

CORPORATE GOVERNANCE

GLOBAL INVESTMENT HOLDINGS CONTINUES TO PURSUE ITS CORPORATE GOVERNANCE INITIATIVE IMPLEMENTED IN 2006 TO FURTHER FORMALIZE AND INSTITUTIONALIZE THE GOVERNING PRINCIPLES OF THE COMPANY AND THE GROUP.

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

Moreover, action has been taken to strengthen the independence of the Board of Directors by increasing its complement of non-executive members.

The Company submits annual reports on corporate governance compliance to its General Assembly, and to the Capital Markets Board (CMB). In addition, the Corporate Governance Committee, assisted by legal counsel, has been mandated to prepare a comprehensive corporate governance policy to be formally adopted in due course by the Board. The members of the Corporate Governance Committee are Jérôme Bayle (Chairman of the Committee), Ayşegül Bensef (Member), Adnan Nas (Member) and Aslı Su Ata (Member).

The Audit Committee and Early Risk Assessment Committee also contribute efficiently in this area. The members of the Audit Committee are Oğuz Satıcı (Chairman) and Jerome Bayle (Member). The members of the Early Risk Assessment Committee are Jerome Bayle (Chairman), Oğuz Satıcı (Member) and Adnan Nas (Member).

GLOBAL INVESTMENT HOLDINGS CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Section I - Statement of Compliance with Corporate Governance Principles

Global Investment Holdings (“GIH”) accommodates and pays the utmost attention to the execution of the Corporate Governance Principles published by the Capital Markets Board of Turkey (“CMB”). Accordingly, the Company conducts analytical studies at the Board of Directors level.

In line with this approach, a Committee, including three Board of Directors members, was established to carry out the necessary restructuring studies into the Company’s organizational structure and Articles of Association. The requirement to incorporate 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 through social media.

GIH continues to pursue necessary revisions by examining the website and the annual report in greater detail in terms of adherence to Corporate Governance Principles. The Board of Directors, senior management and all employees of GIH have consistently supported the adoption of 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 current distribution, which is based on the main topics stated below:

Sections/Weight	Rating
Shareholders -25%	91.11
Public Disclosure and Transparency -25%	91.18
Stakeholders -15%	90.93
Board of Directors -35%	87.74
Overall (Out of 10) -5%	8.99

The report, prepared by Kobirate and related to the corporate governance rating of 8.99, confirms that the Company is compliant with the 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 towards full compliance with corporate governance principles. Principles other than those currently being implemented, or not yet implemented, have not caused a conflict of interests 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 substantial amounts of tangible/intangible assets, or donation and grants, or giving guarantees such as suretyship, mortgage in favor 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, and thus no such article has been included in the Articles of Association. This practice is refrained from in order to ensure the timely execution of deals, and to avoid missed opportunities.

The preferred stock groups in our Company’s Articles of Association were created prior to its IPO, and our Company is not authorized to amend these privileges. Our privileged shareholders made an application to the CMB in July 2010 in order to abrogate these privileges, which was not approved.

That the Articles of Association entitle shareholders to appoint a special auditor, and that there is no additional provision on minority rights: Regarding this matter, our Company is of the conviction that the framework provided for by the Turkish Commercial Code and CMB regulations is sufficient.

The Company has not established a policy concerning stake holders' involvement with the board. However, independent members of the board enable the representation of all the stakeholders along with the Company and its shareholders. The Company respects the opinions and suggestions of all its employees, suppliers, nongovernmental organizations and customer satisfaction surveys. Certain board members serve on more than one committee due to the Company's shareholding structure.

In accordance with article 4.6.5 of the Corporate Governance Principles, all remunerations and interests provided to board members and senior managers has been disclosed to the public in the annual report. However, the disclosure is made not on a personal basis, but by featuring the separation of board members and senior managers.

GLOBAL INVESTMENT HOLDINGS

Section II - Shareholders

Investor Relations

Structured as a holding company on 01.10.2004, our Company complies with legislation, Articles of Association and other Company regulations regarding the exercising of shareholders' rights, and takes necessary measures to facilitate the exercising of these rights.

During the process of our Company's becoming a holding company in October 2004, the matter of "Investor Relations" was a priority; in consequence the Investor Relations Unit was established within the organizational structure.

Investor Relations is structured as the responsibility of the Board of Directors' Corporate Governance Committee.

Information on the department that handles GIH's relations with shareholders is presented below:

Name-Surname	Title / License	Phone	E-mail
	Director / CMB Advanced Level & Corporate Governance Rating		
Aslı Su Ata	Licenses	+90 (212) 244 60 00	investor@global.com.tr
Esra Gündüz	Junior Specialist	+90 (212) 244 60 00	investor@global.com.tr

The main activities carried out by the Investor Relations Unit are summarized below:

- Ensuring that shareholder records are kept accurately, reliably and up-to-date;
- Responding to written information requests from shareholders, unless the requested information is publicly unavailable, confidential or a trade secret;
- Taking necessary steps to ensure that General Assembly meetings are held in compliance with the legislation in force, the Company's Articles of Association and other Company regulations;
- Preparing documents beneficial to shareholders for General Assembly meetings;
- Ensuring that meeting minutes are sent to shareholders;
- Monitoring and overseeing every aspect of the public disclosure process for compliance with legislation.

In addition to the aforementioned, the tasks below, performed within the structure established in 2005, will be carried out by the Investor Relations Unit in tandem with the Financial Affairs and the Finance and Law Unit/s:

- Responding to written or verbal information requests from shareholders;
- Preparing the Company's investor presentation and updating it regularly;
- Updating the Investor Relations section on the Holding's website;
- Arranging investor information meetings abroad;
- Managing investor visits in six month intervals;
- Announcing quarterly financial reports to investors via teleconference or e-mail;
- Organizing analyst meetings in parallel to the Public Disclosures Platform announcements made to Borsa Istanbul.

Since its establishment, the Investor Relations Unit has attended meetings in and beyond the country and organized tele-conferences, having submitted detailed answers – within the scope of Information Policy – to information requests made via phone, e-mail, and investor meetings. Questions posed by individual investors concerning performance, the interpretation of financial results, profit distribution policy, associate company performance and stock price performance are given necessary answers at certain periods. Within the relevant period, more than 100 questions were answered by phone and e-mail.

Exercise of Shareholders' Right to Obtain Information

Other than those relating to trade secrets and undisclosed information, queries received from shareholders and analysts by the Capital Markets and Investor Relations Department by letter, phone, email and other means are answered as swiftly and effectively as possible upon contacting the relevant person of the highest authority on the related matter. Furthermore, current and retrospective information and developments relating to GIH that are of interest to shareholders are regularly communicated to concerned parties via the corporate website, both in Turkish and English. They are also regularly communicated to those registered on our database via email.

The related Corporate Governance Committee regularly works in coordination with responsible units to best inform shareholders.

Provisions of the Turkish Commercial Code are applicable regarding the appointment of a private auditor, which is why there is no separate article in the Articles of Association regarding this issue. Within the period, no requests were made to appoint a private auditor.

General Assembly Meetings

The Ordinary General Assembly meeting of shareholders regarding the Company's 2016 activities was held on 28 April 2017 at the head office. Of the Company's share capital as of the date of the Ordinary General Assembly meeting, 49.1% was represented at the meeting.

Pursuant to applicable legislation, the invitation to the General Assembly Meeting was published in the Trade Registry Gazette, Borsa Istanbul's Public Disclosure Platform system, and on the Company's website. There is no timeframe specified for the participation in General Assembly meetings of the holders of registered shares entered in the stock ledger.

At General Assembly Meetings, the holders of shares traded on the Borsa Istanbul are required to communicate their attendance to the General Assembly no later than one day prior to the date of meeting and obtain their passes, pursuant to Article 415/3 of the Turkish Commercial Code.

Secondary legislation issued as per the New TCC, lays out the principles of the Electronic General Assembly, which provides shareholders an alternative to being physically present at the General Assembly.

Prior to the General Meeting, the annual report and financial statements and reports, independent audit reports, as well as the information document on General Assembly agenda articles and other documents, the final version of the Articles of Association, and Amendments to the Articles of Association - in case of an amendment to the Articles of Association - were made available for shareholder inspection at the Company's headquarters. The Agenda and Amendments to the Articles of Association are announced by the method mentioned in 4.2.

Information concerning the donation and aid made within the period was given with a separate agenda item at the General Assembly. No one had anything to add during the wishes and suggestions session, which was a separate agenda item. Stakeholders such as rating specialists and independent auditors attend our General Assembly meetings as observers. No media corporation attended the Meeting.

The executive managers who have administrative responsibilities, and the shareholders who control the management of the Company, realized no transactions with the Company or its associate companies that constituted a conflict of interest; moreover, they realized no transactions related to a commercial business that operates within the scope of the

corporation, or its associate companies' field of activity, for their own account, or for the account of others; and/or did not become unlimited partners in other companies carrying out similar commercial businesses.

Within the scope of the information we have obtained the shareholders (who control the management of the Company), Board of Directors members, executive managers holding administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to the second-degree realized no important transactions with the Company or its associate companies that may lead to conflicts of interest, nor made any transactions related to a commercial business that is within the scope of the corporation or its associate companies' field of activity, on their own account, or on account of others; and/or did not become unlimited partners in other companies carrying out similar commercial businesses.

Details of the donations were listed in the 15th Article of the Annual Report.

Voting Rights and Minority Rights

There are four types of shareholders in our Company's capital: (A), (D), (E) and (C). Shares in Groups (A), (D) and (E) have privileges, and shares in Group (C) have no privileges. It has been stipulated that the Company's Board of Directors consists of seven members. All shareholders are entitled to nominate three Board Member candidates. It is stipulated that only one of these three candidates shall be approved by the shareholders of Group (A) shares.

For the adoption of a range of Board resolutions specified in the Articles of Association, the shareholders of Group (D) and Group (E) shares are required to participate in the Board meeting, and it is required that the resolution be approved by the Board members nominated by the shareholders of Group (A) shares.

The share capital of the Company does not involve any cross-shareholdings.

Dividend Policy

The policy will be determined by the General Assembly of Shareholders based upon Board of Directors proposals in accordance with the provisions of Capital Markets Law and the communiqués of the Capital Markets Board. For dividend distribution, the policy adopted by the Company is designed to be a consistent policy balancing shareholder and Company benefits, in accordance with the Corporate Governance Principles. There are no privileges for participating in Profit Distribution.

The Company realizes dividend distributions in accordance with the Turkish Commercial Code and the CMB and within statutory periods. Under the Articles of Association, no privileges are granted on the Company's profit sharing. Dividend distribution is made within statutory periods, as stipulated in legislation, within the shortest time following the General Assembly meeting.

The Company's profit distribution policy was presented for shareholder information at the General Assembly, and publicly announced on the Company's website. At the General Assembly held on the 23 June 2016, the General Assembly was informed about the issue of not distributing profit as per the 2015 financial statements, due to the fact that no profit was generated for the period ending on the 31.12.2015, either in the consolidated financial statements issued in line with Capital Markets Board regulations, or in the solo/legal financial statements issued as per the Tax Procedure Law and Turkish Code of Commerce.

Transfer of Shares

The Company's Articles of Association contain no provisions that render it difficult for shareholders to freely transfer their shares.

Section III - Public Disclosure and Transparency

Information Disclosure Policy of the Company

At the General Assembly, shareholders were provided with information on the Company's Information Disclosure Policy, which was also published on the corporate website.

The Board of Directors is responsible for overseeing, monitoring and developing the Information Disclosure Policy. The Investor Relations Unit Director, CFO and Chief Legal Advisor are the executives in charge of implementing the Information Disclosure Policy.

As well as the Investor Relations Unit, the Corporate Communications Department is responsible for overseeing and monitoring all issues related to public disclosures. Questions received from outside the Company are responded as swiftly as possible by the CEO, CFO, and Legal Advisor, or within the knowledge of and authorization limits set by the CEO, the CFO and Legal Advisor, by the Investor Relations Unit. Equality for social stakeholders in obtaining information is strictly observed when responding to inquiries.

In quarterly periods, following the public disclosure of financial statements of the relevant period, a press statement summarizing the financial situation of GIH is issued and published. The Company's annual report is regularly prepared annually and delivered to investors, as well as relevant institutions and establishments by the Investor Relations Unit.

Public disclosures are delivered by either the Chairman (Mehmet Kutman), individual Board Members, Financial Affairs and Finance Group Head (Kerem Eser), or Chief Legal Advisor (Uğur Aydın) depending on the content of the disclosure, or else by the Investor Relations Unit according to the authority to which the disclosure will be made.

Website and Its Contents

As stipulated by the CMB's Corporate Governance Principles, the Company website www.globalyatirim.com.tr is actively used in public disclosures.

All matters related to the Investors Relations Unit are posted on the www.globalyatirim.com.tr website.

Our Company website is clearly indicated on all corporate identity documents and promotional materials. The Company's website meets international standards in terms of informational content and layout. It is administered by the Investor Relations Unit. The main headings on the website are listed below:

- Detailed information on corporate identity,
- Vision and mission,
- Information on the members of the Board of Directors and Company's senior management,
- Company ownership structure,
- The Company's Articles of Association,
- Trade registration data,
- Financial data, annual and interim activity reports,
- Press releases,
- Regulatory disclosure of material events,
- Share performance and calculator,
- Investor presentations,
- Date and agenda of the General Assembly meeting and General Assembly information document,
- Minutes and attendance sheet of the General Assembly meeting,
- Proxy sample,
- Corporate Governance Principles Compliance Report,
- Dividend policy,
- Information Disclosure policy,
- Corporate Social Responsibility.

Annual Report

Information specified by relevant legislation and the CMB's Corporate Governance Principles is available in our Annual Report.

Disclosure of Ultimate Controlling Individuals

The shareholder structure and the changes in the shareholder structure of the Company are disclosed to the public in accordance with relevant legislation. The Company's shareholder structure can be reviewed on the website.

Section IV - Stakeholders

As a holding company, our shareholders and strategic business partners are our primary stakeholders. The information flow of all subsidiaries and the holding company is realized at a central location in order to maintain coordinated relations with stakeholders.

Additionally, the personal experience and educational level of our employees directly impacts the services offered by our Company and its subsidiaries involved in the service industry. Duly, the Company's human resources policy plays a vital role in this respect. The human resources policy is specified along with the "Personnel Regulations," and recruitments are announced on the Company's website. The feedback system based on the employee performance system has been initiated at our subsidiaries, with the aim being to apply the system across the Company.

Informing Stakeholders

When stakeholders are classified together with investors, business partners and employees, the disclosures to inform investors are explained in detail under the "Informing Shareholders" heading. The intranet system, established to provide detailed information to Company employees, is also utilized to conduct in-company operational activities, as well as to keep Company employees informed about public disclosures and managerial issues that would affect Company business.

Participation of Stakeholders in Management

Members of the Audit Committee and Corporate Governance Committee participate in the weekly assessment meetings held by unit managers, who can thus communicate to the senior management their opinions on the units and subsidiaries under their responsibility. Unit managers pose questions to committee members in the fulfilling of their duties. As such, the information flow mechanism between stakeholders and the committees passes through the unit managers.

Human Resources Policy

Global Investment Holdings maintains a forward-looking strategy that reflects fundamental changes in the national economic and political arena. Backed by its expanding organization and professional teams, our Company offers opportunities for prospective managers regarding personal talent and career development. At the recruitment stage, the Company offers equal conditions and job opportunities to candidates who hold documented university degrees and have a relevant academic background, are fluent in English, as well as speaking other foreign languages, and who are successful individuals in their respective fields. Göknil Akça is the Human Resources Director in charge of managing relations with employees. In 2016, no employee complaints were received.

The Company's human resources policy has been defined in writing and announced on the intranet under the "Personnel Regulation" heading, both in Turkish and English. According to this regulation, the Company recruits individuals of superior knowledge and skill, and who are easily adaptable to the corporate culture, and open-minded to change and development.

The Company's human resources policy adopts the principle of providing equal opportunities to employees of equal conditions with regard to

recruitment and career planning. Thus, positions are announced on an easily accessible website and job applications are received via email.

The opportunities offered to employees, and developments within the Company that may affect employees are shared by senior management via email as well as through the intranet.

Information on Relations with Customers and Suppliers

Our Company is a holding company that does not have a direct relationship with customers and suppliers.

Code of Ethics and Social Responsibility
The Code of Ethics defined by Global Investment Holdings in order to add financial value to its shareholders, and to increase its corporate value, was announced as principles and rules that all managers and employees must abide by. The Code of Ethics of our Company was publicly announced on the website within the framework of the Information Policy.

Global Investment Holdings and its subsidiaries consider their customers, shareholders, employees and the community in general as the basic social stakeholders they work for. At the Global Investment Holdings level, as well as through its subsidiaries, the Group is deeply committed to its aim of ensuring a better life for the various communities we are a part of and operate in. In line with this aim, Global Investment Holdings Group makes contributions to, and sponsors various educational, charity, social and sporting activities and projects. In the year 2016, Global Investment Holdings continued to support education within the framework of its social responsibility activities.

Section V - Board of Directors

Structure and Formation of the Board of Directors and Independent Members
The Company is managed by seven members elected by the General Assembly. The names of the members

of the Board of Directors who were appointed in accordance with the Company's Articles of Association are presented below:

Mehmet Kutman

Chairman - Executive Member

Erol Göker

Vice Chairman - Executive Member

Ayşegül Bensele

Member - Non Executive Member

Serdar Kırmaz

Member - Executive Member

Adnan Nas

Member - Non Executive Member

Jerome Bayle

Independent Board Member

Oğuz Satıcı

Independent Board Member

An up-to-date list of the Company's Board Members and their résumés are presented in the Annual Report and on the corporate website.

In consideration of Chairman Mehmet Kutman's investment banking career, and his experience in business development and project management, the Board of Directors has decided to also appoint him as CEO.

Two independent members of the Board of Directors satisfy CMB corporate governance principles pertaining to independence criteria.

There are no rules and/or limitations imposed upon the members of the Board of Directors with regards to their employment outside the Company. It is always taken into account that this is a holding company, and that being represented in the management of associated companies is to our Company's benefit.

The duties of the Remuneration Committee were assigned to the Corporate Governance Committee, which, on 30 June 2014, submitted the names of two candidates meeting independence criteria to the Board of Directors.

In the event that a situation compromising the independence of a Board Member arises, the concerned independent member immediately informs the Board of Directors about this development, for an eventual disclosure to the public. In principle, Board Members who lose independence submit their resignation.

In order to meet the quota of independent members, following the resignation of an independent member, the Corporate Governance Committee makes an evaluation regarding the selection of a new independent member to serve until the next General Assembly, submitting its decision to the Board of Directors in written form.

There is one (1) female member on the Board of Directors.

Working Principles of the Board of Directors

Members of the Board of Directors are promptly provided with comprehensive information to ensure that they accurately execute their tasks. The secretarial unit structured under the Board of Directors within the framework of the Corporate Governance, informs the Members of the Board of Directors and provides them with the meeting agenda and documents regarding the agenda at least three (3) days prior to the meeting. Board of Directors meetings are held at least once a month and whenever necessary. Our Board of Directors submitted 25 written decisions in 2016. Decisions were made unanimously at the Board of Directors meetings. The Board's agenda is determined by the members of the Board of Directors in line with Company requirements. The members of the Board of Directors do not have weighted voting rights, and all members, and the chairman, have equal right of vote. At meetings, questions asked by the Members of the Board of Directors, and reasonable and detailed reasons for any negative votes given for issues on which Board Members state different opinions, are

recorded in the decision book. Losses incurred by the company by members of the Board of Directors as a result of their faults during their term of office, are insured with a policy that has a value exceeding 25% of the company capital.

Mission, Vision, and Strategic Goals of the Company

GIH's mission, vision, objectives, and values are publicly disclosed on the corporate website. Mission: The Holding is committed to developing a portfolio of competitive companies, within the sectors in which it operates, with strong and healthy growth prospects in conformity with global standards. The Holding is also responsible for updating strategies for its subsidiaries that reflect the changing local and global environment, so as to ensure their quick adaptation to changing business conditions and foster continuous growth. Vision: Global Investment Holdings aims to become a leader in its operations, to initiate new and innovative projects of growth potential, and to become a pioneer in developing the business environment in Turkey.

Risk Management and Internal Audit Mechanism

The Company has established a risk management and internal control unit, under the chairmanship of Menduh Atan. Studies in this regard are conducted under coordination of the Board members Jerome Bayle and Oğuz Satıcı. The Internal Control Department reports directly to the Audit Committee of the Board of Directors.

Authorities and Responsibilities of Board Members and Executives

The authority and responsibilities of the Board of Directors are defined in the Company's Articles of Association in a manner consistent with the Board's functions, that leaves no room for doubt, and that is clearly distinguishable and identifiable from the authorities and responsibilities of the General Assembly.

Aside from the functions defined in the Articles of Association, the Board of Directors also fulfills the following functions listed among the functions of the Board of Directors in the Corporate Governance Principles of the Capital Markets Board:

- The Board of Directors continuously and efficiently revises the degree of achievement of Company objectives, activities and past performance. While revising the same, the Company seeks to comply with international standards on any matter. If required, the Board of Directors takes measures without any delay or obstacle. Effective revision refers to detection of compliance with the applicable laws and regulations and international accounting standards in reflection of the Company's activities, the degree of achievement of Company objectives; the financial status and activity results in the accounting records and the degree of accuracy of the Company's financial information.
- The Board of Directors establishes a risk management and internal control mechanism, minimizing the risks which may adversely affect Company interest holders, particularly the shareholders the Company may encounter; and takes necessary measures to ensure the effective operation of such a system.
- The Board of Directors forms committees in order to fulfill its functions and responsibilities in a sound manner.
- The Board of Directors takes measures and applies incentives to ensure that qualified personnel serve the Company for the long term. If required, the Board of Directors removes managers from office without any delay and appoints appropriate and qualified managers in lieu of those removed.
- The Board of Directors acts as a leader in the elimination and settlement of the disputes which may arise between the Company and its shareholders.

• The Board of Directors shall ensure full compliance with the laws, regulations, and provisions of the Articles of Association, intra-company arrangements and the policies established in exercising the shareholders' rights. To this end, the Board of Directors shall act in close cooperation with the Corporate Governance Committee and Investor Relations Unit established in the body of this committee.

Prohibition on Doing Business, or Competing with the Company

As required by corporate governance principles, in the event of any violation of the prohibition on board members' doing business, or competing with the Company, the potential conflicts of interest are publicly disclosed.

Number, Structure, and Independence of Committees Established by the Board of Directors

The Board of Directors of GIH has established a Corporate Governance Committee and an Audit Committee in line with Capital Markets Board corporate governance principles. The Board members are regularly kept informed on the studies of the Committee. Based on the resolutions adopted by the Board of Directors, Jerome Bayle, Independent member, Aysegül Bensel, Non-executive Board member, Adnan Nas, Non-executive board member, and from the investor relations department Aslı Gülhan Ata, have been elected members of the Corporate Governance Committee. Oğuz Satıcı, Independent member and Jerome Bayle, Independent member, have been elected as members of the Audit Committee. Jerome Bayle, Independent member, Oğuz Satıcı, Independent member and Adnan Nas, Non-executive board member have been elected as members of the Early Risk Assessment Committee. During the period, the Corporate Governance Committee convened four times, the Audit Committee convened four

times and the Early Risk Assessment Committee convened six times. These three committees serve in an advisory function for the Board and make recommendations. All committees conduct their operations in line with their charters, which are outlined on the Company's website. The Chairpersons of the committees are non-executive independent Board members. Since all Audit Committee members must be independent Board members, and as committee chairmen must be selected from among independent members, independent member Jerome Bayle sits on both committees.

Remuneration of the Board of Directors

At the General Assembly meeting of 23 June 2016, a decision was made to pay a net honorarium of TL 9,000 per month to the members of the Board of Directors regarding the 2016 activity period. Minutes of the Ordinary General Assembly Meeting were publicly announced via material matter disclosure and on our Company website. The Remuneration Policy was prepared and issued in writing, and was presented for the information of shareholders in a separate agenda item at the Ordinary General Assembly meeting held on 1 July 2014. The Remuneration Policy was also announced on the Company website. Furthermore, salaries and all other benefits given to the Members of the Board of Directors and executive managers are publicly announced in the Annual Report. Apart from those specified in the consolidated financial tables, the Company did not lend money, or extend credit to any members of the Board of Directors, or executive managers within the relevant period.

STATEMENT OF RESPONSIBILITY

Of the Board Resolution on the Approval of Financial Statements

Date: 08 March 2016

Number: 890

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF CAPITAL MARKETS BOARD COMMUNIQUÉ NO: II-14.1

- a)** We have examined the Company's consolidated financial statements for the period between 1 January and 31 December 2016.
- b)** According to the information obtained within the scope of our duty and responsibility, as of the date of our statement, the report contains no misstatement on material events, or any deficiency that might prove misleading.
- c)** 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,

GLOBAL YATIRIM HOLDINGS A.Ş.



Kerem ESER
Finance Director



Mehmet KUTMAN
Chairman

INTERNAL CONTROLS: RATIONALIZATION

During 2016, Global Investment Holdings continued to implement Group-wide risk management and internal control policies. Previously applied corporate codes of conduct were systematically followed, including internet usage restrictions, proprietary trading limits and guidelines and management reporting systems. An organization-wide company asset security awareness initiative, which encapsulated information and information systems, was provided.

Furthermore, the current internal control system, particularly increasing the efficiency and productivity of Group operations, maintaining reliability in financial reporting and compliance with the law and legislation, is being audited by the Internal Audit Team in accordance with the annual internal audit plan, where the outcome of the audit findings are reported to the Board of Directors. Risks that prove crucial within the framework of corporate risk management in the aforementioned annual internal audit plan are prioritized.

At the request of the Board, the Internal Audit Team has coordinated and performed diverse audit engagements in 2016 in order to identify potential risks within Group companies and Head Office departments. The Internal Audit team has taken the necessary steps both at the holding level and at the individual company level to implement efficient risk management tools through its internal audit technical implementations. The Team is set to accomplish a broad range of internal audit assignments during 2017 in line with the annual audit plan.

FINANCIAL OVERVIEW

Global Investment Holding' consolidated net revenues reached TL 630.0 million compared to TL 552.2 million last year, representing an increase of 14%. The Port and Real Estate divisions were the main contributors. At the end of 2016, GIH reported consolidated EBITDA of TL 193.3mn, compared to TL 217.6 mn in 2015.

On a divisional basis, the Group's Port Division revenues reached TL 347.0 mn in 2016, representing a 21% increase over 2015. A significant portion of this increase is attributable to the contributions from the Group's cruise port operations. Although affected by ongoing tensions in the East Med, the coup attempt, and investigations launched by Chinese authorities, the impact on GPH ports in Turkey was much more limited with 41.0% decline, compared to Turkey's 67.0% decrease in overall cruise passengers in Turkey, thanks to the world-class security measures at utmost priority at GPH ports and unique excursion choices the Ege Ports offers. Driven by GPH's well diversified cruise port network, GPH ports excluding Turkey managed to increase total cruise passengers by 26.8% YoY in FY 2016. The increase was mainly driven by Barcelona, Malaga, Singapore, Valletta and Lisbon. When Turkey is included, the total passenger base still indicates a pleasing 10.8% YoY inorganic growth in FY 2016. The Port Division's EBITDA was reported as TL 192.6 mn in 2016 compared to TL 158.5 mn in 2015 (excluding TL 16.6 mn goodwill gain from the Malta cruise port acquisition), indicating 22% YoY growth. EBITDA maximization was driven both by the commercial and cruise segments. Driven by the per TEU and per ton revenue increases at higher yield project cargo effect at both Port Akdeniz and Port Adria, the commercial EBITDA margin posted a 400 bps increase in 2016 YoY, reaching 71.9%. On the cruise front, thanks to its well diversified portfolio and successful recent acquisitions, GPH managed to expand its cruise passenger base by a significant 10.8% in FY 2016 YoY, through organic and inorganic growth. Cruise passengers, excluding Turkish Ports, registered 26.8% increase in 2016 YoY to compensate for the shrinkage at Turkish cruise ports to a large extent. The passenger increase was mainly driven by Barcelona, Malaga, Singapore, Valletta (Malta) and Lisbon. An increasing share of turnaround passengers in Barcelona and Malaga, ancillary revenues in Malta (commercial berthing, heavy machinery, dutyfree), as well as EBITDA contribution from recently acquired Venice and increasing contribution from Lisbon and Singapore through equity pickup supported EBITDA in 2016.

The Power/Gas/Mining Division reported revenues of TL 224.8 mn in 2016, representing a 3% increase over 2015, mainly driven by the Company's feldspar mining and power generation operations. Naturelgaz revenues stood at TL 171.0 mn as compared to TL 180.1 mn in 2015, resulting from the effect of the decrease in average unit sales price, in line with the budget. GIH's Power/Gas/Mining Division EBITDA consisted of CNG, feldspar mining and energy efficiency operations. Reported EBITDA was TL 26.9 mn in 2016 compared to a TL 26.4 mn in 2015. Real Estate Division revenues more than doubled, reaching TL 25.8 mn in 2016, mainly due to the contribution from Van Shopping Mall, which opened its doors on December 15, 2015. GIH's Real Estate Division EBITDA stood at TL 18.1 mn, compared to TL 2.5 mn in 2015 (adjusting for the effect of asset valuations in 2015 amounting to TL 53.6 mn). The increase in operating EBITDA is solely attributable to Van Shopping Mall.

The Brokerage & Asset Management Division reported revenues of TL 30.5 mn in 2016. The Brokerage and Asset Management Division reported EBITDA of TL-10.9 mn for 2016, compared to EBITDA of TL-8.8 mn 2015. Negative EBITDA is attributable to subdued trading volumes in 2016 as well as the temporary increase of operating costs as a result of the merger with Eczacıbaşı Securities during the year.

GIH reported a consolidated net loss of TL 130.3 mn in 2016, compared to a net loss of TL 48.0 mn in 2015. The main reasons for the loss were non-cash depreciation charges, and an increase in net interest expenses. Depreciation and amortization charges have increased from TL 137.4 mn in 2015 to TL 161.2 mn in 2016. Also, the Group has incurred TL 142.8 mn net interest expenses in 2016.

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 “the Group.”

Unless otherwise specified, the information in this Annual Report is given as of 31 December 2016. The terms “current” and “currently,” respectively, denote the status of the related information as of the time this Annual Report goes to print.

The currency of the Republic of Turkey (“Turkey”) is the Turkish Lira (“TL”), which was introduced as of 1 January 2009 upon the conversion of the New Turkish Lira (“YTL”) on a one-to-one basis. Solely for convenience, certain Turkish Lira amounts herein have been converted into US Dollars (“US\$”) based on the official US\$/TL exchange rate announced by the Central Bank of Turkey as of such relevant dates, or else on the average official US\$/TL exchange rate for the respective period, except where otherwise specified. No representation is being made that any such TL amount was, or could have been, converted into US\$ at such a rate, or otherwise.

This Annual Report contains certain forward-looking statements, which typically include terms such as “intend,” “expect,” “anticipate,” “plan,” “project,” “target” and “scheduled.” Such statements are based on the expectations of Company management as this Annual Report goes to print. Such statements are inherently subject to operating risks, including factors beyond our control, such as general economic and political conditions; the volatility of market prices, rates and indices; legislative and regulatory developments; and to our own ability to attract and retain skilled personnel; to source, structure and procure project financing; to implement optimal technology and information systems; and to otherwise operate successfully in a competitive marketplace. Consequently, our results may vary significantly from time to time, and we may be unable to achieve our strategic objectives.

Global Investment Holdings is incorporated in Istanbul, Turkey. The registered address of the Company’s headquarters is Rıhtım Caddesi No: 51, Karaköy 34425, Istanbul, Turkey. Global Investment Holdings is subject to regulation by the Turkish Capital Markets Board (“CMB”) and Borsa Istanbul. Other Group companies are subject to capital markets regulations, or those of other regulatory authorities having jurisdiction over them.