. I can not share the technicalities of it just now, but there are. Our priority was with the Shopping Mall, and we have accomplished that. The construction of the houses is continuing as we speak; 8-9 floors in the two blocks. The launching of the houses will start this month. I can not go into many details about the hotel and the hospital, but processes for the hospital take more time. There are certain negotiations going on, though they are not mature enough to be shared with the public just yet.

Mert Bal: The correspondence that I had with Pera in regards of the housing, I had been informed that the turn-key cost would be at about TL 13 million. Is this amount for the 2 blocks alone, or is it the total cost of the project?

Kerem Eser: This is the cost for the 2 blocks only; besides it would be a little over that.

Mert Bal: Over the phone Mr. Mehmet said that they are expecting a TL 23 million profit from the sales of the 2 blocks. Do you suppose a profit of TL 35-40 million can be expected from the entire project?

Kerem Eser: Actually we are targeting a higher profit from these 2 blocks, because Pera is developing a housing community. We are building a construction in Denizli that is above average, a project that does not exist in Denizli. Therefore any investor purchasing from here should win. On the other blocks, we can raise the profit a little more; basically we are foreseeing a higher profit there so that the first buyers can make a better profit.

Mert Bal: Both the hospital and hotel lots were transferred to Global; are we going to take them back with the finances earned from the sales of the houses?

Kerem Eser: Pera will do its own cash plan. That is totally a process made to resolve Pera's own liquidity issue. Our strategy as a Holding is to realize each real-estate project through Pera as much as possible.

Murat Bineysel: There is a cash flow of fees from PEGYO in the amount of US$ 110 million earned in the last 5 years. 6 months ago there was a capital decrease by 40%. Following that, there is a payment fee of 29 million. Right now the price of the company is like 65 cents, but before due to capital decrease, it was increased by 40 cents. Based on that, the value of the company is about 25-30 cents. How much longer would this last? Besides, where did all the cash coming from the payment fees go?

Kerem Eser: Looking into both, the past of Pera is relatively new for the Holding. The value of the company was determined to be as US$ 415 when part of the port operations was sold to them. In 2010 the CMB evaluation that was conducted by a licensed expert company for the Shopping Mall developed by Pera alone, the value was set about TL 160 million. That is approximately US$ 100 million. There is not any company that has invested in real-estate in Turkey and that has increased their profits by 3-5 folds in 2-3 years. You would appreciate that this country has experienced crisis in 2007, 2008 and 2009. The period that we took over the actives from Pera was before 2008. It is a good project for that time. Real-estate projects are not very easy to deal with due to many challenges.

Murat Bineysel: You have announced TL 40 million profit for the 2010 financial statement. At that time the share prices was at about TL 1.18. After a week of the announcement, it was said that there will not be a dividend distribution. A company that has announced a profit of TL 40 million in 2010 is now announcing a loss for the first 6 months of the year; despite all the income received from shop rents. I would like to know where these fictitious losses are coming from.

Kerem Eser: While announcing the profits at the end of 2010, we seriously considered dividend distributions and we calculated the possibilities. Both the Holding and Pera are subjected to CMB regulations. REITs have a different regulations then Holdings; we have to have all of our real-estate investments valued once a year, at the end of each year. We have to choose the company that will conduct the estimation through the companies that are determined by CMB and are chosen through tender bids set on new year. As a result, we wrote losses for some of our real-estates in 2008, and we quoted a profit until the estimation was developed and the value determined. Per the verdict of CMB, we can not take into consideration dividend distributions for profits and losses occurred as a result of REIT estimation. We have trespassed on the outcome and asked CMB if we could distribute the dividends, and their reply was negative. The opening of the Shopping Mall is still very new, however we think that this project will end 2011 with a profit.

Murat Bineysel: Since the value is at 25-30 cents due to the market situation, could the Holding apply to CMB to be taken into custody market? I think that there is pressure on the shares.

Kerem Eser: Honestly, I don't know how to reply to this question. There is not much more to say about the results of the investments but wait.

Firol Önalp: Is there going to be a new evaluation for the port and energy companies? Is the TL 1.320 million equity value that Mr. Mehmet mentioned be revealed in the 12 months financial statement?

Kerem Eser: As of June 2011, we have already actively exceeded the amount that we had determined. There are not any existing provisions in Tax Procedure Law or in CMB regulations that require the revaluation of existing assets.

Mert Bal: Part of the money received from payment fees was used to purchase GYH shares for PEGYO. If, as Mr. Mehmet mentioned, within 6-7 months the Global shares reach the target price of 3 USD, then would we be able to have "0" cost for a significant part of the houses Pera is building?

Kerem Eser: There are not any financial issues with the construction of the houses already.

Closing Speech:

We would like to thank everyone who participated the meeting. You can always contact me or our Director of Investor Relations Selran Baydar any time for any question that you might have.