Achieving success one step at a time...

GLOBAL INVESTMENT HOLDINGS
2016 ANNUAL REPORT

CONTENTS

GLOBAL INVESTMENT HOLDINGS HAS ACHIEVED SUCCESS IN ALL ITS BUSINESS AREAS.

Big dreams can be realized by taking small yet appropriate steps.

Every small step forward in the right direction should be taken on a solid foundation. If you set goals that are consistent with your company's identity and capabilities, and move forward with the right strategy and plan, then success will be your ultimate destination.

Identifying our goals

At Global Investment Holdings, our goals are based on clear and objective criteria. Our main priority is to accomplish what hasn't been done before in our core business areas and achieve record breaking targets.

Alligning our path along the way

If success is a journey, in order to move in the right direction, we need to continuously monitor and adjust changing circumstances along the way without ever losing sight of our ultimate goals.

Fearlessly overcoming obstacles

As we move towards our dreams, we do not falter when faced with obstacles. We know we can overcome any problem with our expertise and commitment to teamwork.

We place great emphasis on new opportunities

We always take necessary measures to mitigate any possible risks along the journey.

Timing is imperative

Taking steps forward in the right direction at the right time enables us to achieve our goals. Correct timing is a significant factor that affects the success of an initiative.

CHAIRMAN'S MESSAGE

IN 2017, WE WILL CONTINUE TO STRENGTHEN, AND EXPAND OUR INVESTMENTS INTO NEW COUNTRIES.

Global Investment Holdings (GIH), having realized strong investments in the Port Management, Finance and Real Estate sectors, ranks among Turkey's foremost holding companies. Having registered equal success and robust investment in its home market and abroad, GIH is a global brand of international prestige.

My Dear Colleagues,

There is no questioning the fact that our nation can be viewed as one of the cradles of civilization. The rich legacy that various cultures have gifted us down through the ages embellishes the history and multifaceted culture of our beloved Turkey. Moreover, a unique national character rests on the hospitality of our people; one based upon acceptance and love of our fellow man. And as the people of this great land, it is our duty to respectfully preserve this legacy.

Once again, 2016 demonstrated that a sense of social harmony and an essential love of peace deserve to be proudly held aloft. Unfortunately, we were reminded of this in a year marked by tragedy and tainted by terror, and the worse ever by a group of rouge militia attack on the citizens of this country which resulted in more than 250 civilian loss and thousands of injured. Once again this attack to our democracy was upheld by the people of this beloved country, with millions on the street of major cities.

I would like to give a quote from my e-mail sent on 16th of July to over 10.000 individuals which make up my personal mailing list composed of people worldwide from state senators, former state officials , PM's to CIO's to CEO s, journalists, fashion guru, chief editors etc. worldwide all leaders of the free world in their own arena. “I strongly believe that, we will stand together, give each other a hand and overcome this difficult period in our country. There is hope in everything; hopefully, with these recent developments our democracy will continue to evolve, we will feel freedom in its entirety; and I believe that beginning with our legal system, all independent institutions under the government will truly be independent. The people of this beautiful country have been instrumental in this and we will relentlessly fight any kind of rogue intervention to our democracy. We are all united together 76 million; and we will defy and defeat any attempt against our democracy”.

And while temporary in nature, the inevitable consequences of such events negatively impacted Turkey's status among developing markets. That being said, the economic and political stability that Turkey has successfully maintained throughout the most trying of times, and the trailblazing entrepreneurial spirit confirms that, sooner rather than later, such negative consequences will be reversed.

MEHMET KUTMAN CHAIRMAN

OUR PORTS GROUP IN 2016 HAS MAINTAINED ITS TITLE AS THE WORLD'S LARGEST CRUISE PORT OPERATOR, ADDING CAGLIARI, CATANIA AND RAVENNA TO ITS FORMIDABLE PORTFOLIO.

Despite the difficulties during 2016, the year has also been one of important developments for Global, where long-lasting efforts have seen the realization of high-value projects. Even with the negativity that has blighted our country, Global's investment activities have met the ambitious goals that we had set for ourselves.

Global Investment Holdings (GIH) realized strong investments in the Port Management, Finance and Real Estate sectors, ranking among Turkey's foremost holding companies. Having registered equal success and robust investment in its home market and abroad, GIH has become a global brand of international prestige. Indeed, in 2017 and subsequent years, we will continue to strengthen, and expand our investments into new countries. With no sectoral or geographical limitations, GIH is at the forefront in the international arena thanks to its investment foresight, as well as its investment boldness, wisdom, strength, and speed of action. This has squarely positioned GIH as either the leader, or working towards becoming the leader in every sector in which it operates.

In 2016, our ports group maintained its title as the world's largest cruise port operator, adding Venice, Cagliari, Catania, and Ravenna to its formidable portfolio. In 2017, it will hopefully set sail for the American continent, and reproduce the success it has achieved in the Mediterranean.

120

MW

Towards the end of 2017, our total licensed capacity in clean energy will reach 120 MW, and we hope to commence investment in at least two projects in Africa.

THE IMPLEMENTATION OF PROCESSES THAT PLACE SOCIAL, ENVIRONMENTAL, ETHICAL, AND HUMAN RIGHTS AT THE HEART OF THE GROUP'S BUSINESS OPERATIONS IS PART OF OUR CORE STRATEGY.

Working on principle to be recognized as a flag-carrier, GIH firmly reiterates its unwavering confidence in Turkey at every turn and on every platform in the international arena.

Meanwhile, despite unfavorable conditions, such as the declining price of LNG, and BOTAŞ decreasing its prices, our energy company, Naturelgaz, has outperformed expectations, reducing its debt in the tough climate prevalent throughout 2016, achieving nearly 150 million cubic meters in sales. Naturelgaz has also passed all HSE regulations and is poised for dynamic performance in 2017.

Indeed, in 2017, the team will extend its reach and leadership status in the sector to at least two European countries. The investments of our electricity companies have also continued, and we are ready to take over two biomass plants. Meanwhile, our Tri-generation, a corporate success story in Turkey, has provided electricity for various malls beyond the industry that we are highly familiar with. Towards the end of 2017, our total licensed capacity in clean energy will reach 120 MW, and we will commence investment in at least two projects in Africa.

In Mining, our outstanding investments have been completed, and in 2016, we have registered our first added value feldspar production. As of today, our monthly added value product manufacturing capacity has reached 10,000 tons.

Turning to our Real Estate group, I am delighted to say that since Van Shopping Mall opened its doors in December 2015, it has since broken numerous records across the board. Meanwhile, in our Denizli project, the groundwork for the first block of the city's pioneering modern business center, SkyCity, has been completed in record time. We will have taken over the first high-rise in Denizli. To maximize efficiency, our Real Estate efforts, both at home and abroad, have been consolidated under a new company, Ardus.

In our Finance group, against all odds, our portfolio management companies, as well as our Brokerage House and Investment Company have completed their full integration. They are now primed to take full advantage of improved market conditions. And meanwhile, we will continue to increase our investments both domestically and further afield.

In fact, working on principle to be recognized as a flag-carrier, GIH firmly reiterates its unwavering confidence in Turkey at every turn and on every platform in the international arena. Despite facing numerous obstacles both at home and abroad, Global has ceaselessly worked over the years towards growth and expansion; it will continue to do so, overcoming any challenges the future may bring with caution and versatility, actively pursuing new opportunities, while sustaining a disciplined growth trajectory. Therefore, no matter how uncertain 2017 may appear, we will continue working to meet our goals "promoting steady growth by creating value," and adhering to the principles on which our corporate management is built. That being said, the prevailing landscape of our country and of the wider global economy suggests that 2017 will witness widespread belt tightening.

Yet regardless, the confidence we have in reaching our goals owing to our ever-growing corporate structure, a talented and tenacious management team, and devoted staff, both at home and overseas remains both strong and constant.

The implementation of processes that place social, environmental, ethical, and human rights at the heart of the Group's business operations plays a significant role in our core strategy. GIH is also both honor-bound and proud to give back to society and the stakeholders and communities in which it operates. And so, driven by our strong national and environmental commitment, GIH and its subsidiaries realize philanthropic events in the fields of health, education, culture and sports, both at home and abroad that resonate well beyond the commercial arena. Such events, several of which have since established a tradition of their own, while others have been firsts for Turkey in their own right, are our way of contributing to Turkey's social, cultural and economic advancement.

A notable sporting event of 2016 was the Bodrum Global Run 3, which amounted to a three-day festival in the city of Bodrum. Hosted by Global Ports Holding at Bodrum Cruise Port, Bodrum Global Run 3 brought excitement and celebration to local streets from April 15 - 17, 2016 with keen participants and an array of colorful activities. Meanwhile, the arts saw a first for Turkey as Global Karakoy was brought to life with a world-renowned exhibition, "The Art of Banksy," celebrating the work of this enigmatic figure. "The Art of Banksy" saw its premiere in Istanbul on January 13, with the contribution of the Ministry of Culture and Tourism, as well as the support of the Beyoğlu municipality in Istanbul.

We at Global Investment Holdings view tomorrow as our playground. We are committed to achieving our best, and preparing ourselves for whatever may come next in these fast-paced times of ever-changing affairs. We are a group strengthened by self-renovation, and one that proudly passes the values of yesterday on to tomorrow, remaining ever-relevant. I therefore assure you that we will continue our hard work and commitment which has through the years ranked us among the most successful, and most reputable of Turkey's companies. At Global, we have wound our clocks forward, as we walk confidently into the future, guided by our resolute corporate culture, effective leadership, and smart, wide-ranging business strategies.

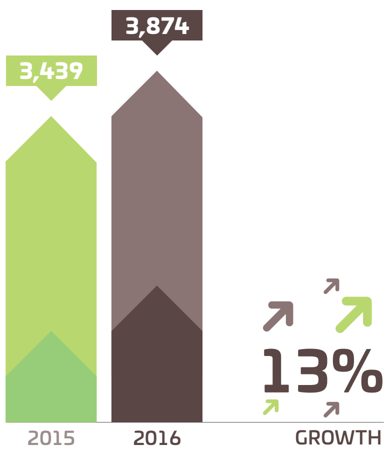
Our interdependence and unity will continue to ensure our survival, and carry us into the brighter days of tomorrow.

To all of my colleagues, then, I extend my deepest appreciation for their commitment, and contributions to the Global family.

MEHMET KUTMAN
CHAIRMAN

At Global, we have wound our clocks forward, walking confidently into the future, guided by our resolute corporate culture, effective leadership, and smart, wide-ranging business strategies.

TOTAL ASSETS (TL MILLION)

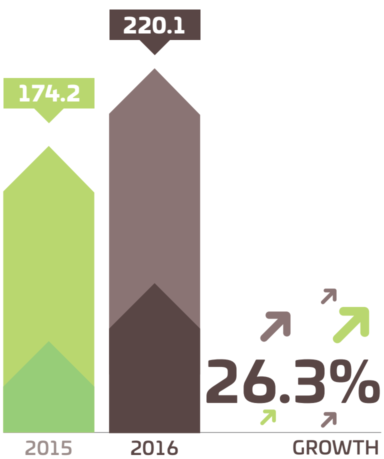


GLOBAL INVESTMENT HOLDINGS GROUP IN SUMMARY

GLOBAL SECURITIES HAS PLAYED A CRUCIAL ROLE IN DEVELOPING TURKEY'S CAPITAL MARKETS.

The Group is distinguishable from other core business-oriented conglomerates and holding companies by its lack of geographic or sector-bound limitations.

GROSS PROFIT (TL MILLION)



Well-established risk assessment process

Global Investment Holdings has successfully pioneered numerous investments on the strength of its responsive structure and corporate culture, as well as its well-established risk assessment process.

Established in 1990, Global Securities swiftly became Turkey's leading independent brokerage and investment banking company. Providing many entrepreneurs for the first time with a route to international institutions, Global Securities has played a crucial role in developing Turkey's capital markets. The Company transformed into an investment portfolio company in late 2004, drawing on its appetite for growing investments and its extensive investment banking experience. With interests across a range of nascent business sectors and traditional, non-banking financial service providers, Global Investment Holdings has evolved into a dynamic investment vehicle. Global Investment Holdings trades on Borsa Istanbul under the GLYHO.IS ticker.

Expanding its investments abroad

Global Investment Holdings has effectively identified investment opportunities in rapidly growing sectors of Turkey's economy since its restructuring efforts of late 2004. And since 2013, it has also been successfully expanding its investments abroad. The Group focuses on sectors with future growth potential and on businesses in their initial stages.

Thanks to its considerable investment experience and established relations with international businesses, the Holding has a competitive edge in identifying investment targets, and in the risk assessment of new ventures. The Group is distinguishable from other core business-oriented conglomerates and holding companies by its lack of geographic or sector-bound limitations. These are the lines on which it has expanded its portfolio, and today it builds on a proven track record of successful exits.

Global Investment Holdings' key business areas of operation are: Port Infrastructure (operating cruise ship terminals and commercial seaports); Gas (compressed natural gas sales and distribution); Power (renewable power generation, cogeneration, biomass and solar power); Mining (feldspar mining and export); Real Estate (development and operation of commercial real estate projects); and Other (non-banking financial services, including brokerage, advisory and asset management).

Maximizing shareholder value

The Company works to maximize shareholder value and returns by establishing a diversified portfolio of investments in sectors of high growth and return potential; where, due to the nature of barriers to entry, be they geographic, technical, “first mover,” or similar, they offer a sustainable competitive advantage. The potential for future growth and an attractive rate of return are the prioritized parameters of prospective business opportunities; the Company is therefore able to maximize profitability in certain investments of only short-term relevance to the current investment portfolio.

The Company views timely exits as an integral element in maximizing shareholder value. The timing of the exit is determined by systematic monitoring of the investment portfolio in order to realize its equity investment in whole, or in part.

The Group implements best corporate practices by fostering decision making at all levels, and through its independent and lean organizational structure, both at the operational and Group level. This lean structure enables senior management to closely monitor and briskly respond to both operational performances across the Group, and the ever changing business environment.

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

GLOBAL INVESTMENT HOLDINGS GROUP

PORT INFRASTRUCTURE

Atlantic
Lisbon Cruise Port

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

Adriatic
Dubrovnik Cruise Port
Bar Cruise Port*
Ravenna Cruise Port
Venice Cruise Port

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

Asia
Singapore Cruise Port

POWER

> Tres Energy
> Mavi Bayrak Energy
> Ra Solar
> Tenera Energy
> Barsolar

GAS

> Naturelgaz
> Gas Trading & LNG

MINING

> Straton Mining

REAL ESTATE

> Denizli Sümerpark Mall and Housing
> Denizli SkyCity Offices
> Denizli Final Schools
> Van Shopping Mall Development
> Vakıfbank No. VI
> Salıpazarı Global Building

BROKERAGE & ASSET MANAGEMENT

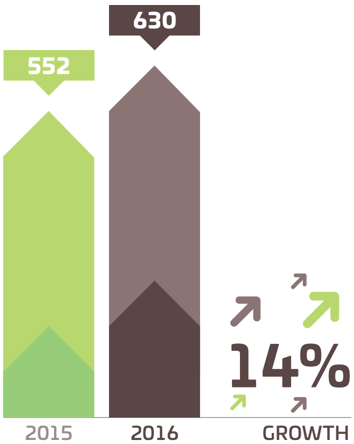
> Global Securities
> Asset Management
Actus Asset Management
Global MD Asset Management
> IEG Global Advisory

** Mainly commercial ports with some minor cruise activities.*

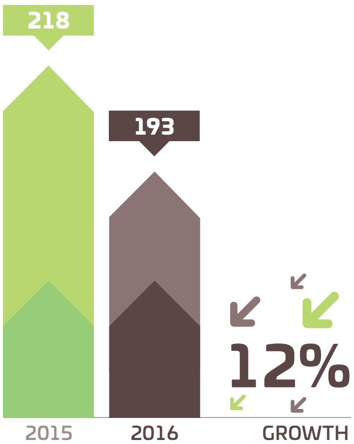
CONSOLIDATED FINANCIAL HIGHLIGHTS

GLOBAL INVESTMENT HOLDINGS' TURNOVER INCREASED BY 14%, RISING TO TL 630 MILLION, WHILE TOTAL ASSETS CLIMBED TO TL 3.9 BILLION.

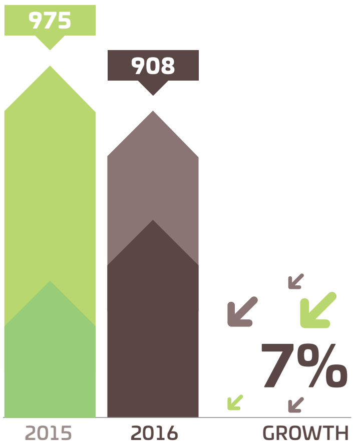
TURNOVER (TL MILLION)



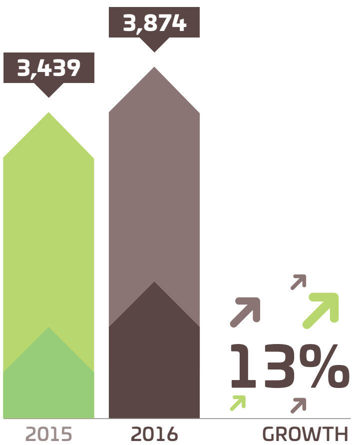
EBITDA (TL MILLION)



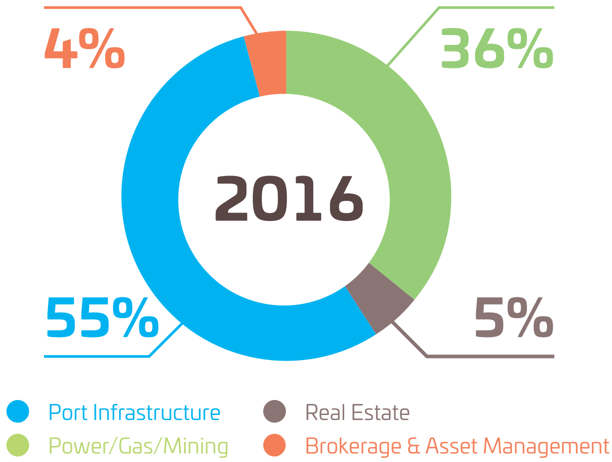
EQUITY (TL MILLION)



TOTAL ASSETS (TL MILLION)



GROSS TURNOVER (%)



KEY FINANCIAL INDICATORS

GLOBAL INVESTMENT HOLDINGS ACHIEVED SUCCESSFUL FINANCIAL AND OPERATIONAL RESULTS, AND CONTINUED TO ADD VALUE FOR STAKEHOLDERS IN 2016.

Consolidated Balance Sheet (TL million)		
	2016	**2015**
Current Assets	628.8	671.4
Non-Current Assets	3,245.7	2,767.4
Total Assets	3,874.5	3,438.8
Short-Term Liabilities	1,031.8	656.3
Long-Term Liabilities	1,934.4	1,807.9
Total Shareholders' Equity	908.3	974.6
Total Liabilities and Shareholders' Equity	3,874.5	3,438.8

Consolidated Income Statement (TL million)		
	2016	**2015**
Turnover	630.0	552.2
Gross Profit	220.1	174.2
EBITDA	193.3	217.6
Profit/(Loss) Before Tax	(141.8)	(74.4)
Net Profit/(Loss)	(130.3)	(48.0)

SUSTAINABILITY

WE DEVELOP COMPLEMENTARY, EXCLUSIVE APPROACHES TAILORED TO EACH SECTOR IN WHICH WE OPERATE.

Our Sustainability Approach

For 26 years, Global Investment Holdings has contributed to the development of the Turkish capital markets with its diversified and expanding portfolio and future-oriented investment approach that is a hallmark of excellence. Global Investment Holdings' deep experience in investment banking has benefited its growth in burgeoning sectors of considerable potential such as port infrastructure, power/gas/mining, real estate and finance.

The Company's main objective in all its operations across various sectors is to create lasting growth and value shared universally. Our diversified investment portfolio has the capacity to meet the needs of the ever-changing business environment and the diverse requirements of sectors and regions. Our investment approach does not measure our success simply in terms of profitability; we evaluate our investments with a future-oriented perspective, using multidimensional metrics. And by leveraging the competitive advantages of our effective risk and market analysis mechanisms we embed sustainability and good governance in all our investments.

Within the framework of our sustainability approach, we carefully evaluate the impact of our operations on the environment, on people and on the wider society, and work to eliminate any such adverse impact from our activities, and to create a dynamic beneficial to all parties, while sharing the resulting value.

The ethical principles, environmental sustainability, human rights, workplace safety, supplier relations, and corporate citizenship inherent in our sustainability approach are an integral part of our business, and factors underpinning our financial success.

In addition to the general sustainability approach that guides our business in all areas, we develop complementary, exclusive approaches tailored to each sector in which we operate. Further to our general approach, sustainability issues are prioritized in the manner most effective for each specific sector. While in our mining and energy enterprises the effects of our operations on climate change, local communities and employee health are top priorities, at our ports, biodiversity and workplace safety are among the top-ranked issues.

In 2016, we amplified our sustainability efforts, starting with the establishment of a Sustainability Committee representing each business unit for the implementation of all social, environmental and governmental issues. Starting from 2016, we are committed to improving our sustainability strategy with the support and contributions of our stakeholders, and to sharing our performance through annual sustainability reports. In addition to the stakeholder engagement period in the reporting process, we will also receive stakeholder feedback on sustainability-related topics by organizing stakeholder panels on an annual basis.

OUR APPROACH TO HUMAN RESOURCES MANAGEMENT IS BASED ON PROMOTING SYNERGY WITHIN THE COMPANY BY INCREASING EMPLOYEE MOTIVATION, SATISFACTION AND ENGAGEMENT.

Our Environmental Impact

At Global Investment Holdings, we conduct our activities with the aim of decreasing our environmental impact and responsibly managing such impact. Within the framework of our Environmental Policy, we focus on reducing the use of energy and water in our offices, as well as greenhouse gas emissions, by recycling and limiting waste at its source. We expect our subsidiaries to similarly manage their operations by implementing our environmental policy and management system along with industry-specific adjustments.

Work Life

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

Our approach to human resources management is based on promoting synergy within the Company by increasing employee motivation, satisfaction and engagement.

Community Relations

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

Playing a leading role in the development of the capital markets and emerging industries, the Holdings and affiliate companies have from the very outset operated in line with basic human rights, creating shared value through practices that on principle exceed minimum legislative stipulations in step with a common social responsibility approach.

RATINGS

JCR EURASIA RATING AFFIRMED THE CREDIT RATINGS OF GLOBAL INVESTMENT HOLDINGS AS ‘BBB (TRK)/STABLE’ ON THE LONG TERM NATIONAL SCALE IN OCTOBER 2016.

Corporate Governance Ratings
Based on the Capital Markets Board’s Corporate Governance Principles of January 2014, GIH was rated 8.99 out of 10; accordingly, the Company remained in the BIST Corporate Governance Index in November 2016.

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

Sub-Sections Rating	
Shareholders	91.11
Public Disclosure and Transparency	91.18
Stakeholders	90.93
Board of Directors	87.74
Overall (Out of 10)	8.99

Credit Ratings
JCR Eurasia Rating affirmed the credit ratings of Global Investment Holdings as ‘BBB (Trk)/Stable’ on the Long Term National Scale in October 2016.

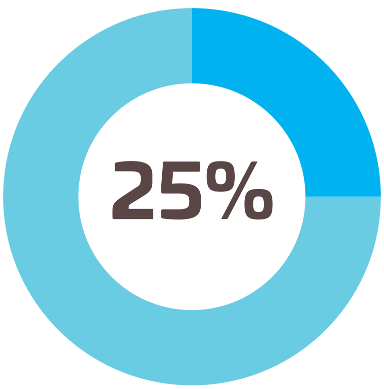
The details of the revised ratings are provided below:

Long Term International Foreign Currency: BBB- / (Stable outlook)
Long Term International Local Currency: BBB-/ (Stable outlook)
Long Term National Local Rating: BBB (Trk) / (Stable outlook)
Short Term International Foreign Currency: A-3 / (Stable outlook)
Short Term International Local Currency: A-3 / (Stable outlook)
Short Term National Local Rating: A-3 (Trk) / (Stable outlook)
Sponsor Support: 2
Stand Alone: B

PORT INFRASTRUCTURE

GPH PRESENTS UNIQUE INVESTMENT ADVANTAGES ON THE STRENGTH OF ITS SIGNIFICANT BUSINESS VOLUME.

GPH is the world's largest independent cruise port operator by number of ports and passenger volume.



GPH hosts around 7.8 million passengers representing 25% market share in the Mediterranean.

Global Ports Holding (GPH), established in 2004 as the infrastructure investment vehicle of Global Investment Holdings (GIH), has emerged as the world's leading cruise port operator, with a prominent presence in the Mediterranean, Atlantic and Asia Pacific, and a strong commercial port network in Turkey and Montenegro.

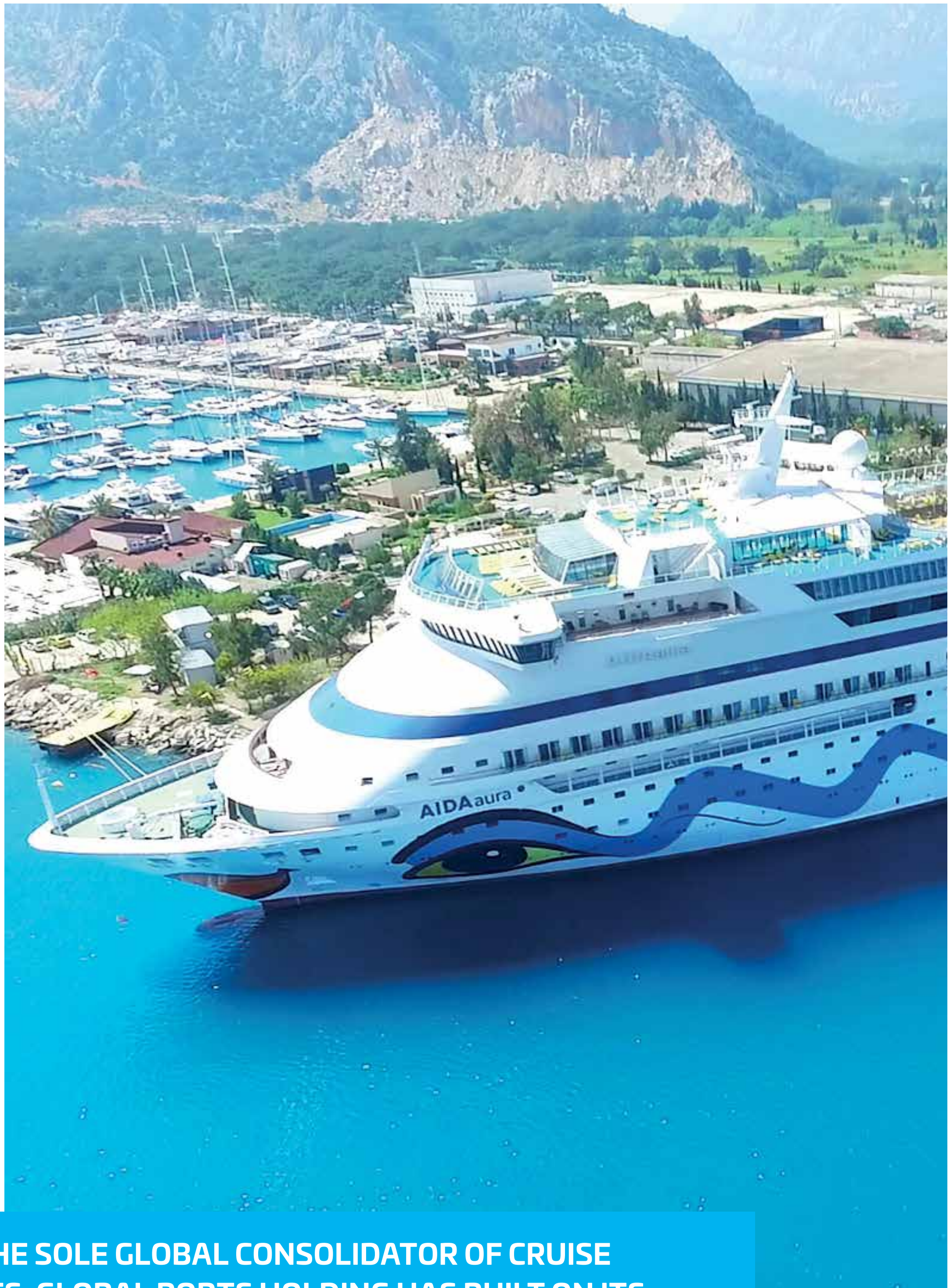
GPH is the world's largest independent cruise port operator by number of ports and passenger volume, with a diversified, strategically located portfolio of 14 ports in eight countries, serving cruise liners, ferries, yachts and mega-yachts. As the sole global consolidator of cruise ports, the Company has built on its first-mover advantage to establish a strong platform that represents a "one-stop shop" offering integrated services to global cruise lines and their customers.

GPH aims to drive significant organic and inorganic growth by expanding the number of ports it operates, and improving its cross-selling of value-added activities to both cruise operators and passengers. In addition to the cruise operations, GPH is a commercial port operator specializing in container, bulk and general cargo handling, as well as serving cargo ships.

GPH has registered significant achievements in Malta (Valletta) and Croatia (Dubrovnik) following recent international investments. It has further enhanced its leading position in the Mediterranean with a 55.6% direct and indirect stake in Maltese company Valletta Cruise Port Plc, which holds a 65-year concession for cruise port operations and manages the waterfront development featuring commercial and retail facilities. Dubrovnik International Cruise Port Investment, a partnership with French based Bouygues Batiment International, won the Dubrovnik Cruise Port tender. A pre-concession agreement has been signed with regards to operating the Dubrovnik Cruise Terminal for 40 years.

GPH presents unique investment advantages on the strength of its significant business volume, derived from strategic commercial and passenger ports offering strong demand potential and ideal access.

GPH operates a high-capacity commercial port in Antalya, Turkey with a major position in export traffic, and a strategically important commercial port in Bar, Montenegro. GPH operates cruise ports at Ege



AS THE SOLE GLOBAL CONSOLIDATOR OF CRUISE PORTS, GLOBAL PORTS HOLDING HAS BUILT ON ITS FIRST-MOVER ADVANTAGE TO ESTABLISH A STRONG PLATFORM THAT REPRESENTS A "ONE-STOP SHOP" OFFERING INTEGRATED SERVICES TO GLOBAL CRUISE LINES AND THEIR CUSTOMERS.

Ports, Kuşadası; Port Akdeniz, Antalya; and Bodrum Cruise Port, in Turkey, as well as Barcelona Cruise Port and Malaga Cruise Port (Spain); Port of Adria, Bar (Montenegro); Lisbon Cruise Port (Portugal); Singapore Cruise Port (Singapore); Valletta Cruise Port (Malta); Dubrovnik Cruise Port (Croatia); and Venice Cruise Port, Cagliari Cruise Port, Catania Cruise Port, and Ravenna Cruise Port (Italy). GPH has an established presence in Barcelona and Venice, two of the top five Mediterranean cruise ports by number of turnaround passengers, and has built a reputation as a one-stop shop offering multiple integrated port solutions across its global cruise port network to global cruise line operators.

HIGHLIGHTS OF 2016

In 2016, as part of a strong consortium, Global Ports Holding acquired an indirect minority stake of 11.1% in Venezia Terminal Passeggeri S.p.A. (VTP), which operates Venice Cruise Port; Venice, one of the world's leading tourist destinations, is the largest homeport in the Mediterranean. Formed by Global Liman together with Costa Crociere S.p.A, MSC Cruises S.A. and Royal Caribbean Cruises Ltd, the Consortium indirectly owns a 44.48% share in VTP.

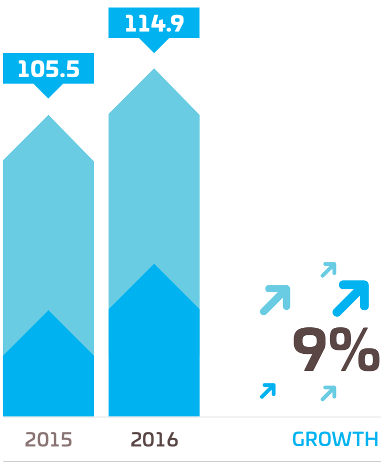
As of November 2016, GPH has indirectly purchased shares of the companies operating the Cagliari and Catania Cruise Ports, as well as shares of the company providing landfall services to cruise ship passengers in Portovenere. Currently, GPH holds the following shares: 70.89% in Cagliari Cruise Port Srl; 62.2% in Catania Cruise Terminal Srl; 53.67% in Ravenna Terminal Passeggeri Srl; and 28.5% in LSCF La Spezia Cruise Facilities Scarl.

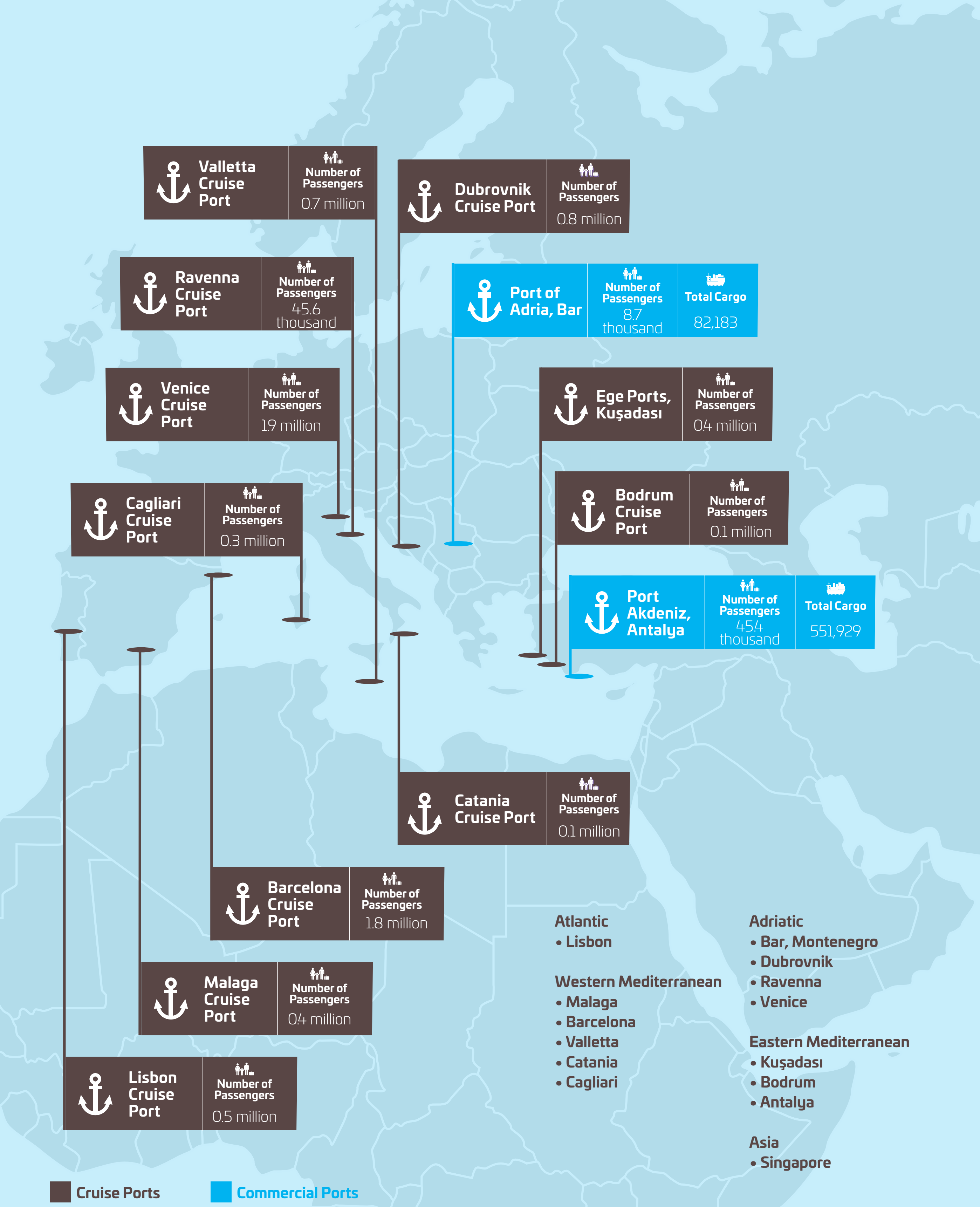
In 2010, GPH operated three ports in Turkey, hosting around 600,000 passengers, and handling around 90,000 TEU throughput. Today, GPH operates in 14 ports across eight countries, hosting around 7.8 million passengers representing 25% market share in the Mediterranean, and handling around 215,000 TEU and 634,000 tons throughput. Accordingly, GPH has become the leading international port operator, and the world's largest cruise port operator.

Ports not only serve to keep a country's goods on the move, but also contribute significantly to the broader economic development of nations. Port regions offer clear advantages to land-locked geography - a catalytic impact on a state's commerce and industry, as well as new employment opportunities. According to the Cruise Lines International Association (CLIA), the total economic impact of the industry in 2015 was US$ 117 billion, and it helped to support nearly 955,000 jobs and US$ 38 billion in wages worldwide. Consequently, attracting cruise tourism is an objective for many port cities around the world.

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

TURNOVER GPH (TL MILLION)




Valletta Cruise Port
Number of Passengers
0.7 million
Dubrovnik Cruise Port
Number of Passengers
0.8 million
Ravenna Cruise Port
Number of Passengers
45.6 thousand
Port of Adria, Bar
Number of Passengers
8.7 thousand
Total Cargo
82,183
Venice Cruise Port
Number of Passengers
1.9 million
Ege Ports, Kuşadası
Number of Passengers
0.4 million
Cagliari Cruise Port
Number of Passengers
0.3 million
Bodrum Cruise Port
Number of Passengers
0.1 million
Port Akdeniz, Antalya
Number of Passengers
45.4 thousand
Total Cargo
551,929
Catania Cruise Port
Number of Passengers
0.1 million
Barcelona Cruise Port
Number of Passengers
1.8 million
Malaga Cruise Port
Number of Passengers
0.4 million
Lisbon Cruise Port
Number of Passengers
0.5 million
Atlantic
• Lisbon
Western Mediterranean
• Malaga
• Barcelona
• Valletta
• Catania
• Cagliari
Adriatic
• Bar, Montenegro
• Dubrovnik
• Ravenna
• Venice
Eastern Mediterranean
• Kuşadası
• Bodrum
• Antalya
Asia
• Singapore
Cruise Ports
Commercial Ports

MILESTONES

2004 GPH established (commenced operations at Kuşadası cruise port in 2003).

2006 Acquired 40% stake in Akdeniz-Antalya commercial port.

2008 Acquired 60% stake in Bodrum cruise port.

2010 Acquired the remaining 59.8% stake in Akdeniz-Antalya commercial port.

2013 Acquired 62% stake in Adria-Bar commercial port.

Acquired a minority stake in Creuers (Barcelona, Malaga and Singapore cruise ports) in partnership with RCCL.

2014 GPH-RCCL acquired remaining stake in Creuers (GPH stake: 62%, RCCL stake: 38%).

Signed concession agreement for Lisbon Cruise Terminal (GPH's effective stake: 46.2%).

US$ 250 million debut bond issuance.

Formed consortium with Bouygues for Dubrovnik Cruise Port tender (consortium pre-qualified as sole bidder in early 2015).

2015 Acquired 55.6% stake in Valletta Cruise Port.

EBRD acquired 10.84% stake in GPH.

GPH was awarded the Dubrovnik Cruise Port tender and a preliminary concession agreement has been signed.

2016 **GPH acquired 11.1% stake in Venice Cruise Port as part of a strong consortium.**

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.

JCR EURASIA RATING HAS EVALUATED GLOBAL PORTS HOLDING IN THE HIGH-LEVEL INVESTMENT CATEGORY AT THE NATIONAL LEVEL, AND AFFIRMED THE COMPANY'S LONG-TERM NATIONAL RATING AND OUTLOOK AS 'A- (TRK) / POSITIVE'.

CREDIT RATINGS

JCR Eurasia Rating

JCR Eurasia Rating has evaluated Global Ports Holding in the high-level investment category at the national level, and affirmed the Company's long-term national rating and Outlook as 'A- (Trk) / Positive'. GPH's Long-Term International Foreign and Local Currency ratings have been affirmed as 'BBB-.' Other notes and details of the ratings are provided in the table below.

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

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

Long-Term National Local Rating: A- (Trk) / (Positive Outlook)

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)

Sponsor Support: 2

Stand Alone: AB

Fitch Ratings

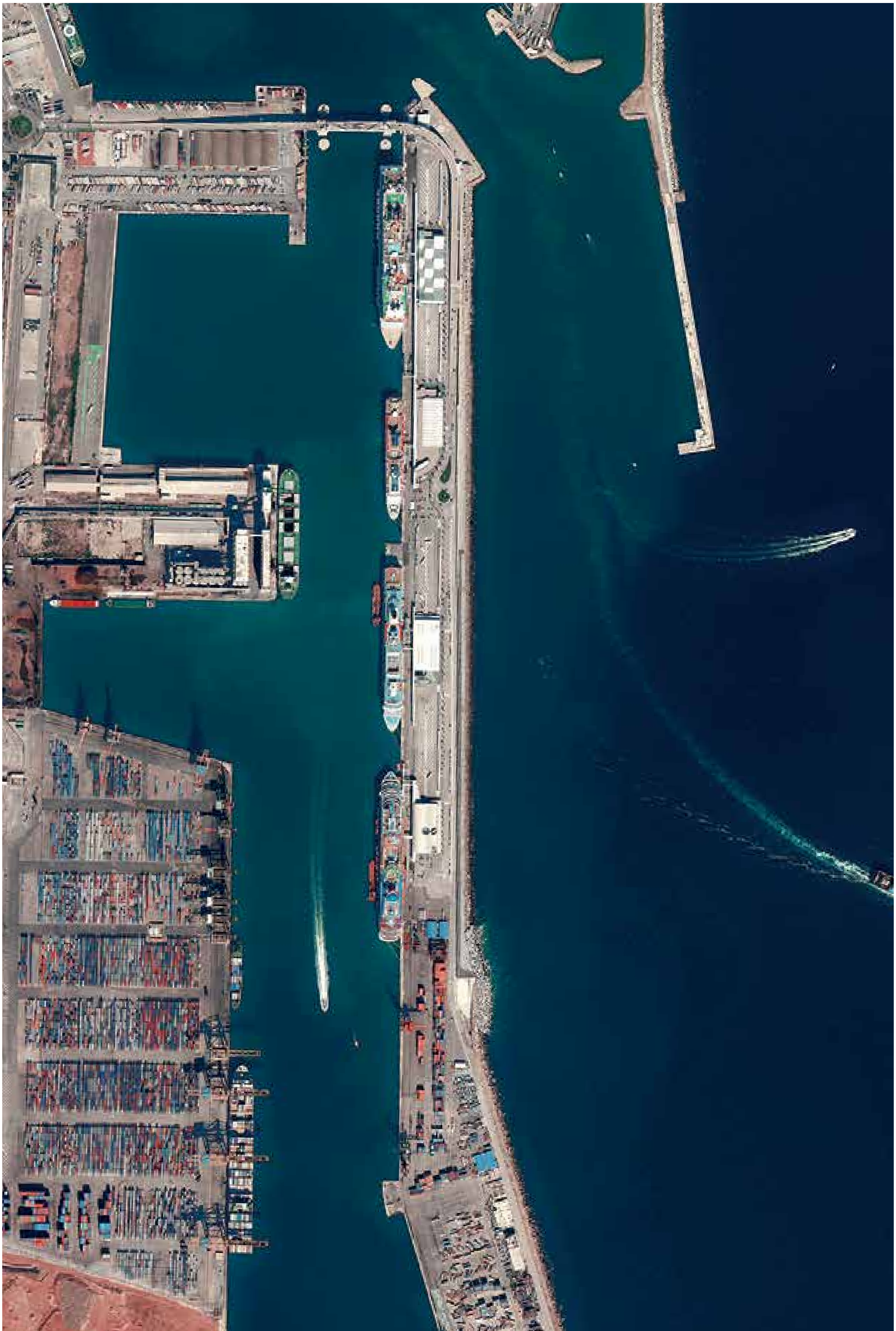
Fitch Ratings has revised the Outlook for Global Ports Holding US$ 250 million senior unsecured notes due 2021 to Negative from Stable. The rating has been affirmed at 'BB-'.

Moody's

Moody's has affirmed the credit rating of Global Ports Holding at 'B1' with a Stable Outlook.

GPH's B1 Corporate Family Rating (CFR) is supported by: **(1)** positive cash flow generation and realized operating margins associated with the Company's cruise and cargo ports operated under concession agreements with very limited operating covenants; **(2)** the increasing diversification deriving from its strengthening position in the cruise market through its ownership interests in the ports of Creuers, Ege and Bodrum; and **(3)** some flexibility associated with the Company's capital expenditure requirements.

However, the B1 CFR assigned to GPH is constrained by: **(1)** the Company's relatively small-scale operations, dominated by container activity concentrated at the Port of Akdeniz; **(2)** the relatively short remaining concession life of the Port of Akdeniz (less than 12 years); **(3)** the limited diversification of cargo activities with a strong bias towards exports of marble and cement, and the absence of long-term take or pay agreements related to these activities; **(4)** some cyclicality and relatively limited cash flow visibility associated with cruise operations, when compared with other infrastructure companies exhibiting a lower exposure to the leisure segment and/or a more extended period of contracted cash flows; **(5)** the risks stemming from the Company's highly acquisitive strategy; and **(6)** the weak credit quality of GPH's parent company, GIH.



FROM 2009 TO 2016, WORLDWIDE CRUISE TRAFFIC ROSE FROM 17.8 MILLION PASSENGERS TO 24.2 MILLION PASSENGERS, SHOWING A CAGR OF 4.5%.

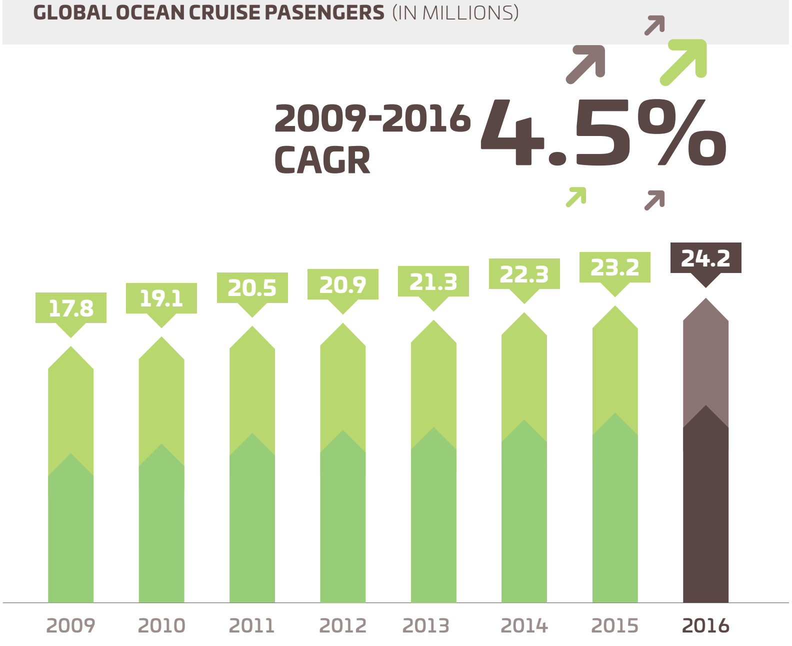
CRUISE INDUSTRY OUTLOOK

Cruise tourism has been one of the fastest-growing sectors in the tourism industry for the past 25 years, and the popularity of cruise holidays is escalating among international travelers.

From 2009 to 2016, worldwide cruise traffic rose from 17.8 million passengers to 24.2 million passengers, showing a CAGR of 4.5%. Reflecting this momentum, cruise ship capacity expanded by a CAGR of 5% for the same period. The worldwide cruise industry's estimated sales revenue will be worth a total of US$ 35.5 billion in 2016. Global forecasts for 2017 are very positive, with projections reaching 26 million passengers. This growth is expected to continue, due to a potentially large demand for cruises, and wider offers from cruise lines. As cruise passengers account for approximately 3.1% of global tourists, today it is not surprising that the sector has continued to grow in recent years and that there appears to be a positive trend for the future.

Passenger traffic is a key factor in determining cruise port revenues. As such, investors can justifiably be confident about the outlook for passenger numbers based on available ship order book data.

2009-2016 PASSENGER TRAFFIC SNAPSHOT
GLOBAL OCEAN CRUISE PASENGERS (IN MILLIONS)



Source: CLIA

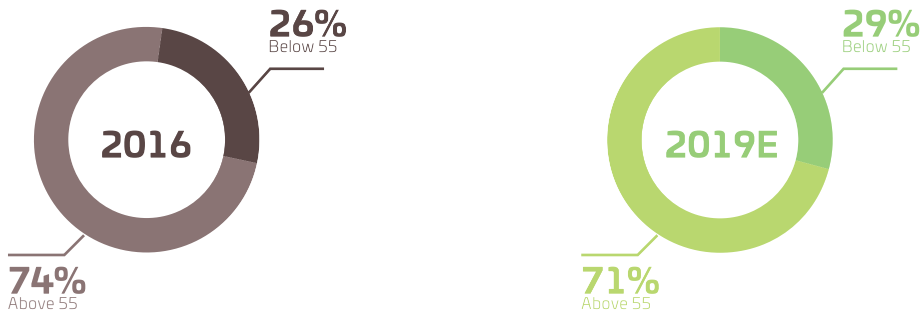
CRUISE DEMAND

The globalization of the cruise as a holiday option, low penetration in the main source markets, and ships that cater to a wide range of demographic groups are signs of a positive trend.

Cruise Demographics

The traditional profile of a cruise passenger – and a mainstay in cruise demand – has been wealthy individuals around retirement age. Nevertheless, thanks to a wide offer of cruise ships focused on families and certain niche markets, today's average cruise passenger is much younger, covering all ages in the family. Cruise passengers also now come from a range of economic levels, thereby expanding the potential market.

CRUISE PASSENGER AGE DEMOGRAPHICS (%)



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

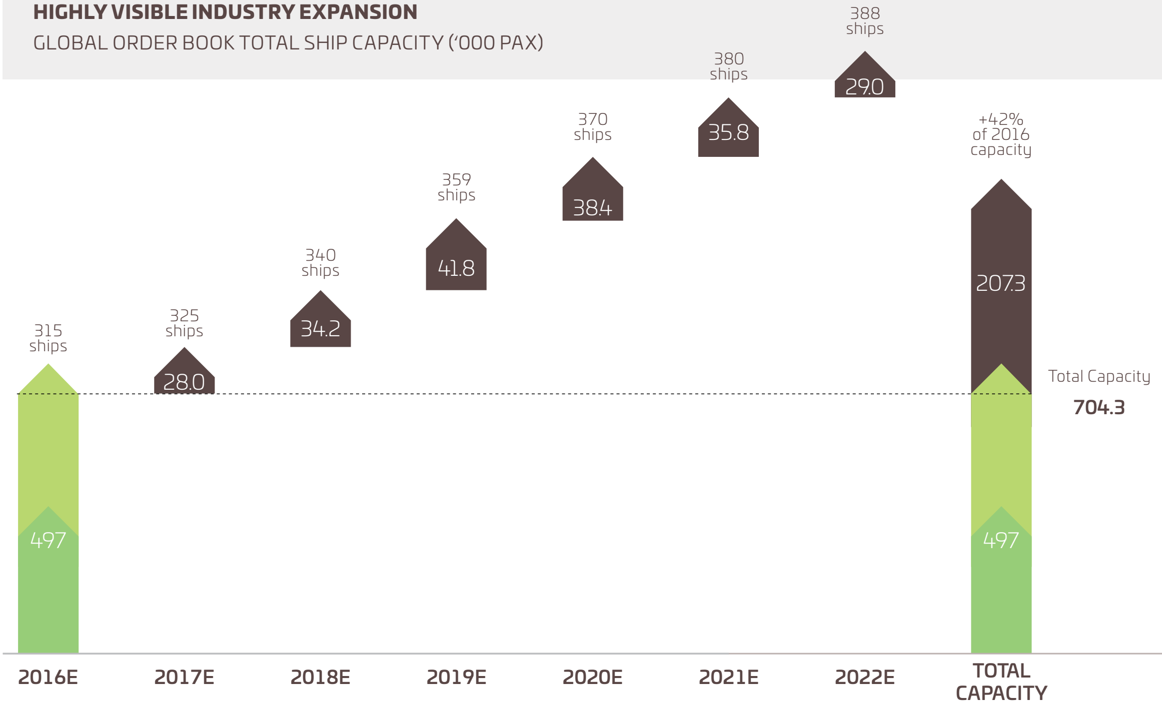
SHIP SUPPLY

Cruise lines are constantly expanding their fleets to meet the rising pace of demand. A fleet of 315 cruise vessels was deployed around the globe during 2016.

This year's fleet of cruise vessels, carrying an estimated 24.2 million passengers, will have expanded to 388 ships capable of carrying around 34.9 million passengers on a double occupancy basis by 2022. The average annual growth rate is expected to reach approximately 6% from year to year; the biggest year on a global scale will be 2019, with a 7.5% capacity increase over 2018.

According to Cruise Industry News, a significant number of these new ships will be deployed in Europe. From 1999 to 2016, the number of ships in the region has risen from 84 to 110. Projections for market growth in Europe suggest 11.1 million passengers by 2027, an upward revision of 1.5 million passengers from last year's forecast, largely due to additional new ship orders.

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



***Source: Cruise Industry News;** https://www.cruiseindustrynews.com/cruise-news/cruise-ship-orderbook.html*

EBITDA US$* (MILLION)

2015
71.2

2016
75.9

** EBITDA figures indicate operational results as well as non-recurring non-operational revenues and expenses.*

CRUISE DESTINATIONS

The market share in each region depends on many factors, including the area's appeal to tourists, its seasonality, proximity to source markets, and the willingness of cruise lines to develop new markets.

The Caribbean has been the cradle of the cruise industry, and in 2016 was the leading destination with a 38.4% share, followed by the Mediterranean (16.1%), Northern Europe (9.2%), Australasia (4.3%), Asia (13.5%), Alaska (4%), South America (1.5%) and other regions (14.3%). According to the United Nations World Tourism Organization (UNWTO), in 2015 Europe consolidated its position as the most visited region in the world with a total of 608 million visitors. This is 27 million more visitors than in 2014. The Southern and Mediterranean Europe region enjoyed growth of 5% in terms of international tourist arrivals.

When we examine changes and trends in ship deployments during the past decade, we see that the Caribbean has been losing market share, while Europe - notably the Mediterranean - became in the 2000s the center of the cruise business. Now, it is the time of Asia. Indeed, the Mediterranean, Asia and Australia have been the forerunners in gaining market share over the past ten years.

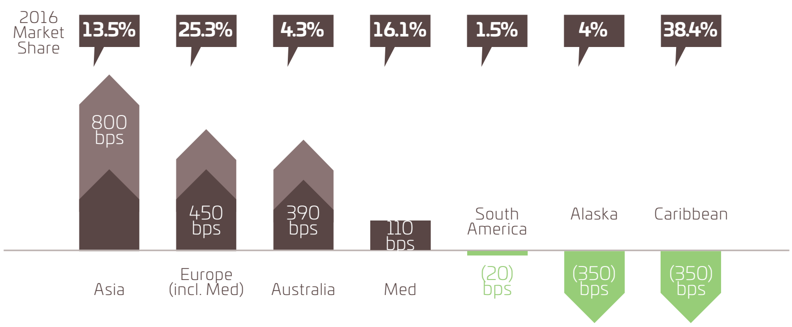
At present, Asia appears to be the region with the greatest near-term growth for cruise lines and, indeed, most of the lines are deploying ships to that area.

Whatever the future market share per region, one indication is clear: the cruise industry is becoming increasingly global, which helps to stimulate demand in the source markets - which ultimately benefits all regions.

It is both beneficial and important for these regions because the cruise industry makes an important contribution to local economies, creating vital local jobs and wealth.

In the context of this growth, along with the industry's robust health, many cities and ports are more interested in enhancing and upgrading their facilities to meet cruise lines demands, or entering into the cruise market as a new destination. From the cruise line point of view, new and larger ships need improved facilities and different itineraries. Port infrastructure is one of the key elements considered by cruise lines in designing their itineraries.

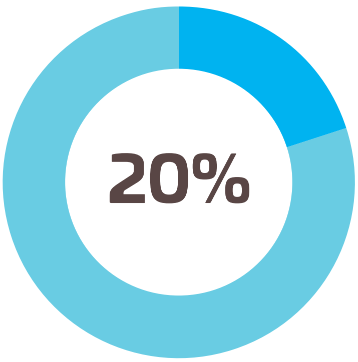
GLOBAL CRUISE MARKET SHARE DEVELOPMENT SINCE 2008



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

PORT INFRASTRUCTURE
LISBON CRUISE PORT

CONSTRUCTION OF THE NEW TERMINAL IS EXPECTED TO BECOME FULLY OPERATIONAL IN 2017. THE NEW FACILITY WILL HAVE A CAPACITY OF 1.8 MILLION PASSENGERS PER YEAR.



A 20% tariff increase in Lisbon started to be applied in 2016, which is in line with GPH's strategy to rationalize and optimize prices at the ports it operates.

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

Featuring a strategic geographic location on the banks of the Tagus estuary, Lisbon is an important port of call for cruises between the Atlantic Coast and Europe, the western Mediterranean and the north of Europe, the Atlantic Isles and the north of Africa, as well as for Trans-Atlantic trips. The Port has a historic connection with the cruise market: Featuring a 15.5-meter-deep channel and more than 1,500 meters of berthing quay with depths between -8 and -10 meters, Lisbon has long been a harbor of refuge for cruise ships.

The Port of Lisbon receives all types of cruise ships, bringing more than 500,000 passengers per year. In addition to the advantageous natural conditions, ships anchoring in Lisbon have two passenger terminals located in the center of the city, with modern safety equipment and a range of services.

LCT operates an alongside berthing pier dedicated to cruise ships over a total of 1,490 m, allowing Lisbon to receive cruise ships of any size. LCT currently operates two cruise terminals, Jardim do Tabaco and Santa Apolónia, both within walking distance to the city center; the Jardim do Tabaco terminal is slated to be replaced by a newly built state-of-the-art cruise terminal. The cruise terminals are a 15-minute drive from Lisbon International Airport, served by more than 500 direct weekly flights to and from all over the world, and receiving more than 20 million passengers annually (2015). Lisbon is the European capital closest to the United States, and is around a 2-hour flight from most other major European cities.

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. Other shareholders of Lisbon Cruise Port are RCCL, Creuers and Grupo Sousa with 20%, 10%, and 30% stakes, respectively. Lisbon Cruise Port holds the exclusive operational rights for three cruise terminals and a BOT concession agreement for a new cruise terminal at the Port of Lisbon.

Construction of the new terminal commenced in 2015, and it is expected to become fully operational by the beginning of 2017. Once construction of the new terminal is completed, the existing three terminals will be closed.

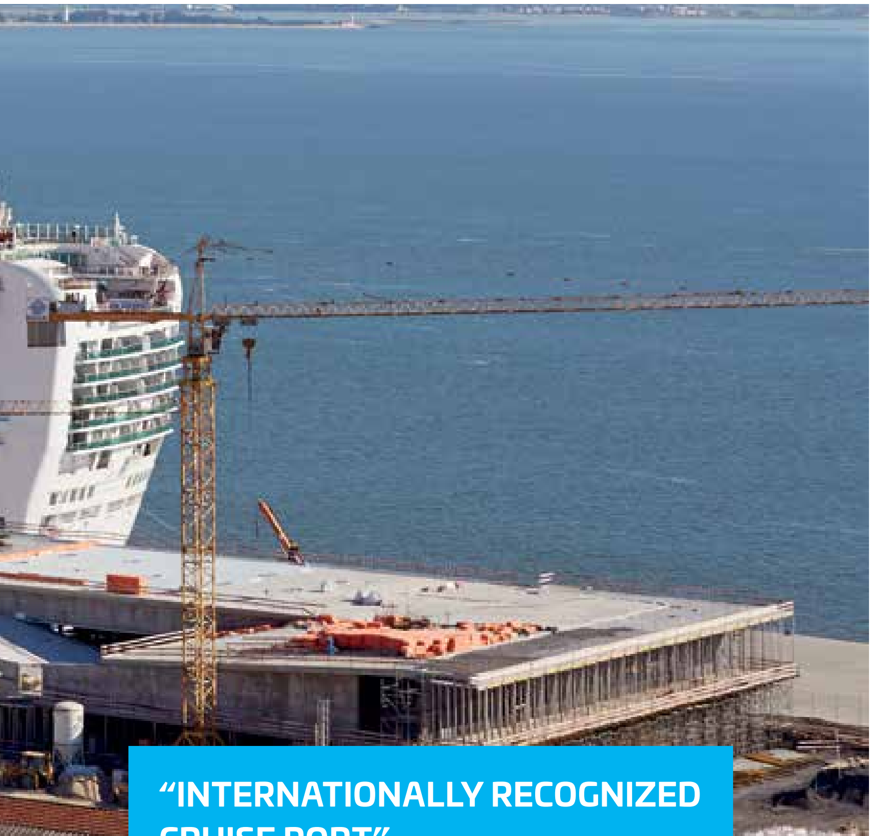
THE PORT OF LISBON RECEIVES ALL TYPES OF CRUISE SHIPS, BRINGING MORE THAN 500,000 PASSENGERS PER YEAR. IN ADDITION TO THE ADVANTAGEOUS NATURAL CONDITIONS, SHIPS ANCHORING IN LISBON HAVE TWO PASSENGER TERMINALS LOCATED IN THE CENTER OF THE CITY, WITH MODERN SAFETY EQUIPMENT AND A RANGE OF SERVICES.

Both the city of Lisbon and its cruise port have been internationally recognized and awarded, highlighting the excellence of the tourism product.

A EUR 22 million terminal investment
The terms for the tender included committed capital expenditures of EUR 22 million to complete the construction of the new cruise terminal. The new terminal will be completed in 2017, and will be a contemporary interpretation of the vibrant lifestyle of Lisbon. Covering around 13,800 square meters, the terminal will house the offices of the relevant authorities, as well as tourist services, shops, and food and beverage outlets for the comfort of visitors and passengers. Flexibility and operational affordability were the main concerns when designing the building, and it will be capable of hosting growing numbers of passengers. The new facility will have a capacity of 1.8 million passengers a year, and will feature a 1,490-meter multi-length ship pier for ships with a draft of up to 12 meters. Once construction is completed, the turnaround of operations will boost both regional tourism and the broader local economy.

A 10% tariff increase in 2015 and a further increase in 2016, in addition to revenue from ancillary services (rental of advertising spaces, rental of equipment and water supplied to ships) and berthing of commercial ships had a positive impact on GPH's 2016 EBITDA margins.

Global Ports Holding is the lead investor at Lisbon Cruise Terminals, and since 2014 has been managing the construction and operation rights of the new cruise terminal to be built at the Port of Lisbon.



"INTERNATIONALLY RECOGNIZED CRUISE PORT"

LISBON CRUISE PORT	
GPH Acquisition Date	2014
End of Concession	2049

Cruise Traffic	**# of Calls**	**# of PAX (thousand)**
2014	319	501
2015	306	512
2016	311	523

PORTUGAL
LISBON

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: No Limit
Width: No Limit
Draught: (-12) Zh
Air draft: 70m

ANCHORAGE
Available: Yes
Ship Tender Allowed: Yes (With Permit)
Tugs Available: Yes
Tidal Movement/Range: 4 m

QUAYS/BERTHS
Total Number of Berths: 3-5
Total Berthing Lines Length: 1,425 m (Possibility to use another 900 m)
Quays Depth: (-8.3)Zh till (-12)Zh
Ship Capacity: 5-6

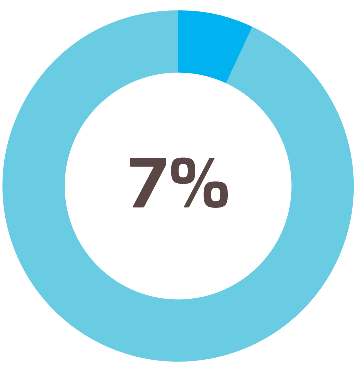
DISTANCES/TRANSPORTATION
City Center: 500 m
Airport: 11 km
Shuttle Service: Yes

GENERAL INFORMATION
Region: Atlantic
Terminal: 2 (New Terminal in 2017)
Bus Capacity: 80
Turnaround Port: Yes

PORT INFRASTRUCTURE
BARCELONA CRUISE PORT

INCREASING ITS TURNAROUND PASSENGER BASE BY 14% YOY, THE PORT OF BARCELONA BECAME THE NUMBER ONE HOMEPORT IN THE MEDITERRANEAN IN 2016.

With one private and five public terminals, the Port of Barcelona increased its traffic from 562,397 in the year 2000 to an annual throughput of 2.7 million passengers in 2016.



Total homeport passengers increased by 7% YoY.

Barcelona is Spain's second city, and the dramatic capital and port of Catalonia. According to Turisme de Barcelona, the city of Barcelona attracted 30 million tourists in 2016. The Port is ideally positioned to service cruise traffic destined for both the city and the region of Catalonia, both of which offer many historic, natural and cultural attractions for tourists.

Barcelona is a popular destination for cruise guests thanks to the modern port, excellent facilities and a diverse selection of tours, along with world-class restaurants, modern architecture, nightlife and much more. The city is also one of the world's leading tourist, economic, trade fair, exhibition and cultural-sports centers; its influence in commerce, education, entertainment, media, fashion, science, and the arts contribute to its status as one of the world's major destinations.

With one private terminal and five public terminals, the Port of Barcelona increased its traffic from 562,397 in the year 2000 to an annual throughput of 2.7 million passengers in 2016. Moreover, in increasing its turnaround passenger base by 14% YoY, the Port of Barcelona became the number one homeport in the Mediterranean in 2016, according to Medcruise Statistics 2016.

Founded in 1999, Creuers del Port de Barcelona S.A. (Creuers) operates five public cruise terminals at the Port of Barcelona: Terminals A, B, C at Adossat Pier; and Terminals North & South at the World Trade Center. Barcelona Cruise Port has accumulated comprehensive knowledge of the industry, and increased cruise passenger traffic to become the largest cruise port in Europe, and the fourth largest in the world.

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

BARCELONA CRUISE PORT HAS ACCUMULATED COMPREHENSIVE KNOWLEDGE OF THE INDUSTRY, AND INCREASED CRUISE PASSENGER TRAFFIC TO BECOME THE LARGEST CRUISE PORT IN EUROPE, AND THE FOURTH LARGEST IN THE WORLD.

Barcelona Cruise Port hosted 1.8 million passengers in 2016 in five terminals, with 1.2 million homeport passengers and 0.6 million transit passengers. Total homeport passengers increased by 7% YoY. For 2016, total revenues (including Malaga Cruise Port) increased by 10% YoY, reaching US$ 27.1 million, while EBITDA increased by 11% to reach US$ 18.0 million, translating into a 100 bps rise in the EBITDA margin to 67%.

The Port follows strict guidelines to guarantee that all needs in terms of safety and security are met, and it implements the ISPS Code as well as EU regulations.

Barcelona Cruise Port was recently recognized with "Best Turnaround Port Operations," "Most Efficient Operator," "Most Improved Port Facilities" and "Most Responsive Port" awards.

In 2014, Global Ports Holding acquired the majority of Creuers, and became the largest cruise port operator in the world.

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. The process is ongoing.

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	513	1,579
2015	523	1,779
2016	546	1,834

CREUERS (INCLUDING BARCELONA CRUISE PORT)		
Key Financials (US$ Thousand)	Revenue	EBITDA*
2014	25,679	16,235
2015	24,691	16,187
2016	27,113	18,032

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

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: No Limit
Width: No Limit
Draught: Up to 8 m (Barcelona Pier) Up to 12 m (Adossat Pier)

ANCHORAGE
Available: No
Ship Tender Allowed: No
Tugs Available: Yes
Tidal Movement/Range: None

QUAYS/BERTHS
Total Number of Berths: 6
Total Berthing Lines Length: 2,350 m
Quays Depth: Up to 8 m (Barcelona) , Up to 12 m (Adossat Pier)
Ship Capacity: 6

DISTANCES/TRANSPORTATION
City Center: 2.5 km
Airport: 12 km via High-Speed
Shuttle Service: Yes

GENERAL INFORMATION
Region: West Med
Terminal: 5
Bus Capacity: 78
Turnaround Port: Yes

PORT INFRASTRUCTURE
VALLETTA CRUISE PORT

VALLETTA CRUISE PORT, THE GATEWAY TO MALTA'S CAPITAL, WELCOMES MORE THAN HALF-A-MILLION CRUISE PASSENGERS INTO A CITY CONSIDERED TO BE AN OPEN-AIR MUSEUM.

Valletta Cruise Port took over cruise and ferry terminal operations in Valletta with a 65-year concession agreement won at the international tender held by the Government of Malta.

Established in 2002, Valletta Cruise Port (VCP) is the only licensed cruise and ferry terminal operator in Valletta, Malta.

With a strategic location in the middle of the Mediterranean, Valletta Cruise Port is a renowned port of call and a growing homeport. It offers a safe haven for ships and a variety of 24/7 support services. Valletta's quays are ISPS-compliant, and can handle the largest vessels.

Established in 2002, Valletta Cruise Port (VCP) is the only licensed cruise and ferry terminal operator in Valletta, Malta. Valletta Cruise Port, in Malta's capital, Valletta, welcomes more than half-a-million cruise passengers into a city often compared to an open-air museum. Malta is strategically positioned in the center of the Mediterranean, offering numerous possibilities for almost any itinerary in the Eastern or Western Mediterranean. The port of Valletta is the gateway to Malta's rich historical and cultural experience.

Valletta Cruise Port took over cruise and ferry terminal operations in Valletta with a 65-year concession agreement won at the international tender held by the Government of Malta. The concession includes a 65-year lease of 48,000 square meters of land and buildings adjacent to the quays. VCP, through its 90% subsidiary Travel Shopping Ltd., also runs the Port's duty-free operations. The Company is currently assessing a second-phase investment involving a 12,000-square-meter office and retail development within the concession territory.

Valletta Cruise Port is situated in a natural deep water harbor, with year-round easy access to ships of all sizes. The Port can accommodate three cruise ships simultaneously. There are three passenger facilities, with the main terminal located in the historic Magazino Hall, which is fully modernized and equipped with state-of-the-art technology. Fiber optic and Wi-Fi links from the Magazino Hall to the ship allow for simultaneous onboard registration and check-in. The facilities are easily capable of processing at least 500 guests per hour, while the small size of the island means all attractions are within close proximity of one another. Furthermore, Valletta Cruise Port is just 10 minutes away from Malta International Airport, ideal for turnaround operations.

Valletta Cruise Port, a subsidiary of Global Ports Holding has been awarded the Best Terminal Operator Award by Cruise Insight, for the second consecutive year. This award recognizes the flawless service delivered by the Port, and the continued development and investment in its facilities in the last years.

VALLETTA CRUISE PORT, A SUBSIDIARY OF GLOBAL PORTS HOLDING HAS BEEN AWARDED THE BEST TERMINAL OPERATOR AWARD BY CRUISE INSIGHT, FOR THE SECOND CONSECUTIVE YEAR. THIS AWARD RECOGNIZES THE FLAWLESS SERVICE DELIVERED BY THE PORT, AND THE CONTINUED DEVELOPMENT AND INVESTMENT IN ITS FACILITIES IN THE LAST YEARS.

The award was presented to Valletta Cruise Port in Ft. Lauderdale, Florida at Seatrade Cruise Global 2017, the cruise industry's most authoritative professional showcase. Valletta Cruise Port representatives, along with other stakeholders, attended the event, which brings together the senior executives of cruise companies, tour operators, port agents, destinations, travel agents, press, suppliers and companies in the cruise industry.

Valletta Waterfront

Constructed in the second half of the 16th century by the Frenchman Jean de la Valette, and molded by the religious and military Order of Saint John of Jerusalem, this harbor offers dramatic views. With more than 300 monuments rising in little more than half a square kilometer, Valletta offers an unparalleled density of historical sites to visit during a cruise, in addition to other attractions such as its beaches, seaside locales and restaurants.

While in port, passengers can step off the ship directly onto the Valletta Waterfront, one of Malta's most iconic landmarks. With an award-winning architectural design, the Waterfront includes 19 beautifully restored 18th century warehouses and bastions, built during the Baroque period. The stone buildings were originally constructed by Grand Master Pinto to be used as stores by the Knights of St. John, and today are restored to offer a host of diverse services.

Ushering in a modern era while carefully blending the old with the new, these structures have been transformed into a variety of commercial services stretching along the water's edge. Comprising more than 20 shops and 10 restaurants, and home to the offices of several international companies, the Valletta Waterfront is visited by cruise passengers, residents and tourists every day. Offering world-famous restaurants, such as the Hard Rock Café, and duty free shopping, the Waterfront extends across 1,643 square meters.

In 2015, Global Ports Holding completed the acquisition of a 55.6% stake in Valletta Cruise Port, which is engaged in port operations and the leasing of office, catering and retail outlets in Malta.

THE VALLETTA WATERFRONT IS VISITED BY CRUISE PASSENGERS, RESIDENTS AND TOURISTS EVERY DAY.

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: 360 m
Width: No Limit
Draught: 12 m

ANCHORAGE
Available: Not Required
Ship Tender Allowed: Not Required
Tugs Available: Yes
Tidal Movement/Range: 0.5 m Max

QUAYS/BERTHS
Total Number of Berths: 6
Total Berthing Lines Length: 1,327 m
Quays Depth: 11 m

DISTANCES/TRANSPORTATION
City Center: 1.5 km
Airport: 6 km

GENERAL INFORMATION
Region: West Med
Terminal: 3
Bus Capacity: 50+
Turnaround Port: Yes

VALLETTA CRUISE PORT	
GPH Acquisition Date	2015
End of Concession	2066

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	302	518
2015	307	668
2016	317	683

Key Financials (USD thousand)	Revenue	EBITDA*
2014	10,275	4,476
2015	10,241	4,472
2016	11,838	5,859

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

PORT INFRASTRUCTURE
MALAGA CRUISE PORT

MALAGA CRUISE PORT OPERATES DIFFERENT CRUISE PIERS OVER A TOTAL OF 1,350 METERS, ALLOWING MALAGA TO RECEIVE CRUISE SHIPS OF ANY SIZE FROM ALL OVER THE WORLD.

Considered the capital of the Costa del Sol, Spain's "Sunshine Coast," Malaga is the sixth largest city in Spain, with 570,000 inhabitants.

The port of Malaga has a 3,000-year-old history, and was used by the Phoenicians as a trading port. It is a passenger port with a regular line to Melilla, and the second most important cruise terminal for cruise ships in Spain.

Malaga Cruise Port is set in one of Southern Europe's most strategic areas, connecting with routes to the Adriatic and the Mediterranean to make it a gateway to Andalusia. The Port is 15 minutes away from Malaga International Airport, which offers flights to and from Europe and around the world.

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

The city of Malaga has in recent years invested heavily in the infrastructure for cruise ships. It provides a comprehensive range of services to passengers and crew at the three cruise terminals of the Port of Malaga: Terminal A, Terminal B and the Palm Grove Terminal. The Port's new cruise terminal features state-of-the-art technology in terms of its baggage handling and passenger service.

Malaga Cruise Port operates different cruise piers over a total of 1,350 meters, allowing Malaga to receive cruise ships of any size from all over the world. Larger cruise liners dock in the eastern area and smaller cruise ships dock at the inner basin next to the Palm Grove waterfront, which is within a five minute walk from the cathedral. Malaga Cruise Port has invested heavily in port facilities to provide full turnaround and transit services at its three terminals dedicated to cruise traffic. It also has a small shopping center offering duty free and souvenir shopping. A shuttle service to the city center is also in operation.

In 2016, Malaga Cruise Port's turnaround passenger base more than doubled; the share of homeport passengers increased from 8% in 2015 to 20% in 2016.

All three terminals have been designed in line with the latest requirements concerning safety and security, and each fully complies with the International Ship and Port Facility Security Code (ISPS Code). Terminal A is equipped with two boarding bridges (unique in the Mediterranean) specially designed for a new generation of ships. It has already hosted some of the world's largest cruise ships, such as the Genesis from RCCL and the Dream Class from Carnival. Terminal B, with its modern boarding bridge, offers full turnaround and transit services. The Palm Grove Terminal, designed to operate small and mid-sized ships up to 220 meters, is set in an atmospheric environment surrounded by gardens in the heart of the city center.

As part of Global Ports Holding's acquisition of Creuers del Port de Barcelona in 2014, GPH acquired a controlling 80% stake in Malaga Cruise Port, the operating concession.

MALAGA CRUISE PORT	
GPH Acquisition Date	2013-2014
End of Concession	2058 (Levante), 2054 (Palerma)*

* The current concession end is 2050 (Levante) and 2041 (Palerma). The extension process is ongoing.

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	227	410
2015	234	418
2016	250	443

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: No Limit
Width: No Limit
Draught: Max 17 m

ANCHORAGE
Available: Yes
Ship Tender Allowed: Yes
Tugs Available: Yes
Tidal Movement/Range: 0.87 m

QUAYS/BERTHS
Total Number of Berths: 5
Total Berthing Lines Length: 1,350 m
Quays Depth: 10-17 m
Ship Capacity: 6-7

DISTANCES/TRANSPORTATION
City Center: 500 m
Airport: 13 km
Shuttle Service: Yes

GENERAL INFORMATION
Region: West Med
Terminal: 3
Bus Capacity: 78
Turnaround Port: Yes

PORT INFRASTRUCTURE
CAGLIARI CRUISE PORT

THE STRATEGICALLY LOCATED CAGLIARI CRUISE PORT OFFERS FUEL EFFIENCY TO CRUISE LINES WHILE PRESENTING UNFORGETTABLE EXPERIENCES TO CRUISE PASSENGERS.

Cagliari is the capital and the site of the main port for Sardinia, an autonomous region and the second largest island in the Mediterranean. The Port of Cagliari is used by several cruise lines on their Mediterranean itineraries. The area still retains much of its old-world charm and has a long summer season, from May until October.

Cagliari Cruise Port operates the cruise terminal in the Port of Cagliari. Cagliari Cruise Port, located halfway between the Iberian coasts to the west, the Italian coast to the east, and the North African coast to the South, has the advantage of being included on different routes while offering unforgettable experiences to cruise passengers, and fuel efficiency to cruise lines. The Port of Cagliari lies in an intriguing geographical location near Tunis (145 nautical miles), Trapani (175 NM), Palermo (205 NM), Civitavecchia (225 NM), Port Mahon (250 NM), Naples (260 NM), and Livorno (300 NM). The new terminal building under construction, along with the Port's proximity to Cagliari Elmas International Airport further strengthens Cagliari's position as a homeport of South Sardinia.

Thanks to its two docks measuring 480 and 450 meters in length, with a width of 150 meters and a depth of 11 meters, the Port offers one of the best cruise facilities in the Mediterranean. Both a transit and turnaround port, Cagliari is a key port in the Mediterranean, and can safely accommodate even the latest generation of large ships. A dedicated cruise quay capable of handling large ships will be served by a new cruise terminal. The 630-square-meter modular tent is ready to welcome passengers and handle luggage operations in the near future.

The quantity and variety of Cagliari's tourist destinations and its surroundings reinforce the Port's considerable potential. The area offers a range of destinations for cultural excursions (archaeological sites), scenic outings (natural parks, marine protected areas, beaches), and food and wine tasting trips. Sardinia's many cultural influences are reflected in the island's architecture, cuisine and customs, while Cagliari itself offers both contemporary and traditional events throughout the year, such as the four days of worship, devotion and folklore in honor of the patron Saint Efisio.

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

GPH Acquisition Date	2016
End of Concession	2027*

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

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	54	81.8
2015	97	263
2016	108	258

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: No Limit
Width: No Limit
Draught: 10 m

ANCHORAGE
Available: No
Ship Tender Allowed: No
Tugs Available: 4
Tidal Movement/Range: -/+30 m

QUAYS/BERTHS
Total Number of Berths: 2
Total Berthing Lines Length: 1,250 m
Quays Depth: 8-11 m
Ship Capacity: 4

DISTANCES/TRANSPORTATION
City Center: 500 m
Airport: 7 km
Shuttle Service: Yes

GENERAL INFORMATION
Region: West Med
Terminals: 1
Bus Capacity: 40
Turnaround Port: Yes

PORT INFRASTRUCTURE
CATANIA CRUISE PORT

CATANIA CRUISE PORT IS TODAY ONE OF THE MOST IMPORTANT GATEWAYS IN SICILY, AS IT COVERS AN AREA INCLUDING SIX OF THE FORMER ISLAND PROVINCES.

Sicily's second-largest city, Catania, has a population of close to a million people living within its metropolitan area. Located on the eastern coast of Sicily between Syracuse and Messina, Catania also lies on a notable center of seismic activity.

Once a commercial hub, the port of Catania is today one of the most important gateways in Sicily, as it covers an area including six of the former island provinces.

Catania Cruise Terminal Srl (Catania Cruise Port) has been managing the cruise operations of the cruise terminal of Catania since 2011, offering transit, inter-porting and homeporting operations as well as an expanding range of ancillary services.

The Port has three cruise docks with a berthing capacity of up to five ships; it has berthing facilities to serve the latest generation of cruise ships, and its quays are up to 1,600 meters in length, while the minimum depth is 10-13 meters. The Port also features a large area convenient for transportation, with a designated shore excursion location, and parking for coaches and taxis.

Sporgente Centrale quay is a short stroll from the city center and the railway station, and a 10-minute drive to the Vincenzo

Bellini Airport in Catania. The terminal is integrated with the surrounding city, and represents the starting point of the waterfront of this multicultural city renowned for its progressive perspective, rich history, and warm hospitality extended to tourists, yacht owners and cruise passengers.

Ideal for year-round cruising, Catania enjoys a mild climate, with fewer than 46 days of rain annually, and remains remains warm from October to March. Throughout the year, the city offers numerous excursions and activities within a short driving distance from the berth. There is great potential for pre- and post-cruise packages, thanks to the high number of hotels and the Port's proximity to the city center and main air-train-road networks. The Vincenzo Bellini International Airport (which handled 7 million passengers in 2014) is 5.3 km away.

Catania Port Authority recently built a new ferry dock at the southern side of the harbor area. Consequently, all liners and commercial traffic (roll-on/roll-off, containers, cargo) is handled there. As a result, the historic port area is now dedicated to yachts, cruise ships and fishing boats. This area will become the new waterfront of the city, as the restrictions on access have already been eliminated.

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

GPH Acquisition Date	2016
End of Concession	2026

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	62	90.8
2015	64	81.9
2016	69	99.8

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: No Limit
Width: No Limit
Draught: 8-10 m

ANCHORAGE
Available: 5
Ship Tender Allowed: Yes
Tugs Available: Yes
Tidal Movement/Range: -/+0.30 m

QUAYS/BERTHS
Total Number of Berths: 3
Total Berthing Lines Length: 1,600 m
Quays Depth: 10-13 m

DISTANCES/TRANSPORTATION
City Center: 500 m
Airport: 5.3 km
Shuttle Service: No

GENERAL INFORMATION
Region: West Med
Terminals: 1
Bus Capacity: 30
Turnaround Port: Yes

PORT INFRASTRUCTURE
VENICE CRUISE PORT

AS ONE OF THE MOST IMPORTANT GATEWAYS FOR CRUISES TO THE ADRIATIC AND EASTERN MEDITERRANEAN, MORE THAN 19 MILLION CRUISE PASSENGERS HAVE TRANSITED THROUGH ITS FACILITIES SINCE IT OPENED.

Venezia Terminal Passeggeri S.p.A. (V.T.P.) was founded in 1997 by the Venice Port Authority, and operates one of the largest homeports in the world. As one of the most important gateways for cruises to the Adriatic and eastern Mediterranean, more than 19 million cruise passengers have transited through its facilities since it opened.

Despite being one of the busiest cruise ports in the Mediterranean, the Venice Cruise Port is actually inside the Venetian Lagoon, which is connected to the Adriatic Sea by a narrow entrance called the Porto di Lido.

The Venice Cruise Terminal, or Venezia Terminal Passeggeri, is located near the four-kilometer causeway linking the historic city with the mainland. It consists of two main areas: the Marittima basin, which can handle the largest ships that call in Venice, and the San Basilio pier, which is just around the corner in the Giudecca Canal.

The terminal stretches over a total area of 290,000 square meters and is conveniently located centrally between main road, rail and air connections, and within a short walking, sailing and driving distance to the center of Venice. The efficient and advanced services offered by the Port of Venice enable it to host different types of ships: cruise ships exceeding 300 meters, ferries, high-speed vessels and yachts.

Thanks to steady investments in port infrastructure (nearly EUR 70 million spent between 1997 and 2015), cruise ships calling at the Port of Venice can count on ten modern multifunctional terminals, six dedicated quays across Marittima, Santa Marta and St. Basilio, wide spaces for motor coaches and taxis, and facilities for provisions storage. For homeport or in-transit guests, numerous services and amenities are available to ensure a pleasant stay within the Port premises, including easy access to the historical city center with its shops, duty-free stores, luggage storage areas, water taxis, refreshments and more than 2,000 parking spaces.

River cruise ships, with vessels sailing in the lagoon and along the Po River, and catamarans/hydrofoils with seasonal connections to/from the Istrian Peninsula, also utilize the facilities managed by V.T.P.

The passenger port is also committed to protecting the environment and is especially attentive towards sustainability issues.

In 2016, Global Ports Holding acquired its stake in Venezia Terminal Passeggeri S.p.A. as part of a consortium.

GPH Acquisition Date	2016
End of Concession	2024*

*The Consortium is currently in the advance stage of discussions with the Ministry of Transport for extending the 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.

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	488	1,734
2015	521	1,582
2016	548	1,856

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: 340 m
Width: No Limit
Draught: Up to 9.1 m
Turning Basin: Up to 340 m

ANCHORAGE
Available: Yes
Ship Tenders Allowed: Yes
Pilotage Compulsory: Yes
Tugs Available: Yes
Tidal Movement/Range: About 1 m

QUAYS/BERTHS
Total Number of Berths: 6 (for cruise)
Total Berthing Lines Length: 3,450 m
Ship Capacity: 12

DISTANCES/TRANSPORTATION
City Center: 500 m
Airport: 13 km
Shuttle Service: Yes

GENERAL INFORMATION
Region: Adriatic
Terminals : 10
Bus Capacity: 40
Turnaround Port: Yes

PORT INFRASTRUCTURE
DUBROVNIK CRUISE PORT

A NEW CRUISE TERMINAL, A MODERN AND FUNCTIONAL SHOPPING MALL, A MULTI-STORY GARAGE AND A MAIN INTERNATIONAL CITY BUS STATION ARE ALL PLANNED TO BE PART OF DUBROVNIK CRUISE PORT.

Dubrovnik Cruise Port is situated on the bay of Gruž, called Gruž Harbor by locals. It is a popular cruise port, and the main gateway for more than a million cruise ship passengers every year. The Port is about two kilometers from Dubrovnik Old Town, a UNESCO World Heritage Site.

The Port is situated on the eastern Adriatic coast of southern Croatia. Ships usually approach from the south west through "Velika Vrata," and pass south of Daksa island and the mainland to the port pier.

Dubrovnik Cruise Port can currently accommodate up to five ships at its 1,100-meter pier. A new cruise terminal, a modern and functional shopping mall, a multi-story garage and a main international city bus station are all planned to be part of Dubrovnik Cruise Port. The project aims to create an iconic address, with a modern replica of the historical city center located only few kilometers away. The functional cruise terminal will offer seamless transit and turnaround cruise operations. Ongoing efforts to increase capacity at the local Čilipi Airport, along with the planned direct highway connection to the city, will also support turnaround cruise operations in Dubrovnik. With the objective of creating a sustainable center that will contribute to service quality as well as local community development, this project is of paramount importance for Dubrovnik, as it brings new facilities to the area, promotes further development, and brings the Port closer to the city.

Global Ports Holding has been awarded the Dubrovnik Cruise Port tender as a majority shareholder, and a preliminary concession agreement was signed in February 2016.

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: No Limit
Width: No Limit
Draught: Max 11 m

ANCHORAGE
Available: Yes
Ship Tender Allowed: Yes
Tugs Available: Yes, Not Compulsory
Tidal Movement/Range: -/+0.30 m

QUAYS/BERTHS
Total Number of Berths: 5
Total Berthing Lines Length: 1,100 m
Quays Depth: 7-11 m

DISTANCES/TRANSPORTATION
City Center: 2 km
Airport: 20 km

GENERAL INFORMATION
Region: Adriatic
Terminal: Under Development
Bus Capacity: 30
Turnaround Port: Yes

GPH Acquisition Date*	2016
End of Concession	2056

*Concession awarded and awaiting agreement on the final terms of the concession agreement and signing.

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	577	844
2015	603	813
2016	532	800

PORT INFRASTRUCTURE
RAVENNA CRUISE PORT

RAVENNA HAS ENTERED FULLY INTO THE MEDITERRANEAN CRUISE CIRCUIT, DIVERSIFYING AND EXPANDING THE OFFERINGS OF ITS PORT.

Ravenna Cruise Port is in Porto Corsini, next to Marina di Ravenna, just over 12 km from the center of Ravenna and its landmarks. A thriving seaport in ancient times, Ravenna is now set five miles inland but has access to the Adriatic Sea through the Candiano Canal. With the start of operations in 2011 of the new cruise terminal, Ravenna has entered fully into the Mediterranean cruise circuit, diversifying and expanding the offerings of its port, opening to the high-end segment of the holiday market, and fast becoming a major Italian cruise destination. Already in the first year of its operation, the large, modern cruise terminal has handled more than 80 large cruise liners with more than 156,000 passengers.

The terminal lies between the yacht marina, beaches and a pine forest on the picturesque Porto Corsini waterfront. At the Port's entrance stands the new, strategically located 300-meter-long pier with two berths which can accommodate ships up to 330 meters on a draft of 8.80 m. There is a 600-square-meter terminal which houses customs and immigration services for in-transit ships. A larger terminal (2,000 square meters) can be set up for homeporting or inter-porting ships during the cruise season.

Set on the northeast coat of Italy, Ravenna is the capital of Ravenna province in the Emilia-Romagna region. The city has a storied history, serving as the capital of the Western Roman Empire from the years 402 to 476. As the westernmost pillar of the Byzantine Empire, mosaics and domed Byzantine-style churches can still be observed in the city, which has eight UNESCO World Heritage Sites.

The city offers proximity to Venice, Bologna and the independent Republic of San Marino. Travel time to Florence has been reduced, thanks to the recently completed high speed rail connections; Ravenna Cruise Port is the only port in the Mediterranean which grants quick, easy access to both Florence and Venice. Cruise traffic in the Adriatic Sea is always on the rise, and the Port is well positioned to benefit from this increase, as it continues to be one of Italy's most appealing cruise ship destinations. Ravenna is also located in the middle of the most fuel-efficient routes, including Italy, Slovenia, Croatia, Montenegro, Albania and Greece.

The cruise terminals are a 20 minute drive from the Ravenna city center, and a shuttle service is also available. Together with the Airport of Bologna and Venezia Terminal Passeggeri, and in partnership with the City of Ravenna, the Chamber of Commerce and the Port Authority, Ravenna Cruise Port delivers a unique, professional solution, with guest satisfaction as its primary aim.

Global Ports Holding acquired the majority of shares in Ravenna Terminal Passeggeri (Ravenna Cruise Port) in 2016.

GPH Acquisition Date	2016
End of Concession	2020

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

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: 330 m
Width: 42 m
Draught: 8.80 m

ANCHORAGE
Available: No
Ship Tender Allowed: No
Tugs Available: Yes
Tidal Movement/Range: -/+0.50 m

QUAYS/BERTHS
Total Number of Berths: 2
Total Berthing Lines Length: 600 m
Quays Depth: 10 m
Ship Capacity: 2-3

DISTANCES/TRANSPORTATION
City Center: 14 km
Airport: 75 km
Shuttle Service: Yes

GENERAL INFORMATION
Region: Adriatic
Terminals: 1
Bus Capacity: 50
Turnaround Port: Yes

PORT INFRASTRUCTURE
BAR CRUISE PORT

BAR STANDS OUT AS A NEW CRUISE DESTINATION WITH ITS PLEASANT CLIMATE WHILE BEING ONE OF THE FEW NON-EU PORTS IN THE ADRIATIC REGION.

Strategically located on the Adriatic near major cruise destinations such as Dubrovnik and Kotor, Bar Cruise Port stands out as a new destination for cruises. Situated at the western border of Bar in Montenegro, the Port is multipurpose, with separate harbors for container ships, general cargo vessels and cruise ships, and a pier length of 1,440 meters. With two quays at 290 and 200 meters in length, the Port can also accommodate cruise liners over 300 meters. The Port of Bar in Montenegro welcomed its first cruise call on May 2016, marking its entry into the Adriatic cruise market.

Bar offers compelling features for Adriatic cruise itineraries. Since GPH management took over, the Bar Cruise Port has allocated one of its piers to cruise ship traffic. Planned construction of a cruise terminal building is set to elevate the appeal of the Port for cruise passengers.

The surrounding area also holds major tourism appeal. Modern Bar was built almost entirely after World War II in a contemporary architectural style featuring wide boulevards. Bar offers varied shore excursions, and is close to main tourist attractions such as Ulcinj, Lake Skadar, the River of Crnojević, Ostrog Monastery, Budva and Sveti Stefan. Kotor is around one hour's drive away.

In addition to these features, as well as its pleasant climate, the Bar Cruise Port is one of the few non-EU ports in the Adriatic region.

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

GPH Acquisition Date	2013
End of Concession	2043

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

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: 330 m
Width: No Limit
Draught: Max 12 m

ANCHORAGE
Available: Yes
Ship Tender Allowed: Yes
Tugs Available: Yes
Tidal Movement/Range: 1 m

QUAYS/BERTHS
Total Number of Berths: 2 (for cruise)
Total Berthing Lines Length: 490 m
Quays Depth: 10.5-12 m
Ship Capacity: 2

DISTANCES/TRANSPORTATION
City Center: 50 m
Airport: Podgorica 68 km/ Tivat 56.9 km
Shuttle Service: Yes

GENERAL INFORMATION
Region: Adriatic
Terminals: No
Bus Capacity: 80
Turnaround Port: Yes

PORT INFRASTRUCTURE
EGE PORTS, KUŞADASI

THANKS TO EXTENSIVE INVESTMENT, EGE PORTS HAS BECOME THE BUSIEST CRUISE PORT IN TURKEY AND IS A MAJOR PORT OF CALL IN THE EAST MEDITERRANEAN.

1,437
METERS

Ege Ports has a total pier length of 1,437 meters.

Ege Ports, Kuşadası operates the Port of Kuşadası which was Global Ports Holding's first acquisition. Situated on the west coast of Turkey, Kuşadası is one of the most appealing towns on the Aegean and is close to many historical sites. With the typical Mediterranean climate of hot summers and mild winters, the region enjoys a long tourism season.

Ege Ports extended its two piers in 2011 and has a total pier length of 1,437 meters, large enough to welcome Oasis-class ships. With its two finger piers, the Port can berth up to four large vessels, or four small and two large vessels. It features two roll-on/roll-off ramps and a quay to service ferry traffic. Ege Ports provides full terminal services, and all marine services such as pilotage, towage and mooring. The terminal buildings are comprised of the Scala Nuova shopping complex, a duty-free shopping area, first-aid care facilities, and a passenger and crew center equipped with internet and other communication facilities. The terminal hosts shipping agents, tour agents and various service agents at its business center.

In July 2003, the operation rights of the Port of Kuşadası were transferred to Global Ports Holding. These include pilotage, tugging, mooring, sheltering, security, fresh water supply, waste collection, passenger terminal services, and diving and bunkering services to cruise ships and ferries visiting the Port.

Since assuming control of the facility's operations, Global Ports Holding has prioritized maritime and civil security at Ege Ports. As such, Ege Ports was the first cruise port in Turkey to qualify as compliant with the International Ship and Port Facility Security (ISPS) Code in 2004. At the end of 2015, Ege Port was awarded Green Port accreditation.

Thanks to extensive investment, Ege Ports has become the busiest cruise port in Turkey, and is a major port of call in the East Mediterranean. Ege Ports' popularity is largely due to its proximity to important world archaeological and historical sites, such as the House of the Blessed Virgin Mary. The town of Kuşadası is the gateway to the ancient city of Ephesus, which is a major tourist attraction and an archaeological site still undergoing excavations.

EGE PORTS HAS BECOME THE BUSIEST CRUISE PORT IN TURKEY, AND IS A MAJOR PORT OF CALL IN THE EAST MEDITERRANEAN. EGE PORTS' POPULARITY IS LARGELY DUE TO ITS PROXIMITY TO IMPORTANT WORLD ARCHAEOLOGICAL AND HISTORICAL SITES, SUCH AS THE HOUSE OF THE BLESSED VIRGIN MARY.

"FIRST SHOPPING MALL IN KUŞADASI"

Located in Ege Ports, Kuşadası, Scala Nuova is the first shopping mall in Kuşadası with 4,500 square meters of leasable space in a total area of 6,000 square meters

Ege Ports generates revenue from cruise port and ferry operations, as well as duty free shopping, and rental income from retail tenants at the Scala Nuova shopping center. As the unique characteristics of GPH's Turkish Ports portfolio, additional to terminal services, marine services are also provided by Ege Ports, which contributes significantly to cruise revenues and margins.

The macro political situation in East Med, combined with the 2016 coup attempt in Turkey, affected operational and financial indicators of GPH ports in Turkey. Yet, the decline in passenger numbers is limited at GPH Turkish ports (41% YoY) compared to Turkey (67% YoY decline) as a whole, due to world-class security measures at GPH ports and the unique excursion options of Ege Port.

Scala Nuova

Located in Ege Ports, Kuşadası, Scala Nuova is the first shopping mall in Kuşadası with 4,500 square meters of leasable space in a total area of 6,000 square meters. The historical name of Kuşadası, Scala Nuova means "new port." It has hosted not only cruise passengers, but also regional residents and tourists since 2005. The Scala Nuova shopping complex comprises 45 stores, featuring leading national and international retail brands.

EGE PORTS, KUŞADASI	
GPH Acquisition Date	2003
End of Concession*	2033

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

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	458	553.2
2015	513	567.3
2016	278	374.5

Ferry Traffic	# of Calls	# of PAX (thousand)
2014	555	69.0
2015	608	70.4
2016	607	57.8

Key Financials (USD thousand)	Revenue	EBITDA*
2014	16,350	12,754
2015	17,347	14,189
2016	11,650	8,976

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

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

ANCHORAGE
Available: Yes
Ship Tender Allowed: Yes
Tugs Available: Yes
Tidal Movement/Range: 30 cm

QUAYS/BERTHS
Total Number of Berths: 8
Total Berthing Lines Length: 1,297 m
Quays Depth: 9-19 m

DISTANCES/TRANSPORTATION
City Center: 50 m
Airport: 80 km
Shuttle Service: No

GENERAL INFORMATION
Region: East Med
Terminal: 1
Bus Capacity: 75
Turnaround Port: Yes

PORT INFRASTRUCTURE
ANTALYA CRUISE PORT

A MAJOR INTERNATIONAL AIRPORT, A WIDE RANGE OF HOTELS AND A VARIETY OF IMPORTANT ARCHAEOLOGICAL SITES POSITION ANTALYA CRUISE PORT AS A KEY HOMEPORT IN THE MEDITERRANEAN.

215,420 M²

Port Akdeniz is now a multi-functional facility that covers a total marine area of approximately 215,420 square meters.

Antalya Cruise Port is a multipurpose port with separate quays and terminals for cruise ships, container ships and bulk cargo vessels, and houses a yacht marina. A major international airport, a wide range of hotels and a variety of important archaeological sites such as Aspendos, Perge and Side provide all the features necessary to be a key homeport in the Mediterranean. Antalya is the top ranking holiday destination in Turkey, hosting more than 110 million tourists yearly.

GPH acquired a 40% stake in Port Akdeniz-Antalya in 2006 and subsequently increased its share to 100% in July 2010. In order to sustain a steady increase in both commercial and cruise operations, GPH made significant investments into the capacity of the Port. Initially operated as a commercial port, Port Akdeniz is now a multi-functional facility that covers a total marine area of approximately 215,420 square meters. Port Akdeniz, close to the Antalya International Airport and numerous tourist and historic sites, provides cruise port facilities under Global Ports management.

Significant cruise operations began in 2010 and transformed Antalya into a new turnaround hub in the Eastern Mediterranean. Moreover, given the capacity and convenience of its own yacht marina facilities with 250 berths, Antalya Cruise Port also plays a key role in domestic and international yacht tourism in the East Mediterranean.

In 2010, following its survey of key executives in the cruise sector among hundreds of ports and destinations in 15 separate categories, Dream World Cruise Destinations Magazine awarded the prestigious "Most Improved Terminal Facilities" award to Port Akdeniz in March 2011, confirming the achievements of both port operations and management.

Seatrade Insider Cruise Awards is one of the world's most prestigious annual awards in the cruise sector. As the only Turkish nomination to be considered by leading industry experts, the Port of Antalya reached the finals of the World Segment for the "Port of the Year" Category in 2011, thanks to its elevated service quality and its overall success.

The primary objective of the Company was to position Antalya Cruise Port as a turnaround hub in the Eastern Mediterranean. Following the start of turnaround operations for Aida Cruises in 2010, and TUI Cruises in 2012, the Port's cruise traffic increased ten-fold.

SEATRADE INSIDER CRUISE AWARDS IS ONE OF THE WORLD'S MOST PRESTIGIOUS ANNUAL AWARDS IN THE CRUISE SECTOR. AS THE ONLY TURKISH NOMINATION TO BE CONSIDERED BY LEADING INDUSTRY EXPERTS, THE PORT OF ANTALYA REACHED THE FINALS OF THE WORLD SEGMENT FOR THE "PORT OF THE YEAR" CATEGORY IN 2011.

ANTALYA CRUISE PORT OFFERS TOP-QUALITY SERVICES

Following GPH's efforts toward developing the cruise experience in Antalya, and in collaboration with the Municipality of Antalya, a shuttle service between Antalya Cruise Port and the city center is in operation.

Antalya Cruise Port provides pilotage, tugging, mooring, sheltering, security, fresh water supply and waste collection to cruise ships, as well as full terminal services including luggage operations. A recipient of the prestigious "Most Improved Terminal Facilities" award in 2011, Antalya Cruise Port offers top-quality services to ensure that passengers enjoy their cruise to the fullest.

The political situation in East Med, combined with the 2016 coup attempt in Turkey, affected operational and financial indicators of GPH ports in Turkey. Yet, the decline in passenger numbers is limited at GPH's Turkish Cruise ports (41% YoY) compared to Turkey (67% YoY decline) as a whole, due to world-class security measures at GPH and the unique characteristics of the Port of Antalya.

Following GPH's efforts toward developing the cruise experience in Antalya, and in collaboration with the Municipality of Antalya, a shuttle service between Antalya Cruise Port and the city center is in operation.

GPH today holds a 99.99% stake in Ortadoğu Antalya Liman İşletmeleri A.Ş. (Port Akdeniz - Antalya), while the TDI owns 0.01% share. The Port Akdeniz - Antalya holds a 30-year operating concession terminating in 2028.

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

ANCHORAGE
Available: Yes
Ship Tender Allowed: Yes
Tugs Available: Yes
Tidal Movement/Range: 30 cm

QUAYS/BERTHS
Total Number of Berths: 3
Total Berthing Lines Length: 510 m
Quays Depth: 10 m
Ship Capacity: 2

DISTANCES/TRANSPORTATION
City Center: 20 km
Airport: 30 km
Shuttle Service: Yes

GENERAL INFORMATION
Region: East Med
Terminal: 1
Bus Capacity: 35
Turnaround Port: Yes

ANTALYA CRUISE PORT	
Acquisition Date	2006
End of Concession*	2028

* The necessary legal process is still ongoing for potential extension of Port Akdeniz's concession period until 2047.

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	65	175
2015	55	168
2016	16	46

PORT INFRASTRUCTURE
BODRUM CRUISE PORT

BODRUM CRUISE PORT HAS INVESTED HEAVILY IN PORT FACILITIES, AND BODRUM HAS BECOME A LUXURY DESTINATION FOR CRUISE LINES. THE PORT INCREASED THE NUMBER OF CRUISE LINES IT SERVES BY THREE-FOLD SINCE ITS INCEPTION.

Situated on a peninsula surrounded by the Aegean Sea, Bodrum is one of the most attractive coastal cities in Turkey, appealing to both Turkish and foreign holiday makers. Bodrum Cruise Port is located a brief stroll from the city center, and 36 km from Milas International Airport.

In addition to its luxury tourist destination characteristics Bodrum features several major historical sites, including the Castle of Saint Peter, the Museum of Underwater Archaeology, King Mausolus' Mausoleum (one of the seven wonders of the ancient world), and a Roman amphitheater.

The surrounding area is also known for its nightlife, beaches and natural beauty.

Bodrum Cruise Port was originally tendered by the State Railways, Ports and Airports Construction Administration in September 2003 through a 13-year 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, and Yüksel Çağlar, a local entrepreneur, with shares of 10% and 30%, respectively.

Since 2008, when it began to operate as a privatized port, Bodrum Cruise Port has serviced traffic from cruise liners, ferries and mega-yachts, both around the Bodrum peninsula, and between Turkey and the Greek island of Kos.

Bodrum Cruise Port has invested heavily in port facilities, and Bodrum itself has become a new luxury destination for cruise lines. In its first year of operation in 2008, the Port served just six cruise lines; today, it serves up to 19. Investments include construction of the terminal building and a pier extension, as well as establishing the Free Sea Shuttle Service.

Bodrum Cruise Port can accommodate two large-sized or four smaller cruise ships and it has a total area of 22,000 square meters. In particular, super and mega-yachts find a welcome shelter at Bodrum Cruise Port. In addition to quays that harbor small boats, the Port also features three roll-on/roll-off ramps for ferryboats. The terminal building houses a duty-free shopping area, a bank, foreign exchange office, a travel agency, car rental office, restaurants and a lounge. An extension was completed to increase the length of the finger pier from 240 meters to 350 meters, enabling largest ships in the market to call at the Port.

In 2015, the Port received Green Port accreditation upon approval of the Maritime Transport and Communications Ministry General Directorate of the Merchant Marine and Turkish Standards Institution.

BODRUM CRUISE PORT	
GPH Acquisition Date	2007
End of Concession*	2019

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

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	82	33.4
2015	93	70.0
2016	44	61.3

Ferry Traffic	# of Calls	# of PAX (thousand)
2014	500	90.1
2015	587	104
2016	522	67.5

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: 340 m
Width: No restrictions
Draught: 9 m

ANCHORAGE
Available: Yes
Ship Tender Allowed: Yes
Tugs Available: Yes
Tidal Movement/Range: 30 cm

QUAYS/BERTHS
Total Number of Berths: 4
Total Berthing Lines Length: 680 m
Quays Depth: 8-22 m
Ship Capacity: 2-3

DISTANCES/TRANSPORTATION
City Center: 15 km
Airport: 25 km
Shuttle Service: Free Sea Shuttle Available

GENERAL INFORMATION
Region: East Med
Terminal: 1
Bus Capacity: 20
Turnaround Port: Yes

PORT INFRASTRUCTURE
SINGAPORE CRUISE PORT

WITH ITS PROMINENT LOCATION ON THE WATERFRONT AND THE SINGAPORE SKYLINE AS A BACKDROP, MARINA BAY CRUISE CENTRE SINGAPORE IS THE MARINE GATEWAY TO THE HEART OF THE CITY.

With deep waters, a large turning basin and no height restrictions, MBCCS can handle up to 6,800 passengers at any time, and accommodate ships well above 220,000 GRT.

28,000
M²

Occupying 28,000 m² of covered area, MBCCS is designed as an architectural icon.

Marina Bay Cruise Centre Singapore (MBCCS) is next to Marina South, Singapore's premier lifestyle and financial hub. Operated by SATS Creuers Cruise Services, this purpose-built marine gateway offers an enviable waterfront location and dramatic views of the Singapore skyline.

As the only city-state in the world that is also an island, Singapore is located off the southern tip of the Malay Peninsula and just north of the equator, offering a tropical rainforest-like climate year round. Eastern and Western cultural influences blend seamlessly in Singapore through culture, religions and ancient treasures. Offering high-end shopping on Orchard Road, antique shops in Chinatown, dozens of peaceful city parks and world-renowned cuisine, Singapore is a top destination.

Occupying 28,000 square meters of covered area equivalent to three football fields, MBCCS is designed as an architectural icon with the capability to accommodate some of the world's largest ships. The terminal features a spacious arrival and departure hall, as well as a large ground transportation area to ensure a smooth experience for passengers.

With deep waters, a large turning basin and no height restrictions, MBCCS can handle up to 6,800 passengers at any time, and accommodate ships well above 220,000 GRT. MBCCS is an architectural landmark in its own right, capable of accommodating some of the world's largest ships with its two piers that reach up to 360 m. Its capacity, to accommodate two mega ships' turnaround operations simultaneously makes it one of the largest cruise terminals in Asia. The terminal features a spacious arrival and departure hall, with a sizable ground transportation area that affords passengers an effortless and seamless experience. The terminal is just a 20-minute drive from the ultra-modern Changi International Airport, which features a direct highway exit and is five kilometers from midtown.

The terminal was designed to complement a number of Singapore's other iconic projects, such as the Central Business District, Marina Bay Integrated Resort, Singapore Flyer, the Esplanade and Gardens by the Bay, all of which promote the image of Singapore as a destination of world-class attractions, infrastructure and leisure facilities.

THE TERMINAL FEATURES A SPACIOUS ARRIVAL AND DEPARTURE HALL, WITH A SIZABLE GROUND TRANSPORTATION AREA THAT AFFORDS PASSENGERS AN EFFORTLESS AND SEAMLESS EXPERIENCE. THE TERMINAL IS JUST A 20-MINUTE DRIVE FROM THE ULTRA-MODERN CHANGI INTERNATIONAL AIRPORT, WHICH FEATURES A DIRECT HIGHWAY EXIT AND IS FIVE KILOMETERS FROM MIDTOWN.

As part of the acquisition of Creuers del Port de Barcelona in 2014, Global Ports Holding holds a stake in SATS Creuers, the terminal operator for MBCCS.

As part of the acquisition of Creuers del Port de Barcelona in 2014, Global Ports Holding holds a stake in SATS Creuers, the terminal operator for MBCCS. GPH acquired a 40% stake in SATS Creuers Cruise Services, which holds the Port's operational rights for Singapore Cruise Port. The remaining 60% stake is held by SATS Ltd., Singapore's leading service provider to the aviation industry and other businesses in hospitality, food, healthcare, freight and logistics. SATS is a subsidiary of Temasek, a state-owned holding company that can be characterized as a national wealth fund owned by the Government of Singapore. Under the terms of the concession agreement signed with the Singapore Tourism Board, SATS Creuers holds a 10-year concession, with the option to renew the agreement for an additional term of five years at the discretion of the Singapore Tourism Board. GPH has made an application to exercise the concession renewal option.

SINGAPORE CRUISE PORT	
GPH Acquisition Date	2014
End of Concession	2022

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

Cruise Traffic	# of Calls	# of PAX (thousand)
2014	89	337
2015	105	460
2016	122	536

MAXIMUM SHIP DIMENSIONS FOR BERTH
Length: Max 360 m at Berth 2
Width: N/A
Draught: 11.3 m at Berth 2

ANCHORAGE
Available: Yes
Ship Tender Allowed: No
Tugs Available: Yes
Tidal Movement/Range: 1-5 m

QUAYS/BERTHS
Total Number of Berths: 2
Total Berthing Lines Length: 695 m
Quays Depth: 11.3-11.5 m
Ship Capacity: 2

DISTANCES/TRANSPORTATION
City Center: 2 km
Airport: 15 km
Shuttle Service: No

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

THE MARITIME TRANSPORTATION INDUSTRY IS AN EFFICIENT AND COST-EFFECTIVE METHOD OF TRANSPORTING LARGE VOLUMES OF GOODS, AND A CRUCIAL LINK IN INTERNATIONAL TRADE.

With an average annual growth rate of 5% since 1975, the volume of merchandise trade (that is, trade in value terms, but adjusted to account for inflation and exchange rate movements) has outperformed global economic growth by 2%.

GLOBAL MARITIME TRANSPORTATION INDUSTRY

The maritime transportation industry represents the most significant mode of transport globally; about 80% of merchandise trade was shipped by sea. With an average annual growth rate of 5% since 1975, the volume of merchandise trade (that is, trade in value terms, but adjusted to account for inflation and exchange rate movements) has outperformed global economic growth by 2%. Although the responsiveness of trade to GDP growth may have moderated over recent years, demand for maritime transport services and seaborne trade volumes continue to be shaped by global economic growth and the need to carry merchandise trade. As such, the maritime transportation industry is not only an efficient and cost-effective method of transporting large volumes of goods, but also a crucial link in international trade and the global economy, according to the United Nations Conference on Trade and Development (UNCTAD). (Source: UNCTAD Review of Maritime Transport, 2015.)

The industry is generally divided into three distinct segments based on type of cargo:

1. Containers: standardized intermodal containers used for the storage and movement of materials and products, which are loaded and sealed intact onto container ships. Containers generally come in 20, 40 and 45 foot sizes, (the standard industry measurement of a 20-foot equivalent unit, the "TEU"), and can carry a wide range of products. Goods that fit into this category include marble, chrome and aluminum.

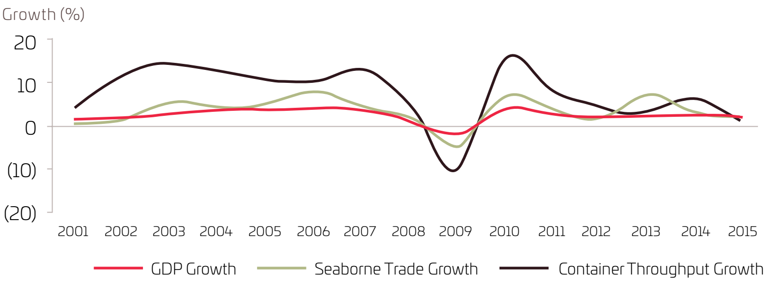
2. Bulk cargo: commodity cargo that is transported unpackaged in large quantities. It can either be dry ("dry bulk") or liquid ("liquid bulk"). Major dry bulk cargo products include iron ore, coal, grain, bauxite/alumina and phosphate rock. Liquid bulk cargo is typically oil and gas.

3. General or break bulk cargo: goods that required special handling at port, and which are typically transported in bags, boxes, crates or barrels. They must be loaded and unloaded individually. Goods that fit into this category include motor vehicles (transported in roll on/roll off vessels), refrigerated cargo in reefer vessels, large items of equipment, or other items that do not fit into containers.

Global Container Demand

There is a strong correlation between GDP growth and container & general cargo traffic, with demand growth rising at 2-3x global GDP in recent decades.

CONTAINER TRADE DEVELOPMENT

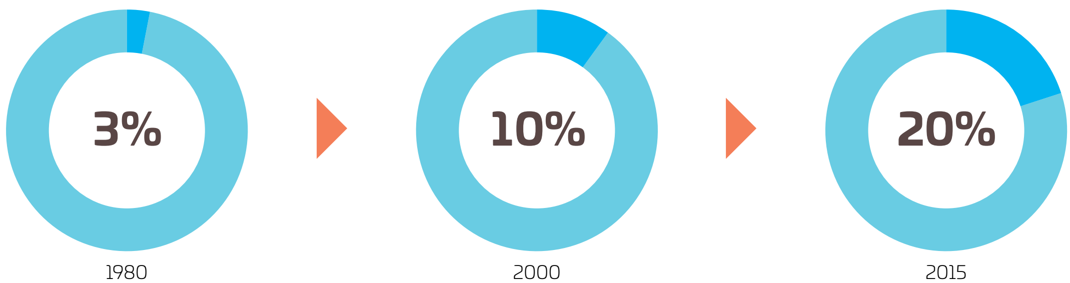


CAGR 2001-2015	2.5%	3.7%	7.7%

Source: EIU, Drewry Global Container Terminal Operators Annual Report 2015

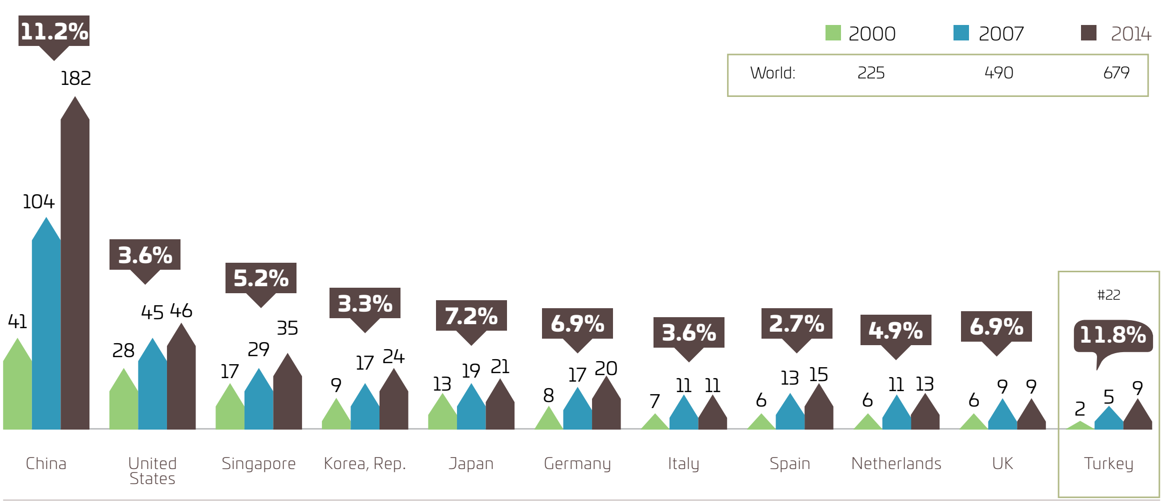
CONTAINERIZED TRADE AS A PERCENTAGE OF SEABORNE TRADE

Global container trade has been the fastest-growing market segment. It accounted for c.20% of total seaborne trade volumes in 2015.



Source: UNCTAD Review of Maritime Transport 2015

CONTAINER THROUGHPUT – TURKEY IN THE WORLD CONTEXT (TEU, MILLION)



Source: World Bank Indicators, World Bank

DESPITE POSTING HIGHER GROWTH RATES, TURKEY'S CONTAINERIZATION RATE IN SEA TRANSPORTATION REMAINS QUITE LOW COMPARED TO GLOBAL AVERAGES.

MARITIME TRANSPORT INDUSTRY IN TURKEY

Overview of main commercial ports in Turkey

Turkey consists of four distinct port regions: The Black Sea region and the Marmara Sea region in the north and northwest of Turkey, the Aegean Sea region in the west of Turkey, and the Mediterranean Sea region in the south and southwest of Turkey. Most of Turkey's container throughput is handled in southern and western Turkey, namely at the non-Black Sea ports in the Mediterranean, Aegean and Marmara Seas.

A key strength of the Turkish maritime transport industry is Turkey's geo-strategic location between the Mediterranean and the Black Sea, placing it at the epicenter of trade among Europe, Asia and the Middle East. Its accessible 8,333 kilometer-long coastline offers clear advantages for global seaborne trade.

The GDP growth rate of Turkey is expected to be in line with other emerging market economies over the next decade. The country's GDP is growing at a higher pace than the EU-27 region and, with its heavy reliance on maritime trade, Turkey presents a supportive environment for commercial ports.

Furthermore, Turkey's national policies support an aggressive program of bilateral and multi-lateral trade growth. In 2011, the Asian Development Bank (ADB) signed Trade Finance Program (TFP) agreements with five banks to support Turkish exports to developing Asian countries. Additionally in 2012, Turkey and China announced a goal to boost bilateral trade from the current US$ 24 billion to US$ 100 billion over the next eight years. On February 17, 2015, Turkey and Pakistan announced new trade liberalization initiatives, agreeing to work towards a Free Trade Agreement to enhance bilateral trade to US$ 3 billion in the next two years, and then to further boost it to US$ 5-10 billion in the next few years.

Turkey's Container Demand

The figure above illustrates that growth in container volume in Turkey has been at a higher rate than many other countries, and the scope for increased container penetration in Turkey as the economy evolves. This could help to boost medium to long-term growth in container imports, and also increase the demand for new container facilities to be built. Turkey has one of the highest container growth rates; container throughput registered a compound annual growth rate (CAGR) of 11.8% in the 2000-2014 period, notably outpacing the world average of 8.2% for the same period.

While the Turkish port industry has witnessed swift growth over recent years fueled by privatization and general economic expansion, it has not reached its full potential.

Furthermore, the prevailing low penetration rates of Turkey's container business suggest considerable opportunities to tap. Indeed, Turkey's relatively late arrival into container operations when compared to many other developed countries confirms that there is significant room for growth.

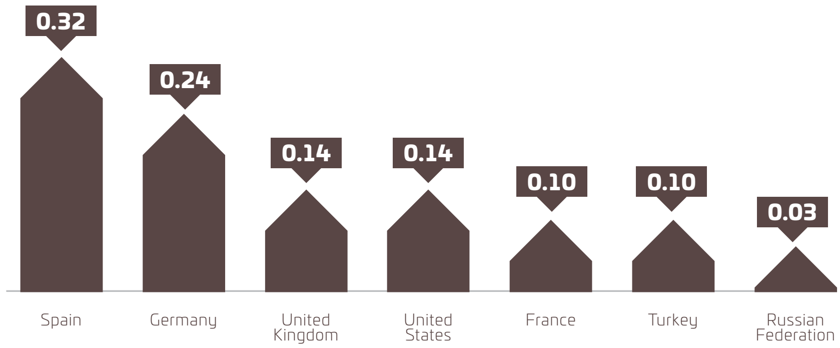
Yet, despite posting higher growth rates, Turkey's containerization rate in sea transportation remains quite low compared to global averages. Turkey's TEU per person was at 0.10 as of 2013, thus notably below the global average of 0.18, or the Mediterranean average of 0.19. This again affirms considerable growth potential in the higher margin container handling business.

The cargo handled by Turkish ports witnessed sustained growth averaging at 6% p.a. in the 2005–2016 period, as depicted in the chart above.

Source: *EIU, World Bank, World Bank Indicators.*
Source: *Turkish Ministry of Transport, Maritime Affairs and Communications, Maritime Statistics.*

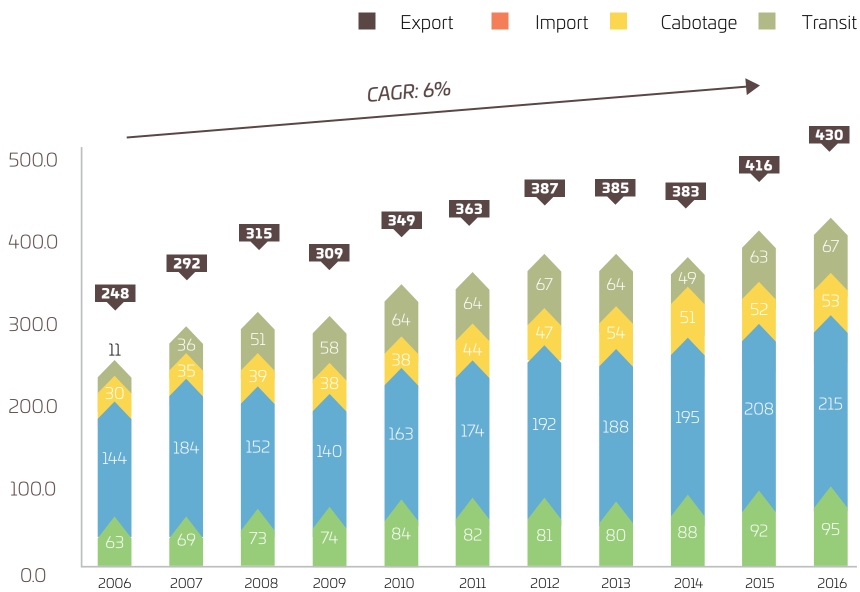
CONTAINERIZATION LEVELS

Containers per Head 2015, Turkey and Selected Trade Partners (TEUs/Person)



Source: *World Bank*

CARGO HANDLING AT TURKISH PORTS (TONS)



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

PORT INFRASTRUCTURE
PORT AKDENİZ, ANTALYA

ANTALYA IS A PRINCIPAL TRADING CENTER, SURROUNDED BY SEVEN ORGANIZED INDUSTRIAL ZONES AND THE ANTALYA FREE TRADE ZONE.

An Organized Industrial Zone lies about 25 kilometers from Port Akdeniz, and hosts various companies operating in sectors such as PVC, wood and plastic manufacturing, along with machinery and heavy manufacturing, cement, mining and food production.

Port Akdeniz, Antalya is a multipurpose port comprising a cruise terminal and a container terminal, as well as a bulk cargo, general cargo and project cargo terminal. Situated on the Kemer junction at the westernmost end of Antalya, Port Akdeniz is connected by excellent highways to Turkey's major tourism, industry and commerce centers, including Alanya, Mersin, Konya, Akşehir, Isparta, Afyon, Burdur, and Denizli. Port Akdeniz ranks first among Turkish ports with the highest development capacity. Global Ports Holding became the sole owner and operator of Port Akdeniz, Antalya in July 2010. Antalya holds a 30-year operating concession that terminates in 2028.

Covering a total area of 215,420 square meters, Port Akdeniz is the largest and most well-equipped port along the 700-kilometer Turkish Aegean-Mediterranean coast, stretching from İzmir in the west to Mersin in the east. The Port can handle 5.0 million tons of dry bulk and general cargo, and 500,000 TEU per year; it features a 1,260-square-meter indoor storage facility for temporary storage service in the bonded area. The Port has a 1,600-meter main breakwater and a 650-meter side breakwater, along with eight active piers, varying in length between 140 and 290 meters. An Organized Industrial Zone lies about 25 kilometers from Port Akdeniz, and hosts various companies operating in sectors such as PVC, wood and plastic manufacturing, along with machinery and heavy manufacturing, cement, mining and food production. Port Akdeniz's location, and its surrounding mineral wealth and mining operations, have positioned the Port as a strategic gateway to diverse global markets for exporters of cement, clinker, aluminum, marble and chromium.

Antalya's heartland is characterized by marble quarries and cement plants, with marble exports to China, and cement exports to the MENA region: There are more than 500 marble quarries (around Burdur, Isparta, Afyon, Denizli, Konya and Muğla), and two large cement factories. The surrounding area is rich in chromium ore, marble, barite and aluminum, and has a thriving agricultural sector thanks to its fertile soil and temperate climate. Port Akdeniz is well situated to benefit from the continued increase in exports of these types of goods. In addition, Port Akdeniz stands to benefit from the sustained rise in containerization at Turkish ports. As Turkey implemented

ANTALYA'S HEARTLAND IS CHARACTERIZED BY MARBLE QUARRIES AND CEMENT PLANTS, WITH MARBLE EXPORTS TO CHINA, AND CEMENT EXPORTS TO THE MENA REGION: THERE ARE MORE THAN 500 MARBLE QUARRIES (AROUND BURDUR, ISPARTA, AFYON, DENIZLI, KONYA AND MUĞLA), AND TWO LARGE CEMENT FACTORIES.

container cargo operations later than many other developed countries, there is significant room for future growth. At the same time, the Turkish government has also announced that it intends to link Antalya to the Turkish High-Speed Rail Network as part of a program of infrastructure improvements scheduled for completion in 2023, coinciding with the 100th anniversary of the founding of the Turkish Republic. Once the rail connection is completed, it should significantly expand the catchment area of Port Akdeniz, Antalya.

The determining factors of strong container volume growth were:

1. Rising containerization trends in the export market: Over the past ten years and across all Turkish ports, container handling volumes have grown approximately 2.3x faster than Turkey's real GDP, and this trend is expected to continue.

2. Rich marble reserves in the surrounding area: According to Mineral Research and Exploration Directorate data, Turkey holds the largest marble reserves in the world with visible reserves of 1.6 billion tons and overall potential of 13 billion tons. This figure accounts for 40% of the world's overall marble reserves.

Container demand for Port Akdeniz is mainly influenced by levels of construction activity - in particular, the use of block marble in China as well as by population growth and increasing urbanization.

	2014	2015	2016
General Cargo (thousand tons)	994	603	552
Dry Bulk (thousand tons)	651	492	767
Container (thousand TEU)	189	178	172

	2014	2015	2016
Commercial Revenue (US$ '000)	54,439	49,925	53,351
Commercial EBITDA* (US$ '000)	38,926	37,459	41,288

Container demand for Port Akdeniz is mainly influenced by levels of construction activity - in particular, the use of block marble in China as well as by population growth and increasing urbanization.

PORT INFRASTRUCTURE
PORT OF ADRIA, BAR

HISTORICALLY THE MAIN PORT OF THE FORMER YUGOSLAVIA, PORT OF ADRIA IS MONTENEGRO'S MAIN COMMERCIAL PORT WHILE CONTINUING TO BE A VITAL NODE FOR TRADE WITH NEIGHBORING COUNTRIES.

Located on the western border of Bar in Montenegro, the Port of Adria, also known as the Port of Bar, is Montenegro's main seaport. The surrounding area has considerable tourism appeal: modern Bar was built almost entirely after World War II in a contemporary architectural style featuring wide boulevards. On top of its natural and historic charm, the Port of Adria is a strategically located non-EU port in the Adriatic region.

The Port of Adria is a multipurpose port featuring a quay length of 1,440 meters, with dedicated terminals for container ships, general cargo ships and cruise ships. The Port covers a total area of 518.790 square meters with nine berths, and has an annual capacity of 750,000 TEU and 6 million tons of general cargo.

Global Ports Holding (GPH) acquired the operating rights for the Port of Adria through its privatization in 2013. GPH owns a 63.79% interest in Container Terminal and General Cargo JSC-Bar, which operated the cargo terminal at Port of Adria. The acquisition not only marked GPH's first overseas acquisition investment, but was also the first-ever Turkish acquisition of a controlling stake in an overseas port operation.

The Port is Montenegro's main commercial port. Historically, it was the main port for the former Yugoslavia, and continues to be a vital node for trade with neighboring countries; in particular, it is the principal port serving Belgrade. The Port of Bar offers an attractive turnaround opportunity, with its key drivers being the Port's historic position as the main harbor for the Former Republic of Yugoslavia, and its direct rail links to Belgrade. Global Ports Holding is executing a capital expenditure program to improve the superstructure of the Port.

The Port is critical to regional transportation because of its integration with the Belgrade-Bar railway and road traffic network. It also benefits from the "Free Zone" regime, covering the entire area of the Port of Adria and providing exemption from customs duties, taxes and other charges.

The goal of the Port of Adria is to become a major gateway for Serbian, Bosnian, Kosovan and Macedonian cargo and, with ongoing construction of the highway and connection to key corridors, it is expected to attract more business and volume in the coming years.

Tariffs are regulated pursuant to the terms of the concession agreement with the Montenegro Port Authority.

To provide a higher quality of service, the Port of Adria has been continuously investing in equipment, IT hardware and software, safety and security projects, in addition to HR and MT training. The Port of Adria is among the region's strongest seaports in terms of development potential.

Operational Figures (thousand)	2014	2015	2016
Container (TEU)	39	39	41
General Cargo (Tons)	229	365	82
Key Financials (thousand)	**2014**	**2015**	**2016**
Revenue (US$)	9,265	8,528	7,883
EBITDA*(US$)	2,618	2,246	2,728

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

The Port of Adria is among the region's strongest seaports in terms of development potential.

POWER
TRES ENERGY

TRES ENERGY DESIGNS, CONSTRUCTS AND OPERATES SMALL AND MID-SIZED TURNKEY POWER PLANTS FOR INDUSTRIAL AND COMMERCIAL CUSTOMERS.

Established in 2012, Tres Energy provides power supply and energy efficiency solutions to industrial and commercial customers. The Company also builds and operates customized generation facilities.

Turkey meets a considerable share of its energy demands from imported energy resources. As power is one of the most expensive commodities in the manufacturing and services sectors, it is crucial to maximize energy reserves while fulfilling current energy needs using fewer resources: today, both large and small companies require a power strategy. Procurement and energy efficiency are fundamental pillars of any coherent strategy on power.

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

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

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

Turnkey Power Plants

Tres Energy designs, constructs and operates small and mid-sized turnkey power plants for industrial and commercial customers. It provides power generation solutions based mainly on combined heat and power generation facilities (cogeneration/ trigeneration). These customers use electricity, as well as other energy sources, for heating and cooling.

TRES ENERGY'S KEY OBJECTIVE IS TO PROVIDE TURKISH CORPORATE ENERGY CONSUMERS WITH AN ADVANTAGE OVER THEIR INTERNATIONAL COMPETITORS IN TERMS OF INPUT COSTS.

Tres Energy's business model is geared towards identifying the optimal energy generation system and capacity specific to each customer. It delivers solutions based on alternative business structures, including build-operate models.

Tres Energy's business model is geared towards identifying the optimal energy generation system and capacity specific to each customer. It delivers solutions based on alternative business structures, including build-operate models. The Company completes power generation facilities without customer funding, thereby relieving them of the financial burden of capital expenditure. It also offers professional energy management services.

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

50 MW Generation Capacity

The total contracted generation capacity of Tres Energy is 54 MW. Of the total contracted generated capacity, 50 MW is already in operation and supplies power to

THE TOTAL CONTRACTED GENERATION CAPACITY OF TRES ENERGY IS 50 MW.

consumers. Tres Energy plans to complete construction and commence generation of the remaining 4 MW by the beginning of 2018. The Company also plans to finalize additional contracts with several industrial and commercial consumers, and grow its co-generation capacity throughout the country.

The Company's build-operate contracts range in duration according to customer preferences, and may last as long as 13 years excluding the construction period. Current customers are in such businesses as ceramic tiles, forestry products, food processing and paper production; large shopping malls are among other commercial users. Prospective projects in the pipeline cover a variety of facilities and sectors such as hospitals, hotels, and the textile industry, as well as other industrial fields.

Tres Energy plans to conclude additional contracts with prospective consumers in the near future, and expand its cogeneration capacity nationwide. Based on these projections, the Company aims to have exceeded a capacity of 80 MW by year-end 2017.

Tres Energy plans to expand its cogeneration capacity nationwide.

POWER

MAVİBAYRAK ENERGY

GLOBAL INVESTMENT HOLDINGS AIMS TO UTILIZE THE SIZEABLE POTENTIAL OF BIOMASS IN TURKEY, A NATION WITH A SIGNIFICANT AGRICULTURE INDUSTRY.

100

MILLION TONS

Turkey's annual biomass potential is roughly 100 million tons, signaling a remarkable opportunity for power generation.

As an agricultural nation, Turkey's non-food crops, farm residues and waste present significant untapped potential in biomass. According to the Renewable Energy General Directorate, the nation's annual biomass potential is roughly 100 million tons, which signals a remarkable opportunity for power generation.

Global Investment Holdings aims to utilize this potential. As an early entrant, its goal is to become active in power generation based on the nationwide availability of such renewable resources.

While energy from biomass is relatively new in Turkey, it is likely to increase in importance; employing this energy will reduce dependence on imported resources such as natural gas, while also contributing to more efficient agricultural activity.

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

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

Biomass resources have a relatively high calorific value ranging up to 4,000 kcal/kg in comparison to alternative fuel types that can be produced locally, such as lignite. However, not only the establishment of a sustainable and economic supply chain, but also the storage of biomass in large volume, is of critical significance, impacting power plant feasibility.

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.

Mavibayrak Energy, in accordance with its strategy regarding biomass supply security, has signed long-term agreements with both private and state-owned farms.

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

Mavibayrak Energy was an early entrant in biomass investment. The Company aims to build and operate several medium-scale biomass power plants located in regions of intensive agricultural activity. The ongoing three projects include a total capacity of 29.2 MW: two 12 MW facilities in western and southeastern Turkey based on agricultural biomass, and one 5.2 MW facility in southeastern Turkey, based on both agricultural biomass and animal manure. All are at different stages of development and construction. Mavibayrak Energy plans to complete the construction of 17.2 MW of installed capacity by Q3 2017, and the remaining 12 MW within 2018, and commence generation accordingly.

Mavibayrak Energy, in accordance with its strategy regarding biomass supply security, has signed long-term agreements with both private and state-owned farms. The agreements include the rights to access and collect,

MAVIBAYRAK ENERGY WAS AN EARLY ENTRANT IN BIOMASS INVESTMENT.

or receive, biomass from the respective facility or farm. The duration of existing agreements may extend to 35 years.

In 2016, Mavibayrak Energy successfully established biomass collection operations, including special equipment and vehicle investments, and accumulated more than 100,000 tons of biomass at two storage locations. Mavibayrak will continue to expand its activities in biomass collection to satisfy the feasibility and sustainability of its power plants.

In addition to the expansion of initial plant capacities, Global Investment Holdings aims to continue serving as an industry pioneer, spearheading the development of similar biomass and waste-to-energy projects in various locations across Turkey to achieve substantial generation capacity in the coming years.

In 2016, Mavibayrak Energy successfully established biomass collection operations, including special equipment and vehicle investments, and accumulated close to 100,000 tons of biomass at two storage locations.

POWER
RA SOLAR

9 MW

Ra Solar won the rights to build a 9 MW solar plant in Mardin, in southeastern Turkey.

In the tender held by the Turkish Electricity Transmission Company (TEİAŞ) in January 2015, Ra Solar won the rights to build a 9 MW solar plant in Mardin, in southeastern Turkey. Ra Solar plans to commence generation at the Mardin project in early 2018 upon completion of the construction process.

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

Ra Solar has focused on the development of solar projects in Turkey in part due to the terms and conditions outlined by the government, and in line with Turkey's geostrategic position regarding solar power.

Turkey has set certain goals for the nation's centenary celebrations in 2023. One goal is to initiate a major renewable energy and energy efficiency program. This initiative will draw on Turkey's favorable geographic conditions for generating wind, solar and geothermal power; the program aims to increase the nation's clean energy share to 30% of its total power supply by 2023.

RA SOLAR HAS FOCUSED ON THE DEVELOPMENT OF SOLAR PROJECTS IN TURKEY.

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

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

Ra Solar's objective is to become one of Turkey's market leaders in solar power development. Following a successful prequalification process in January 2015 at the tender held by the Turkish Electricity Transmission Company (TEİAŞ), Ra Solar won the rights to build a 9 MW solar plant in Mardin. Ra Solar aims to commence generation at the Mardin project in 2018, upon completion of the necessary permission processes.

Global Investment Holdings continues to develop additional projects in accordance with both licensed and unlicensed regulations in Turkey, and achieve a substantial generation capacity within the next few years.

Ra Solar's goal is to become one of Turkey's market leaders in solar power development.

POWER
BARSOLAR

5 MW

The installed capacity of the Barsolar plant is planned as 5 MW.

In 2016, GIH's power group initiated its first international investment with the establishment of Barsolar in Montenegro. Barsolar intends to develop a roof-top solar plant in Port of Adria, Bar.

Bar is located at the coastal western border of Montenegro on the shore of the Adriatic Sea on the foothill of Rumija mountain. From Bar, a railway line connects the central and northern part of Montenegro, which goes a further Belgrade, the capital of former Yugoslavia. Also, the ferry lines connect the city with Bari on the Italian cost. Global Ports Holding, the main subsidiary of Global investing in port terminals around the world, has operated Port of Adria since 2012 based on a concession agreement until 2043.

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

IN 2016, GIH'S POWER GROUP INITIATED ITS FIRST INTERNATIONAL INVESTMENT WITH THE ESTABLISHMENT OF BARSOLAR IN MONTENEGRO.

The government of Montenegro supports renewable power generation based on a feed-in tariff mechanism, which provides the highest rate for roof-top solar power plants. Barsolar plans to finish construction of the plant within the first half of 2018. Once operational, Barsolar will own the largest solar power plant in Montenegro.

In the upcoming years, GIH targets to focus more on international projects, including mainly power generation based on renewable resources. GIH is in the process of developing projects in a variety of regions and intends to build a balanced and diversified power generation portfolio.

Barsolar plans to finish construction of the plant within the first half of 2018. Once operational, Barsolar will own the largest solar power plant in Montenegro.

GAS

NATURELGAZ

NATURELGAZ HAS BECOME EUROPE'S LARGEST CNG DISTRIBUTION COMPANY AS PER MOTHER STATION INFRASTRUCTURE AND BULK SALES ACTIVITY.

144.9
MILLION M³

Naturelgaz's Bulk CNG sales increased by 8.2% compared to the previous year, climbing to 144.9 million m^3.

2005-2008
Naturelgaz was founded in 2005, under the partnership of Çalık Holding and Goldenberg Group in Turkey.

It opened its first mother CNG plant in Bursa in 2006.

It opened the Adapazarı and Izmir CNG plants in 2007 and 2008, respectively.

2008-2011
The Company supplied bulk CNG with high profit margins to small and mid-scale customers, who converted mainly from LPG, from 2006 to 2011.

In 2011, Global Investment Holdings and STFA Holding decided to invest in the CNG business and purchased the Company's shares owned by Çalık Holding.

2012-2013
Naturelgaz entered the LNG consumer market in 2012. It converted the energy supply of the Onduline plant, which was one of the largest LNG users in the market, from LNG to CNG with a volume of 5 million Sm^3/year.

In 2013, the Aydın, Antalya, Bolu and Afyon plants were opened. In addition to the expanding infrastructure, Naturelgaz's sales volumes were on the rise.

The Company opened a conversion and R&D center in Tuzla where diesel trucks and buses were converted to CNG. The facility has been closed since the beginning of 2015 as the strategy was switched to a focus on OEM vehicles.

2013-2016
In 2014, the Çorlu, Konya, Kayseri, Osmaniye and Rize plants were opened, enabling Naturelgaz to reach 70% of bulk customers and conduct auto CNG wholesale operations in Turkey.

In another milestone, Naturelgaz was the highest bidder for the Çaykur Tea tender, which is the largest LNG/CNG supply operation in Turkey, and quite possibly worldwide. Unilever/Lipton tea factories also decided to switch to Naturelgaz CNG from LNG.

NATURELGAZ SET A PRECEDENT IN TURKEY WITH THE UTILIZATION OF UNUSED LOCAL NATURAL GAS IN THE THRACE REGION.

Naturelgaz procures gas from private gas import companies and private gas distribution companies; these are increasing in number and size in conjunction with the liberalization of Turkey's natural gas wholesale market.

In 2015, the Company entered the asphalt production sector. Contracts were signed with the most reputable companies such as Mak-yol, ICA (Istanbul Third Bridge Road Project) and Göçay (Istanbul – Izmir Highway Project).

Naturelgaz won the Alibeyköy CNG station tender and started to supply CNG to mass transit in Istanbul in 2016.

The Company has become Europe's largest CNG distribution company as per mother station infrastructure and bulk sales activity.

Naturelgaz established a Gas Trade Department in 2016, and started wholesale pipeline gas sales operations.

In February 2016 Naturelgaz won the 38.5 mn m³ tender for Caykur, Turkey's largest CNG/LNG business.

March 2016
5.6 mn m³ sale was realized in 2016 with the contract for five workshops belonging to the Third Bosphorus (Yavuz Sultan Selim) Bridge and peripheral roads contractor ICA (İçtas - Astaldi).

March 2016
Turkey signed a contract with Bor Cable, one of the largest non-asphalt LNG users, with a commitment of 4.5 mn m^3/year.

May 2016
Naturelgaz Alibeyköy CNG Dolum Station, established to serve CNG buses operating within the Istanbul Metropolitan Municipality, was opened.

NATURELGAZ AIMS TO INCREASE ITS LNG+CNG MARKET SHARE BY TWO PERCENTAGE POINTS IN 2017.

May 2016
Turkey's first OEM CNG truck was received from Scania and started to be tested for customers to develop the Auto CNG market.

June 2016
USO - Remote Meter Reading and UPO - Remote Pallet Reading projects were completed. On this site, all Naturelgaz customer consumption, pressure levels in CNG units and capacity information of facilities was controlled and managed from the center.

October 2016
Market research studies for Greece, Bulgaria, Romania and Serbia were completed as part of Naturelgaz's overseas growth strategy.

November 2016
A contract was signed with Apak Gıda, one of Turkey's largest non-asphalt LNG users, with a 4.5 mn m^3/year commitment.

November 2016
The Company hosted the PETFORM Gas Group workshop.

December 2016
Naturelgaz's Kırıkkale plant was commissioned in line with the long term strategy of opening facilities in areas that had previously lacked such facilities.

Naturelgaz captured a 21% share of the LNG+CNG market in 2016.

Naturelgaz, established in 2005, is Turkey's market leader in the sale and distribution of compressed natural gas (CNG). It captured a 21% share of the

Global Investment Holdings Group acquired a 25% stake in Naturelgaz in 2011, subsequently increasing its shareholding to 80% in 2013.

Naturelgaz broke new ground in establishing a nationwide network in Turkey through mother stations with access to a natural gas pipeline network, and daughter stations, supplied by a road transport system.

LNG+CNG market in 2016; Naturelgaz aims to increase its LNG+CNG market share in 2017 to eventually control at least 25% of the market.

Global Investment Holdings Group acquired a 25% stake in Naturelgaz in 2011, subsequently increasing its share to 80% in 2013. The remaining 17.5% stake is owned by Aksel Goldenberg, Vice Chairman and a 2.5% stake is held by Kanat Emiroğlu, CEO of Naturelgaz.

In addition to leading the Turkish CNG distribution market, Naturelgaz also broke new ground in establishing a nationwide network in Turkey through mother stations with access to a natural gas pipeline network, and daughter stations, supplied by a road transport system.

CNG is an exemplary form of environmentally friendly, clean, safe, and cheaper fuel suitable for all vehicles. Rapidly reaching widespread use in the transportation sector worldwide, CNG has recently penetrated Turkey, particularly in urban transport. In January 2015, Naturelgaz won the tender of the Istanbul Energy Industry and Commerce Corporation, a subsidiary of the Istanbul Metropolitan Municipality, for the construction and operation of a CNG filling station in Alibeyköy, Istanbul, which will supply fuel to CNG powered public buses in Istanbul.

HAVING THE COMPETITIVE ADVANTAGES OF KNOWHOW AND SCALE, NATURELGAZ PLANS TO EXPAND INTERNATIONALLY.

Natural Gas Supply

The Company procures gas from private gas import companies and private gas distribution companies; these are increasing in number and size in conjunction with the liberalization of Turkey's natural gas wholesale market. Naturelgaz founded a Gas Trade Department in 2016 and commenced wholesale pipeline gas sales operations using its competitive sourcing advantage to meet peak summer demand.

Naturelgaz also set a precedent in Turkey with the utilization of unused local natural gas in the Thrace region. The project involves converting unused natural gas in the immediate vicinity of the wells into CNG, and putting local natural gas to work within the Turkish economy.

Turkish Off Grid Natural Gas Market

Today, the Turkish CNG market is essentially based on bulk CNG supplied to industrial facilities and commercial consumers, such as asphalt plants, food processors, power generation plants, hotels, and shopping malls that lack access to natural gas pipelines. Naturelgaz's sales volume totaled 145 million m^3 in 2016; bulk CNG sales of 137 million m^3 represented 94.5% of total CNG sales for the year. Naturelgaz's existing customer portfolio consists mainly of established private institutions from the manufacturing and commercial sectors in the bulk CNG segment, as well as municipal and private local transportation networks using auto-CNG.

Naturelgaz, established in 2005, is Turkey's market leader in the sale and distribution of compressed natural gas (CNG). It captured a 21% share of the LNG+CNG market in 2016.

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CNG Is Favorable Fuel vs. LNG

CNG is increasingly used as an alternative fuel because of the higher cost of LNG. It is significantly safer to store and transport than cryogenic liquid fuels.

Botaş, the national pipeline corporation, follows the Turkish Government's public energy strategy, and the pipeline price has an almost flat graph except for minor inflation and/or foreign currency corrections in Turkey. Meanwhile, the LNG price, which is subject to world spot/currency markets, is much more volatile.

Naturelgaz competes with LNG operators in the off grid natural gas market, which realized 561.7 million m^3 in 2016. Naturelgaz aims to increase its LNG+CNG market share by two points in 2017 to control at least 21% of the market.

Distribution Network

A combination of company-owned and -operated retail stations and dealer-owned and -operated stations comprise its expanding network. Naturelgaz distributes CNG directly from the mother stations under its ownership, and through secondary stations (daughter stations) owned and operated by the Company, or by a third party dealer. CNG delivery from mother stations to daughter stations, dealers, or directly to end-users, is done with special purpose CNG storage units and trucks. All facilities and equipment established and used by the Company conform to EU regulations.

NATURELGAZ COMPETES WITH LNG OPERATORS IN THE OFF GRID NATURAL GAS MARKET.

In 2014, Naturelgaz launched the world's largest compressed natural gas filling plant in Rize, in addition to the Kayseri, Afyon, Konya, Antalya, Osmaniye and Çorlu stations, expanding the Turkish network to 13 CNG stations. With the addition of the Istanbul and Kocaeli plants and closure of the inefficient Afyon plant, Naturelgaz had 13 mother CNG plants as of mid-2016.

The Naturelgaz Rize CNG filling plant supplied 34 million m^3 CNG to the Çaykur facilities in 2016, ensuring significant savings for this publicly-owned enterprise. Naturelgaz also won the tender in 2016 to supply 38.5 million m^3 CNG to Çaykur.

The Company has a further three stations under construction and intends to expand to 15 mother stations by end-2016.

Naturelgaz will install five daughter stations at several petrol stations in Turkey to expand accessibility to auto CNG in 2017.

The Naturelgaz Rize CNG filling plant supplied 34 million m^3 CNG to the Çaykur facilities in 2016, ensuring significant savings for this publicly-owned enterprise.

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Bulk CNG

Naturelgaz's Bulk CNG sales increased over 8.2% compared to the previous year, climbing to 144.9 million m^3. The Turkish CNG+LNG (Liquid Natural Gas) market is estimated at 737,600 million/year. CNG is cheaper at source when compared to LNG, and provides both logistical advantages thanks to the natural gas pipeline network, and lower health and safety risks over LNG. The Rize operation was the inflection point for the CNG market and Naturelgaz. In the wake of this achievement, most public tenders have included CNG in the tender specs as well as LNG and customers have come to recognize Naturelgaz as the best and largest supplier of CNG.

In 2015, Naturelgaz aggressively entered the asphalt production sector. Contracts were signed with the most reputable companies such as Mak-yol, ICA (Istanbul third Bridge Road Project) and Göçay (Istanbul - Izmir Highway Project).

Naturelgaz has become Europe's largest CNG distribution company as per mother station infrastructure and bulk sales activity. In addition, there is great potential in Turkey's auto CNG market.

Auto CNG

CNG provides significant cost savings of up to 20% in Turkey when compared to alternative fuels. Naturelgaz supports OEM CNG vehicle producers

NATURELGAZ IS FOCUSED ON THE ROAD TRANSPORT SECTOR TO SUPPLEMENT EXISTING BULK CNG SALES.

in order to bring more CNG vehicles to the market. The first co-operation was realized with Scania; Naturelgaz imported the first OEM CNG truck to Turkey for its own CNG distribution operations, and to promote it to logistics companies.

Naturelgaz is focused on the road transport sector to supplement existing bulk CNG sales. Compared to other energy sources, the use of CNG in road transportation provides two important advantages:

Cost efficiency: CNG provides fuel costs savings of up to 20%

Environmental sustainability: Fossil fuels such as oil, diesel, petroleum and LPG are more harmful to the environment than CNG.

In comparison to other commonly-used fuels, the emission values of CNG are lower. Natural gas burns without residue, does not emit smoke and is non-toxic, containing no carbon monoxide. When compared with oil derivatives and diesel, emissions contain 25% less carbon dioxide, 60% less ammonium oxide and 75% less hydrocarbon, and generate 50-80% less acid and ozone formation.

Naturelgaz had 13 mother CNG plants as of mid-2016.

Naturelgaz will accelerate the growth of Auto CNG sales by investing in daughter stations.

The target customer segments in auto-CNG are:

- route to route logistics operations
- closed loop In-city passenger bus operations
- closed loop garbage truck operations

Naturelgaz will accelerate the growth of Auto CNG sales by investing in daughter stations and rolling all the above mentioned successful models. Daughter station investments will be done in co-operation with one of the leader petrol retailers.

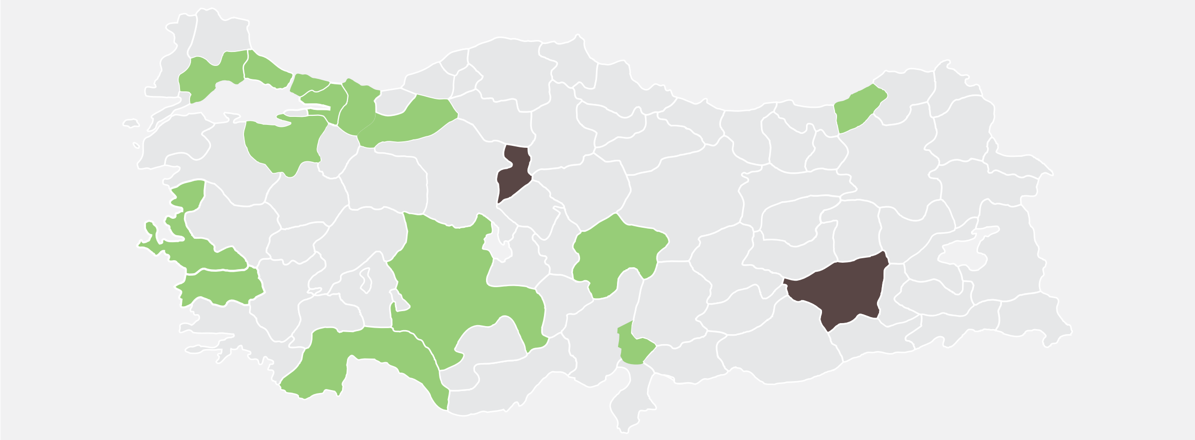
In summary, Naturelgaz will participate in the Auto-CNG segment as if it is an extension of our existing Bulk CNG model.

Naturelgaz won the İstanbul Enerji A.Ş. BOT Tender (a subsidiary of İstanbul Metropolitan Municipality) with a bid of TL 5,125,000. Naturelgaz holds the rights to supply CNG to public buses in Istanbul for seven years. This project is considered a milestone in the development of CNG supply to the transportation sector, and will set a key example for all municipalities in Turkey.

International Expansion

Having the competitive advantages of knowhow and scale, Naturelgaz plans to expand internationally. In 2017, Naturelgaz plans to enter two Balkan countries in order to replicate its Turkish operations. In short, Naturelgaz's experienced teams are ready for a regional expansion move.

SALES VOLUME TURKEY (M³) – 2014-2016 CAGR 32% FOR NATURELGAZ WHILE SECTOR ONLY RECORDED AN 8% CAGR.



STATIONS IN OPERATION:

Mother: *Adapazarı, Izmir, Bursa, Bolu, Antalya, Çayırova, Konya, Kayseri, Osmaniye, Rize, Çorlu, Istanbul (Alibeyköy), Kocaeli*

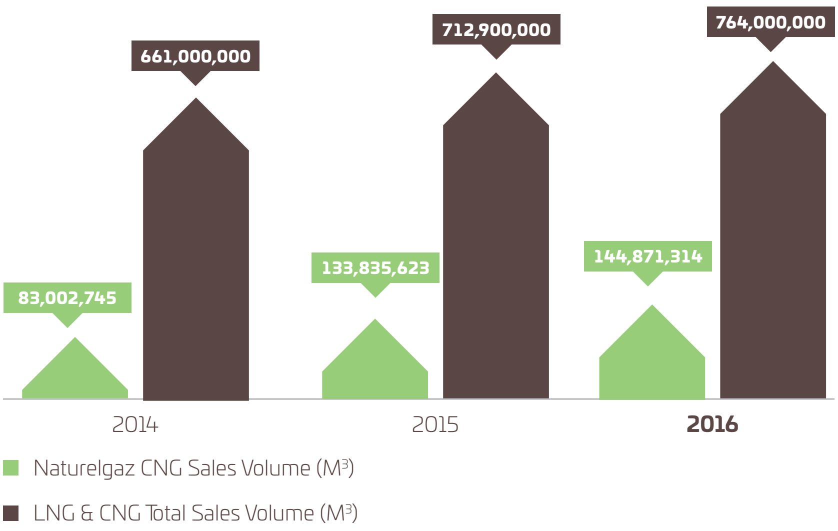
PROJECTS

Mother: *Kırıkkale, Diyarbakır*

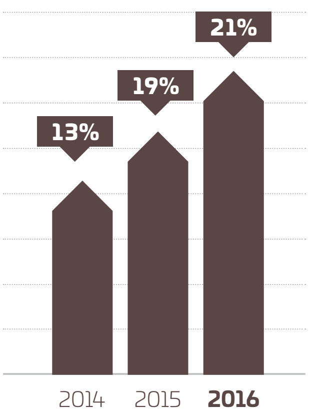
Naturelgaz's existing customer portfolio consists mainly of established private institutions from the manufacturing and commercial sectors in the bulk CNG segment.

Naturelgaz has become Europe's largest CNG distribution company by mother station infrastructure and bulk sales activity.

SALES VOLUME TURKEY (M³)



NATURELGAZ SHARE (%)



MINING
STRATON MINING

750
THOUSAND TONS

Straton has an annual production capacity of around 750,000 tons.

Feldspar is widely used in the glass, ceramics and paint industries. Known for its high quality (i.e. low iron and titanium content), sodium feldspar in Turkey is mainly extracted in the Manisa, Kütahya, Aydın and Muğla provinces. With overall reserves of 250 million tons, Turkey holds 15% of the world's total known feldspar resources, and is today the world leader in feldspar mining, with annual production exceeding 5 million tons. Around 80% of annual production in Turkey is exported, in particular to Spain, Italy, Russia, Lebanon, Egypt, Germany, Poland, Israel, Algeria and Romania, as well as to Asia.

In 2013, the Global Investment Holdings Group invested in the feldspar sector through the acquisition of a 75% stake in Straton Maden. Straton Maden aims to become a leading player in the global feldspar market, following GIH's other successful investments in the ports, power, gas, real estate and finance industries. Currently, Straton Maden has substantial feldspar reserves, logistical mining operations and commercial teams based in the Western Aegean region of Turkey. Straton has total reserves of 20 million tons in its licensed field of operation, and an annual production capacity of about 750,000 tons; 80% of which is exported to Italy, Spain, Egypt, UAE and various Asian markets for use in the glass and ceramics industries.

Straton Maden seeks to extract feldspar in the most efficient and environmentally responsible manner, while producing higher value feldspar products. Accordingly, Straton Maden

TODAY, WE OBSERVE RISING DEMAND FOR FELDSPAR ACROSS VARIOUS INDUSTRIES.

completed an investment program that included establishing new separation and enrichment facilities, and expanding existing production capacity. On the strength of these new facilities, Straton Maden substantially increased its production and feldspar sales volume, and diversified its customer base by entering new export markets; the Company is now one of the leading players in this sector.

European Standards

Straton Maden has an established customer base and works to ensure that every product offered fully meets the standards of European markets in terms of quality and service. Following its acquisition by Global Investment Holdings, the Company continues to contribute to the Turkish economy by exporting natural resources. With the completion of planned investments in 2016, Straton Maden boosted production volumes, product quality and sales volumes by deploying world-class advanced technologies.

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

Global Investment Holdings is planning further investments to mine and operate Turkey's underground natural resources. To this end, the Company is continuously assessing green-field development of new mining fields, and the acquisition of existing operations in the feldspar sector as well as in various industrial minerals and metals business lines.

REAL ESTATE
THE REAL ESTATE MARKET

THE TURKISH REAL ESTATE SECTOR CONTINUED TO GROW ALBEIT AT A LOWER PACE THROUGHOUT 2016.

The sector is expected to see moderate growth in 2017 thanks to public sector infrastructure expenditures and the urban transformation program.

11 MILLION M² LEASABLE AREA

There were 375 shopping Malls with a total of 11 million m² leasable area in 2016.

In the 2000s, Turkey Real estate market grew exponentially stimulated by GDP growth, a booming young population and increased foreign real estate investment as a result of a change in reciprocity laws.

In 2016, however, the sector has gone from vibrant to volatile as political unrest within Turkey and neighboring countries grew considerably while economic conditions across the Globe also deteriorated. The attempted coup in July 2016 stalled real estate market during 3Q of 2016 while foreign interest nearly stopped. Turkish GDP dropped by 1.8% in Q3 for the first time since 2009. During the last quarter of the year, public sector expenditures as well as the Housing Development Administrations' projects for the urban transformation program played significant role in shifting the market upwards from its stagnant state.

As a result, the Turkish Real Estate sector continued to grow albeit at a slower pace throughout 2016. The sector is expected to see moderate growth in 2017 as well thanks to public sector infrastructure expenditures and the urban transformation program.

The adverse political and economic climate affected the retail market much more than the housing market during 2016. There has not been real growth in turnover volumes while visitor numbers remained the same as 2015. On the other hand, shopping center management costs increased due to extreme TL depreciation, increasing minimum wages and increasing security expenses.

There were 375 shopping malls with a total of 11 million m² leasable area in 2016. Another 61 shopping malls are under construction and expected to be completed by 2019, reaching 13.9 million m² in total leasable area in Turkey.

PERA REIT and Real Estate Projects

Pera REIT is made up of a dedicated team of professionals with vast experience in the tourism and real estate sectors. They oversee the existing portfolio while continuously seeking new business development opportunities regardless of size. The experience and ability of the Group allow them to team with local or international strategic partners and to pursue new development opportunities.

IN THE 2000s, TURKEY'S REAL ESTATE MARKET GREW EXPONENTIALLY STIMULATED BY GDP GROWTH.

Pera REIT offers an attractive real estate investment option for institutional and individual investors as a listed entity.

Pera REIT is engaged in real estate development with a primary focus on commercial projects. Its current operating and ongoing investments portfolio include multi-use commercial and residential development projects. The Group holds a long-term view in real estate investments and prioritizes green field development over the acquisition of completed projects. A portion of the real estate projects of the Group are managed by Pera REIT, a real estate investment trust trading on Borsa Istanbul.

While being subject to rigorous corporate governance regulations under Turkey's Capital Markets Board, Pera REIT offers an attractive real estate investment option for institutional and individual investors as a listed entity. Like all other real estate investment trusts, the Company benefits from certain incentives, including exemption from corporate tax. Pera REIT's total assets increased by 5% in 2016 reaching TL 206.8 million as of December 31, 2016.

The historic Vakıfhan No. 6 building, Denizli Sümerpark Shopping Mall and Skycity office projects are held solely through Pera REIT.

Denizli Mixed-Use Project

Denizli, located in Turkey's Aegean region, is a growing industrial city in southwestern Turkey. It is the region's second most important city after Izmir, and has a strong economic structure and growing population of nearly 1 million (2016). Denizli, which has become an important center for export and industry, is a key player in Turkey's

THE DENİZLİ PROJECT IS A MIXED-USE DEVELOPMENT ON 98,418 M2 OF FREEHOLD LAND CONVENIENTLY LOCATED ALONG THE İZMIR-DENIZLI HIGHWAY.

textile manufacturing sector and a significant tourism center with a rich history and 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 tourism industry.

The Denizli project is a mixed-use development on 98,418 m^2 of freehold land conveniently located along the İzmir-Denizli highway. Owned solely by the Group, it includes a shopping mall, 608 residential units, a private school, SkyCity offices and a hospital.

This development is the district's largest and most popular social center. The star of the development, Sümerpark Shopping Mall, has 35,500 m^2 of gross leasable area and opened in March 2011. The Mall received 3.6 million visitors in 2016. It is currently occupied by leading brands as anchor tenants including Tesco Kipa, Bimeks and Tekzen with long-term leases up to 25 years. The Mall has a 90% occupancy rate and also houses fashion retailers and food court tenants.

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

The Group holds a long-term view in real estate investments and prioritizes green field development over the acquisition of completed projects.

35,500

M² GROSS LEASABLE AREA

Sümerpark Shopping Mall has 35,500 m^2 of gross leasable area and opened in March 2011.

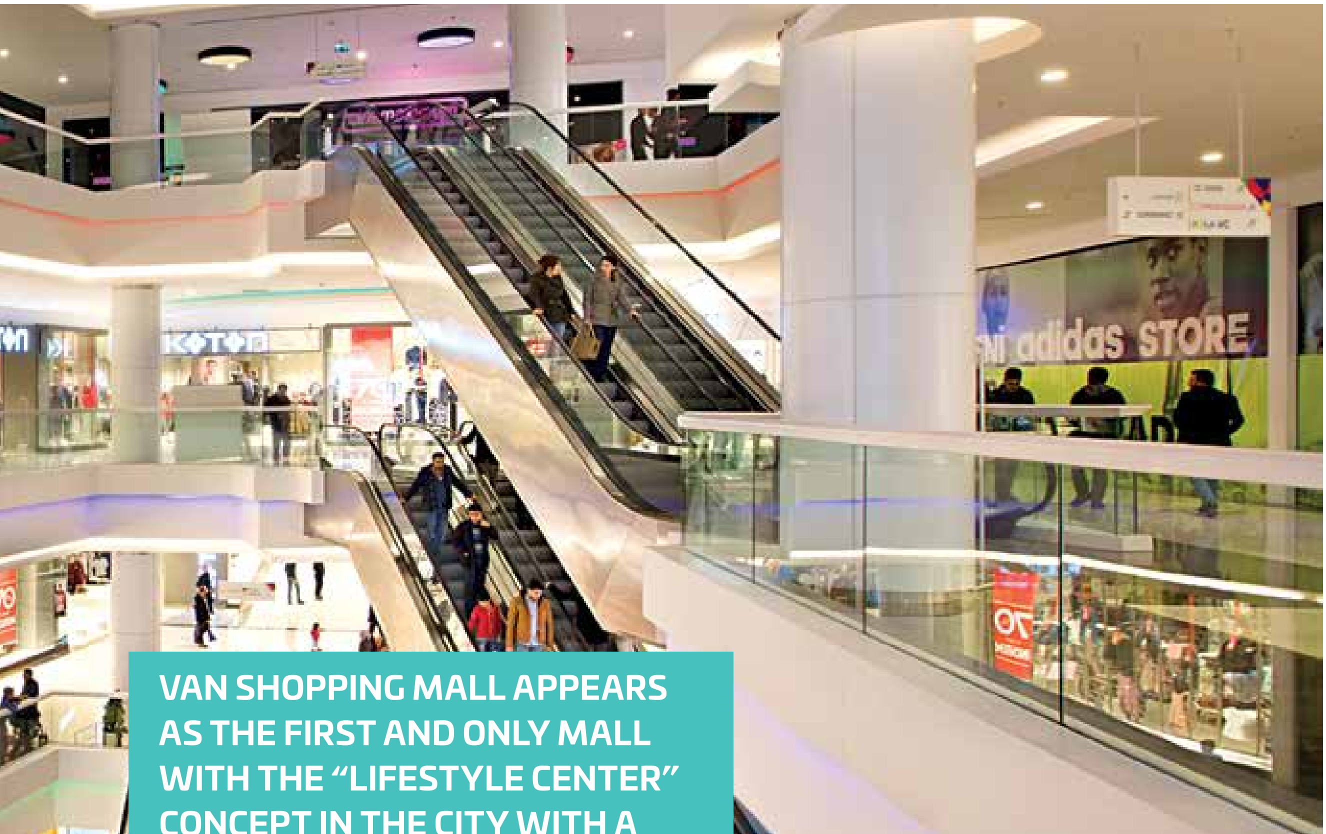
As part of a mixed-use project, an office complex, SkyCity has been developed with the contruction area of 35,000 m^2. Construction of the project started at the beginning of 2015. The first phase of the project compromising 13,500 m^2 of gross sellable area and 140 office units will be completed by June 2017. Some 50% of the project has been sold as of end/2016.

The 18^{th} branch of Final Schools is also a tenant of the Sümerpark project. The construction of the school building with a total construction area of 11,566 m^2 was completed in August 2014. The school opened in 2014, under a 15 year lease contract signed with Final Schools.

The Denizli development project also includes construction of a hospital on another 10,745 m^2 tract located next to the Sümerpark Shopping Mall and Sümerpark housing project. The Group is in the process of discussing tenancy with potential hospital operators.

Van Shopping Mall Development

Van lies on the eastern shore of a large beautiful lake with the same name. It has an ancient citadel set atop a dramatic limestone outcrop, overlooking the atmospheric old town. Rapidly expanding and modernizing, Van is a welcoming center for exploration. Beautifully positioned near the lake from which it takes its name, Van is home to striking monuments such as Van Castle, the mountain fortress of Hoşap and the remote village of Bahçesaray, as well



VAN SHOPPING MALL APPEARS AS THE FIRST AND ONLY MALL WITH THE "LIFESTYLE CENTER" CONCEPT IN THE CITY WITH A 55,000 M^2 CONSTRUCTION AREA.

as the Church of the Holy Cross. The city is an engaging and liberal urban center in eastern Anatolia, as well as an important commercial hub and a transportation point for animal hides, grains, fruits, vegetables and other products, both regionally and with neighboring countries, including Iran, Iraq and Armenia. Furthermore, the city is an air and ground transportation hub for the country's southeastern cities such as Bitlis, Hakkari, Siirt and Muş. The city was the site of a massive earthquake in 2011 and is going through extensive urbanization.

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

Van Shopping Mall appears as the first and only mall with the "Lifestyle Center" concept in the city with a 55,000 m^2 construction area. Having 98% of the GLA already leased, the Mall brings together 90 brands, a 10-screen cinema, a food-court and entertainment venues; catering not only to the city of Van, but also the region and nearby countries. During the first year of its operations 6.5 mn people visited the shopping mall.

Van Shopping Mall was named the "Best Shopping Mall Project in Turkey" at the Golden City Awards 2016. The competition which is regarded as the most prestigious, in the field of world urbanism and urban design, and is supported by a London based international strategy and consultancy firm, Eurasia Strategies.

Van Shopping Mall has been awarded "The Best Shopping Mall Project in Turkey" at Golden City Awards 2016.

BROKERAGE

Focusing on high-level research and customer service, Global Investment Holdings consistently enhances its service range in the financial sector through strategic partnerships with highly reputable international institutions.

In recent years, the Turkish financial sector has maintained its strong capital structure and consequently outperformed the industry in both developed and emerging markets. The Turkish economy bounced back after the global crisis, due to the implementation of effective economic policies and the execution of pragmatic reforms, including the restructuring of the country's financial sector. Yet, while developing countries like Turkey continue to stoke the engine of the global economy, their growth in 2016 was notably slower than in previous years.

Focusing on high-level research and customer service, Global Investment Holdings consistently enhances its service range in the financial sector through strategic partnerships with highly reputable international institutions. Despite the annual rise in competition in the Turkish financial services market, the Group continues to build on its reputation for quality and its well-established brand name.

DESPITE THE ANNUAL RISE IN COMPETITION IN THE TURKISH FINANCIAL SERVICES MARKET, THE GROUP CONTINUES TO BUILD ON ITS REPUTATION FOR QUALITY AND A WELL-ESTABLISHED BRAND NAME.

BROKERAGE
GLOBAL SECURITIES

In 2004, when Global Investment Holdings became an investment holding company, it spun off its brokerage and related businesses to a new, wholly-owned subsidiary, Global Securities.

Established in 1990, Global Securities is a BIST-listed company that provides brokerage and financial advisory, as well as corporate finance and research services. More specifically, it provides securities, asset management and derivatives trading services to international and domestic clients.

Following the 2011 public offering of its shares, Global Securities became listed on Borsa Istanbul (BIST). In 2004, when Global Investment Holdings became an investment holding company, it spun off its brokerage and related businesses to a new, wholly-owned subsidiary, Global Securities.

In 2016, Global Securities had a market share of 2.7%, with an equity trading volume of TL 36 billion.

On June 01, 2015, Global Securities announced that it had completed the acquisition of a 100% stake in Eczacıbaşı Securities, another non-bank owned major brokerage company, and accordingly its subsidiary Emdaş Asset Management, for a total consideration of TL 22.1 million. The acquisition of Eczacıbaşı Securities, which combines two deep rooted and respected companies under one roof, will create considerable synergy, resulting in one of largest independent brokerage companies in the sector. In December 2016, due to the centralization decision of the Company, its headquartres was relocated to Beyaz Plaza at 4. Levent. As of December 31, 2016, it serves its clients through three branches, with 109 employees.

IN 2016, GLOBAL SECURITIES HAD A MARKET SHARE OF 2.7%, WITH AN EQUITY TRADING VOLUME OF TL 36 BILLION.

ASSET MANAGEMENT

Actus aims to be the leader in Turkey in alternative investment funds leveraging Global Investment Holdings' knowhow and proven track record.

ACTUS ASSET MANAGEMENT

By acquiring 90.1% of its shares on April 21, 2015, Global Investment Holdings maintains its asset management operations with Actus Asset Management Company. Some 9.9% shares of Actus Company is owned by the Police Care and Assistance Funds, which has more than 80,000 partners and sizeable assets of TL 1.3 billion. Since April 2015, Actus Company has grown by 65%, managing TL 266 mn in AUM as of December 31, 2016. Actus also launched Turkey's first infrastructure private equity fund that will provide equity financing to a public-private partnership project in the healthcare sector. Actus aims to be the leader in Turkey in alternative investment funds leveraging Global Investment Holdings' knowhow and proven track record.

GLOBAL MD ASSET MANAGEMENT

Global MD Portfolio Management is the sector's sole non-bank company with a mandate to manage a pension fund, namely that of Aegon Emeklilik. Global MD Portfolio offers top-quality portfolio management services to both individual and institutional investors, managing seven funds invested in the Turkish equity and debt market. Global MD Portfolio also managed Eczacıbaşı Investment Trust (ECBYO) until the end of 2016. In addition Global MD Portfolio also actively manages Eczacıbaşı Investment Trust (ECBYO). Global MD Portfolio is on its way to establish one of the first real estate funds in Turkey. As of December 31, 2016, Global MD Portfolio manages a total of TL 175 mn in AUM.

IEG GLOBAL ADVISORY

Global Securities, in 2011, established a joint venture partnership with IEG-Investment Banking Group, one of Europe's leading international investment banking advisory companies. The joint venture provides financial advisory services on mergers & acquisitions, public & private equity and debt financing, in addition to sophisticated CFO advisory in Turkey. Its superior, multidisciplinary and international team based in Istanbul focuses squarely on cross-border transactions and financing.

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

Global Securities is a BIST-listed company that provides brokerage and financial advisory, as well as corporate finance and research services.

INVESTOR RELATIONS

GLOBAL INVESTMENT HOLDINGS GROUP ENJOYS A TRANSPARENT RELATIONSHIP WITH ITS INVESTORS, DELIVERING TIMELY COMMUNICATIONS.

Affirming the Group's commitment to transparency and timely public disclosure, investor relations are overseen by a dedicated Investor Relations Department that manages the daily information flow to the investment community.

In 2016, the Group's Investor Relations Department responded to numerous investor requests.

In order to ensure effective, continuous two-way communication between the investment community and the Company, the Global Investment Holdings Group delivers timely communications and enjoys a transparent relationship with its investors. The Group is committed to increasing both shareholder and customer satisfaction by adopting and adhering to world-class corporate governance and investor relations guidelines.

Affirming the Group's commitment to transparency and timely public disclosure, investor relations are overseen by a dedicated Investor Relations Department, which manages the daily information flow to the investment community.

In 2016, the Group's Investor Relations Department responded to numerous investor requests via phone, email, social media and post; additionally, the IR Department proactively contacted relevant financial institutions with company-related and key news updates. The IR Department actively pursues opportunities to communicate with the investment community through all available channels.

All current and potential investors are encouraged to contact the Group at investor@global.com.tr and to visit the new website at www.globalyatirim.com.tr.

CORPORATE CITIZENSHIP

GLOBAL INVESTMENT HOLDINGS' SPONSORSHIP ACTIVITIES IN 2016 CONTINUED TO SUPPORT SPORTS, EDUCATIONAL, CHARITABLE, CULTURAL AND SOCIAL CAUSES, AND RELATED PROJECTS AND EVENTS.

Global Investment Holdings values engagement in philanthropic undertakings that make a valuable contribution to promoting Turkey.

Global Investment Holdings and its subsidiaries are committed to implementing processes that integrate social, environmental, ethical, and human rights concerns into the Group's business operations and core strategy, in close collaboration with stakeholders and the communities in which it operates.

The Company values engagement in philanthropic undertakings that make a valuable contribution to promoting Turkey and improving and fostering growth of the social, cultural and economic environment for the benefit of the country and its citizens, both locally and nationally.

Accordingly, the Company's sponsorship activities in 2016 continued to support sports, educational, charitable, cultural and social causes, and related projects and events.

Singling out contributions to education as being key among its corporate social responsibility initiatives, the Group engaged in the following:

Istanbul International Music Festival

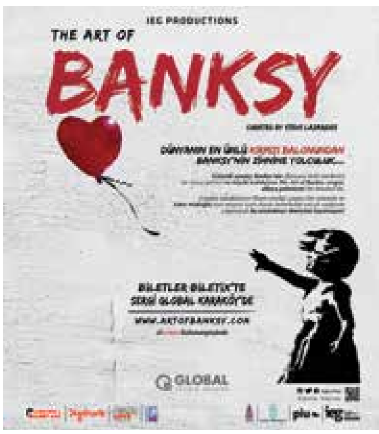
The 43rd Istanbul International Music Festival "Lifetime Achievement Award" was given to the Borodin Quartet, which was celebrating its 70th year in music with a world tour. The award was delivered to the Borodin Quartet by festival directors Yeşim Gürer Oymak and Görgün Taner prior to the concert that took place at Hagia Irene Museum in June 2016 with the sponsorship of Global Investment Holdings.

Global Adria Half Marathon & 10K

Global Ports Holding has brought Global Run, which has been held in Bodrum for the past three years, to the international arena. On September 6, 2015, the International Global Adria Half Marathon & 10K was held in Kotor for the first time, presenting an exciting spectacle that combined sports and travel to athletes from different countries. Montenegro is hosting Global Ports Holding's first foreign investment, Port of Adria. This underlines the importance of the fact that Global Run's first overseas run, the Global Adria Half Marathon,

SINCE ITS ESTABLISHMENT GLOBAL INVESTMENT HOLDINGS HAS SOUGHT TO CREATE VALUE TO WORLD CLASS STANDARDS, WHILE AT THE SAME TIME ADVANCING CULTURE AND THE ARTS.

"The Art of Banksy" world premiere was held in Istanbul on January 13, with the contribution of the Ministry of Culture and Tourism, as well as the support of the Beyoğlu municipality in Istanbul.



was held in Montenegro-Kotor. The International Global Adria Half Marathon & 10K race has unique features especially its exquisite natural setting and race course. The race started from the center of Kotor and continued to the historical quarter of the city. Furthermore, colorful activities were held for participants in various parts of the city. Revenue generated from participation fees is donated to the Secondary School of Economics and Hospitality in the city of Bar in Montenegro by Global Ports Holding, which consistently supports social responsibility initiatives.

Global Karaköy...

Since its establishment, Global Investment Holdings has sought to create value to world class standards, while at the same time advancing culture and the arts. Global Investment Holdings has adopted the mission of contributing to the culture and arts world, as well as the wider society, having brought Global Karaköy to life with a world-renowned exhibition, namely, "The Art of Banksy."

"The Art of Banksy" world premiere was held in Istanbul on January 13, with the contribution of the Ministry of Culture and Tourism, as well as the support of the Beyoğlu municipality in Istanbul. Global Karaköy has therefore opened its doors for the first time with an exhibition of international renown. A certain amount of the income generated was donated to the Parıltı Association.

No LaB

No LaB's first themed exhibition was closed with the colorful event in Modern Africa/A Rainbow Nation at Global Karakoy. On the special night, many figures from cultural and artistic circles and the community attended the bold artistic event at No LaB, which aims to break from the traditional ambience of the classical art gallery.

The night at No LaB's was celebrated by carrying African art to Turkey. Live performances of African Beat Dance took place, while African DJs added their own sounds. The exhibition, opened in October, featured works by prominent artists such as Hassan Hajjaj, Ralph Ziman and Namsa Leuba. Documentary and film screenings were given in a private area specially sectioned off for the purpose for two months. Those who wished to do so also had the opportunity to screen their own films in this dedicated section.

AS A KEY COMPONENT OF ITS SOCIAL RESPONSIBILITY ACTIVITIES, GLOBAL PORTS HOLDING PROMOTES SPORTS TOURISM BY ORGANIZING AND SPONSORING THE BODRUM GLOBAL RUN.

The life and little known output of one of the first female illustrators in Turkey was presented at SALT Galata.

Exhibition of Painter Sabiha Rüştü Bozcalı

The life and little known output of one of the first female illustrators in Turkey was presented at SALT Galata. The exhibition was realized with the support of Global Investment Holdings, and was visited by around 48 thousand visitors.

Global Run Bodrum

As a key component of its social responsibility activities, Global Ports Holding has organized and sponsored Bodrum Global Run since 2014. Global Run 1 was held on April 27, 2014 at Bodrum Cruise Port located about a mile away from the Bodrum town center. While 933 runners attended the race, all revenues were donated to the Committee Volunteers Foundation (TOG) in the light of the goodness chain spirit of Global Run.

Global Run 2 was held at Bodrum Cruise Port on May 3, 2015. While 1,250 runners attended the race, all registration fees were donated to the Parıltı Association, a support foundation for sightless and visually impaired children.

Global Run 3 was held on April 17, 2016 with the attendance of 1,000 racers. Race and boat trips as well as other various activities were organized on April 15 and 16 to create a celebration atmosphere for Bodrum's streets. Revenues from the race were donated to TOÇEV and Parıltı Association's non-profit social activities.

THIS YEAR, GLOBAL INVESTMENT HOLDINGS DONATED MONEY AND SENT CARDS FROM TOHUM VAKFI AS NEW YEAR'S GIFTS.

The revenues of Global Run 3 were donated to TOÇEV and Parıltı Association's non-profit social activities.

Global Run Valletta, 2016
Organized by Global Ports Holding (GPH), the world's largest cruise port operator, Global Runs was held for the first time in Valletta, Malta, on Sunday, October 30. It featured a 10 km and 5 km run, as well as a 5 km walk that started from the magnificent Valletta Cruise Port, and traversed the stony grandeur of the peninsular city. Over 1,000 runners took part in aiding Puttinu Cares, which supports the families and relatives of children battling cancer.

Tohum Vakfı
This year, Global Investment Holdings donated money and sent cards from Tohum Vakfi as New Year's gifts.

The Tohum Turkey Autism Early Diagnosis and Education Foundation was established on April 15, 2003 as a health and education foundation that aims at timely diagnosis of children with autism and prevalent development disorder. It is a pioneer in enabling these individuals to participate more fully in society through the expansion of special education throughout Turkey.

BOARD OF DIRECTORS

Mehmet Kutman | Chairman

Mr. Kutman, a founding shareholder, is the Chairman and Chief Executive Officer of Global Investment Holdings. While actively involved in business development at the Company level, Mr. Kutman also serves on the Boards of Directors of several of Global Investment Holdings' operating subsidiaries and affiliates, including Global Ports Holding, Ege Ports, Port Akdeniz, Bodrum Cruise Port, and energy sector companies involved in natural gas distribution, power generation and mining.

Mr. Kutman is Chairman of the Turkey-Cuba Business Council of DEİK (Foreign Economic Relations Board) and is a member of TÜSİAD (Turkish Industry & Business Association).

Prior to founding the antecessor of the Company in 1990, from 1989 to 1990, Mr. Kutman was a project manager at Net Holding A.Ş., a Turkish corporate group involved in tourism and other related sectors. 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, a program that works toward a greater understanding of the formation of brain tumors and development of improved therapies, as well as various cancer research activities worldwide through the Gregory M. Kiez and Mehmet Kutman Foundation.

Erol Göker | Vice Chairman

Mr. Göker is a founding shareholder of the Company, and has served as Chairman of the Group's Finance division since its formation. In addition to his representation on the Board of Directors of various Group companies, Mr. Göker holds membership of several committees of the Borsa Istanbul and is a member of TÜSİAD.

Prior to founding the precursor to the Company in 1990, Mr. Göker led the Capital Markets Department at Net Holding A.Ş. before joining Net Holding A.Ş., and served for four years at the Capital Markets Board, and for four years at the Ministry of Finance in the Tax Auditing Department. Mr. Göker holds a BA in Political Science and an MA in Economics, both from Ankara University.

Ayşegül Bensel
Non-Executive Board Member

Mrs. Bensel joined the Board in 1999 and serves on the Boards is of various subsidiaries. Mrs. Bensel Chairperson of the Group's R.E. division.

Mrs. Bensel served as the Chairwoman and also, after 2005, as the CEO of Global Life Insurance until the Group sold the company in March 2007. Previously, Mrs. Bensel was Co-Director of Research at Global Securities between 1998 and 1999, and Assistant Director of Research from 1993 to 1998. Prior to joining the Group as an equity research analyst in 1991, Mrs. Bensel was a foreign exchange dealing manager in the Turkish banking sector. Mrs. Bensel holds a BA in Business Administration and Finance from Hacettepe University, Ankara.

Serdar Kırmaz | Board Member

Mr. Kırmaz joined the Board in 2010, and has also served on the Boards of various subsidiaries.

Mr. Kırmaz received his Bachelor's degree in Business Administration from Middle East Technical University, Ankara. In 1988, he joined PricewaterhouseCoopers (PwC) and became a Partner. From 1997 to 1999, Mr. Kırmaz held advisory positions in various Turkish groups. Mr. Kırmaz has served as the CFO, and on the Boards of several subsidiaries of Doğan Group from 2007 to 2010; Global Investments Holdings from 2005 to 2007; and STFA Group between 1999 and 2005.

Adnan Nas
Non-Executive Board Member

Adnan Nas holds BSc degrees in Economics/Finance and Law. He also completed post graduate studies in Management.

He has 12 years of experience as an Inspector of Finance, including two years as the Deputy President of the Board of Inspection at the Ministry of Finance and Customs. Prior to joining PricewaterhouseCoopers in 1992 at partner level to lead the tax practice, he worked as a corporate executive (Finance Director and Board Member) in a major conglomerate (STFA Holding) in Istanbul from 1985.

Having been the founder, he was also a senior partner/tax leader and chairman of PricewaterhouseCoopers between 1992 and 2011. Currently, he is a Board Member at Global Investment Holdings and a number of its subsidiaries. Mr. Nas also chairs his business advisory firm (Target Consulting), providing assistance to selective clients and a monthly finance magazine run by an editorial board of academics. He writes weekly columns in the business publication Dünya.

Mr. Nas is a Sworn Tax Advisor/Lawyer. He is a board member of the Canadian Business Council and Vice Chairman of the Central America Business Council at DEİK. He is actively involved in many NGOs including TÜSİAD and TOBB. Mr. Nas is also Vice-President at the Association of Financial Executives (Finance Club). He was a board member/General Secretary at Galatasaray Sports Club until October 2014; he remains the president of the Turkish arm of an International Association for leadership development called "Common Purpose." Mr. Nas is a Senior Fellow of New Westminster College in Vancouver, Canada.

He has played various roles in several organizations during his career, including Deputy Chairman of the Foreign Investors Association (YASED), the former Chairman at Am-Cham Turkey, a member of US-Turkey Business Council (FSECC), head of the USA Working Group at TÜSİAD, an executive member of the Tax Council at the Ministry of Finance, and former member of the board at the Istanbul Chamber of Sworn Advisors.

Mr. Nas has extensive experience in national and international tax, legal, and business advisory, and is a prominent thought leader via frequent attendance at conferences, seminars and media interviews in Turkey and abroad on regulatory and investment topics. He speaks fluent English and has a working knowledge of French. He is married with one child.

Jérôme Bayle
Independent Board Member

Mr. Bayle has held top executive positions in various countries for Tetra Pak for 32 years. Among others, as the former Managing Director of Tetra Pak Turkey he was responsible, to develop Tetra Pak operations in vasious regions including Central Asia and the Caucasus. He has also worked in the Balkans. Since then, Mr. Bayle has established Magnetic North, a management consulting firm providing mentoring and consulting services to large multinational companies in the greater Middle East region, with a particular emphasis on human resources, organizational processes and development. Mr. Bayle holds a Master's degree in Business and Finance from France's Dauphine Université. He is also an alumni of the Swiss business school IMD. He has garnered numerous awards during his professional career, and has been recognized for his many contributions to business and social organizations.

Oğuz Satıcı
Independent Board Member

Mr. Satıcı has been an independent Board member since 2012.

Mr. Satıcı began his career in the textile sector, successfully expanding his family's business. Of note, he was the youngest person to be elected as an Assembly Member of the Istanbul Chamber of Commerce (İTO) in 1990. He served as a board member of the Economic Development Foundation (İKV) between 1996 and 1998, and as Chairman of the Istanbul Textile and Raw Materials Exporters' Association between 1999 and 2001.

He was the 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, which is widely acknowledged by the Turkish political and business community.

Mr. Satıcı also served as a board 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, currently also a board member of Turkish Eximbank, holds a BA in Business Administration from Washington International University.

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 Bensel (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
Aslı Su Ata	Director / CMB Advanced Level & Corporate Governance Rating 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 2017at 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 Bensel
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, Ayşegül 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	Mehmet KUTMAN
Finance Director	*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 acquisiton), 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.

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 2016 with Independent Auditors' Report Thereon

13 March 2017

This report includes 3 pages of independent auditors' report and 107 pages of consolidated financial statements together with their explanatory notes.

Deloitte.

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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITORS' REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Board of Directors of Global Yatırım Holding Anonim Şirketi,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Global Yatırım Holding Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the 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"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the Note 19 of the accompanying consolidated financial statements:

As explained in detail in Note 19, the pending lawsuit numbered 2010/920E before 13th Department of Council of State between Ankara Metropolitan Municipality ("the Municipality") and Joint Venture Group ("JVG"), which the Group is one the venturers, regarding the cancellation of decision of the Municipality for the liquidation of Letter of Guarantee amounting to USD 50 million given by the Group in favor of Municipality in accordance with the specifications of the privatization tender of Başkent Doğalgaz Dağıtım A.Ş. by the method of block sale, resulted against the JVG on 8 May 2014. The decision is appealed by the Group and the appeal is pending.

On the other hand, on 26 February 2013 the pending lawsuit numbered 2010/308E before Ankara 4th Commercial Court regarding the prevention of the liquidation of Letter of Guarantee amounting to USD 50 million given by the Group and to dissolve the dispute resulted against the JVG and the related preliminary injunction has been repealed. The Group appealed the decision of Ankara 4th Commercial Court dated 26 February 2013 on the lawsuit numbered 2010/308E regarding the prevention of the liquidation of Letter of Guarantee and to dissolve the dispute. As a result of the appeal, the 11th Chamber of Supreme Court acknowledged the Group's objections and reversed the decision of Ankara 4th Commercial Court in favor of the Group. The defendant Municipality requested for the revision of decision of the 11th Chamber of Supreme Court, the Supreme Court also rejected this revision request in favor of the Company. The file returned to the Court of First Instance and this court will re-trial with a new file number 2016/37 in view of the Supreme Court's decision.

As a result the lawsuit resulted against the Group on 26 February 2013, the Group accounted its obligations arising from the decision of the court of first instance in its consolidated financial statements as at 31 December 2012. As at the date of reporting period, the Letter of Guarantee amounting to USD 50 million has been liquidated and paid in cash by the Group and legal proceedings with regard to reimbursement of the share of the other members of the JVG which is recognized as other receivables have been initiated. In 2014, the Group, came to an agreement with the two members of the JVG on the continuing lawsuits regarding the reimbursement of the related costs, collected the related agreed amounts and adjusted its consolidated financial statements accordingly. However, the lawsuits regarding the reimbursement of the related costs against the third member of the JVG is pending.

Additionally, the Municipality filed a lawsuit numbered 2013/206E against the JVG before 4th Ankara Commercial Court in request for the compensation for unlawful preliminary injunction. The Group requested for a nonsuit and for awaiting the finalization of the decisions of the superior court by reasoning the fact that the compensation lawsuit was filed before giving ruling on the primal lawsuits conducted before other courts, and also requested for evidencing of tangible damages of plaintiff and determining of the scope of compensation in accordance with the Code of Obligation Article 51. On 27 January 2016, the Court decided to pend the filing until the finalization of the lawsuit numbered 2016/37 E. which is on trial in the same court as described above.

As explained in detail in Note 19, the Water Utilization Rights Agreement which should had been signed between a subsidiary of the Group engaged in hydroelectric power plant investments and the General Directorate of State Water Works ("DSİ") has not been put in signature due to the cancellation of the project by DSİ. The Group lawyers have filed a lawsuit at the 16th Administrative Court of Ankara to cancel the decision given by DSİ which was further rejected by the Court. The Group lawyers appealed the verdict at the Council of State and requested an injunction.

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As at the date the consolidated financial statements were authorized for issue, the litigations mentioned above are being held at different stages of the judicial proceedings and include uncertainty regarding the ultimate outcome of the resolutions. The Group management, based on consultation with the Group legal attorneys, has not provided any provision with respect to aforementioned litigation matters in the accompanying consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 8 March 2016.

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 1 January - 31 December 2015, 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.

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.

Other Issue

Financial statements for the year ended 31 December 2014 has been audited by another independent auditing company. The previous independent audit firm express an unqualified opinion for the financial statements on the date of 31 December 2014, in the report of independent audit on 11 March 2015.

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member of **Deloitte Touche Tohmatsu Limited**

Burç Seven, SMMM
Partner

İstanbul, 8 March 2016

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GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016
Currency Turkish Lira ("TL") unless otherwise stated

	Notes	Audited 31 December 2016	Audited 31 December 2015
ASSETS			
Current assets		**628.824.363**	**671.417.856**
Cash and cash equivalents	7	209.040.990	296.169.494
Financial Investments	8	12.085.964	15.540.728
Trade receivables		88.527.784	81.927.492
- Trade Receivables Due From Unrelated Parties	*10*	*88.527.784*	*81.927.492*
Other receivables		79.111.752	52.522.160
- Other Receivables Due From Related Parties	*6*	*63.457.173*	*44.991.563*
- Other Receivables Due From Unrelated Parties	*11*	*15.654.579*	*7.530.597*
Receivables from operations in finance sector		58.498.050	70.792.190
-Receivables From Financial Sector Operations Due From Related Parties	*6*	*12.321.934*	*9.944.862*
-Receivables From Financial Sector Operations Due From Unrelated Parties	*12*	*46.176.116*	*60.847.328*
Inventories	13	82.064.090	59.483.667
Prepayments	14	42.130.447	49.094.733
Derivative Financial Assets	33	1.346.268	-
Current Tax Assets	22	13.413.283	2.306.088
Other current assets	22	41.742.984	42.718.553
(Subtotal)		*627.961.612*	*670.555.105*
Non-current Assets or Disposal Groups Classified as Held for Sale	36	862.751	862.751
Non-current assets		**3.245.719.784**	**2.767.407.349**
Other receivables	11	75.543.046	61.759.060
Financial Investments	8	4.276.621	7.234.573
Investments accounted for using equity method	18	67.794.872	19.268.403
Investment property	15	414.323.250	374.912.000
Property, plant and equipment	16	754.500.121	563.508.560
Intangible assets and goodwill		1.781.444.960	1.613.302.554
- Goodwill	*17*	*71.533.722*	*56.242.758*
- Other intangible assets	*17*	*1.709.911.238*	*1.557.059.796*
Prepayments	14	43.079.255	32.262.624
Deferred Tax Asset	31	90.248.691	81.901.326
Other Non-current Assets	22	14.508.968	13.258.249
TOTAL ASSETS		**3.874.544.147**	**3.438.825.205**

Accompanying notes are an integral part of these consolidated financial statements.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
Currency Turkish Lira ("TL") unless otherwise stated

	Notes	Audited 31 December 2016	Audited 31 December 2015
LIABILITIES			
Current liabilities		**1.031.798.729**	**656.306.578**
Current Borrowings	9	244.383.130	54.094.422
Current Portion of Non-current Borrowings	9	548.986.815	371.434.904
Trade Payables		94.890.256	83.406.747
- Trade Payables to Unrelated Parties	*10*	*94.890.256*	*83.406.747*
Employee Benefit Obligations	21	10.007.468	5.717.182
Other payables		24.739.703	29.384.179
- Other Payables to Related Parties		*135.094*	*317.672*
- Other Payables to Unrelated Parties	*11*	*24.604.609*	*29.066.507*
Payables on Financial Sector Operations		52.916.021	60.105.886
-Payables to Unrelated Parties on Financial Sector Operations	*12*	*52.916.021*	*60.105.886*
Derivative Financial Liabilities	33	1.409.612	-
Deferred income	14	15.462.273	10.352.128
Current tax liabilities		6.320.041	5.525.114
Current provisions		12.544.697	8.853.809
- Current provisions for employee benefits	*21*	*3.265.696*	*2.478.740*
- Other current provisions	*19*	*9.279.001*	*6.375.069*
Other Current Liabilities	22	20.138.713	27.432.207
(Subtotal)		*1.031.798.729*	*656.306.578*
Non-current liabilities		**1.934.432.746**	**1.807.911.689**
Long term borrowings	9	1.465.878.890	1.394.487.213
Other payables	11	14.277.233	11.171.820
Liabilites due to Investments Accounted for Using Equity Method	18	566.722	391.687
Deferred income		1.570.136	269.000
Derivative Financial Liabilities	33	3.981.186	2.771.205
Non-current provisions		62.247.673	48.723.011
- Non-current provisions for employee benefits	*21*	*9.960.330*	*7.497.354*
- Other non-current provisions	*19*	*52.287.343*	*41.225.657*
Deferred tax liabilities	31	385.910.906	350.097.753
EQUITY	**23**	**908.312.672**	**974.606.938**
Equity attributable to equity holds of the Group		**488.533.757**	**560.703.827**
Issued capital		193.500.000	193.500.000
Inflation adjustment on capital		34.659.630	34.659.630
Treasury Shares owned by the company (-)		(19.909.777)	(22.143.104)
Share Premium (Discount)		12.387.946	10.430.125
Other Accumulated Comprehensive Income (Loss) that will not be reclassified in profit or loss		10.950.909	13.050.003
- Other Gains (Losses)		*14.497.128*	*14.497.128*
- Gains (Losses) on Remeasurements of Defined Benefit Plans		*(3.546.219)*	*(1.447.125)*
Other Accumulated Comprehensive Income (Loss) that will be reclassified in profit or loss		203.169.998	136.201.483
- Exchange Differences on Translation		*537.036.199*	*327.379.903*
- Gains (Losses) on Revaluation and Reclassification		*(782.901)*	*(2.072.065)*
- Gains (Losses) on Hedge		*(333.083.300)*	*(189.106.355)*
Restricted Reserves Appropriated From Profits		95.445.951	76.915.357
Prior Years' Profits or Losses		88.628.591	166.125.876
Current Period Net Profit Or Loss		(130.299.491)	(48.035.543)
Non-controlling interests		**419.778.915**	**413.903.111**
TOTAL EQUITY AND LIABILITIES		**3.874.544.147**	**3.438.825.205**

Accompanying notes are an integral part of these consolidated financial statements.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

Currency Turkish Lira ("TL") unless otherwise stated

	Notes	Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2015
PROFIT OR LOSS			
Revenue	24	599.453.940	519.156.894
Cost of revenues (-)	24	(405.715.034)	(372.173.442)
Gross profit/(loss) from trade operations		**193.738.906**	**146.983.452**
Revenues from finance operations	24	30.536.415	33.044.358
Cost of revenues from finance operations (-)	24	(4.202.728)	(5.839.297)
Gross profit/(loss) from operations in finance sector		**26.333.687**	**27.205.061**
GROSS PROFIT/(LOSS)		**220.072.593**	**174.188.513**
Marketing expenses (-)	25	(37.581.463)	(34.861.348)
General administrative expenses (-)	25	(150.598.659)	(113.775.916)
Other operating income	27	14.378.797	38.271.369
Other operating expense (-)	27	(24.278.144)	(48.087.115)
OPERATING PROFIT/(LOSS)		**21.993.124**	**15.735.503**
Income from investing activities	28	3.534.737	55.119.963
Expense from investing activities (-)	28	(1.702.363)	(534.957)
Share of profit/(loss) of equity accounted investees	18	7.279.347	2.594.661
PROFIT/(LOSS) BEFORE FINANCE INCOME/EXPENSE		**31.104.845**	**72.915.170**
Finance income	29	34.736.486	34.990.196
Finance expenses (-)	30	(207.596.751)	(182.332.169)
PROFIT/(LOSS) BEFORE TAX		**(141.755.420)**	**(74.426.803)**
Income tax credit /(expense)		**5.749.423**	**25.897.350**
- Current tax benefit/(expense)	31	(17.969.652)	(18.201.803)
- Deferred tax benefit /(expense)	31	23.719.075	44.099.153
NET PROFIT/(LOSS) FOR THE PERIOD		**(136.005.997)**	**(48.529.453)**
Profit/(loss) attributable to		**(136.005.997)**	**(48.529.453)**
- Non controlling interests		(5.706.506)	(493.910)
- Owners of the company	32	(130.299.491)	(48.035.543)
Earnings per share	**32**	**(0,7342)**	**(0,2737)**
Diluted earnings per share	**32**	**(0,7342)**	**(0,2737)**
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		**(2.099.094)**	**(682.128)**
Gains (Losses) on Remeasurements of Defined Benefit Plans		(2.099.094)	(682.128)
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		**99.944.886**	**26.611.738**
Exchange Differences on Translation		242.632.667	167.309.108
Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	30	(142.687.781)	(140.697.370)
OTHER COMPREHENSIVE INCOME / (LOSS)		**97.845.792**	**25.929.610**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(38.160.205)**	**(22.599.843)**
Total comprehensive income/(loss) attributable to		**(38.160.205)**	**(22.599.843)**
Non-controlling interests		27.269.865	2.712.330
Owners of the company		(65.430.070)	(25.312.173)

Accompanying notes are an integral part of these consolidated financial statements.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

Currency Turkish Lira ("TL") unless otherwise stated

					Other Comprehensive Income/ Expense not to be Reclassified to Profit or Loss		Other Comprehensive Income/ Expense to be Reclassified to Profit or Loss				Retained Earnings				
	Issued Capital	Inflation Adjustments on Capital	Treasury Shares owned by the Company	Share premiums or discounts	Gains (Losses) on Remeasurements of Defined Benefit Plans	Other Reserves Of Other Gains (Losses)	Gain/loss on revaluation and remeasurement	Other Gains or Losses on Hedge	Exchange Differences on Translation	Restricted Reserves Appropriated From Profits	Net Profit / (Loss) For the Period	Prior Years' Profits or Losses	Equity Attributable to the Owners of the Company	Non-Controlling Interest	Total
Balance at 1 January 2015	**204.211.922**	**34.659.630**	**(49.379.666)**	**4.893.906**	**(764.997)**	**14.497.128**	**(2.007.453)**	**(48.473.485)**	**163.277.035**	**132.421.095**	**(72.689.807)**	**77.979.155**	**458.624.463**	**284.593.473**	**743.217.936**
Total comprehensive income															
Other Comprehensive Income (Loss)	-	-	-	-	(682.128)	-	(64.500)	(140.632.870)	164.102.868	-	-	-	22.723.370	3.206.240	25.929.610
Profit (loss)	-	-	-	-	-	-	-	-	-	-	(48.035.543)	-	(48.035.543)	(493.910)	(48.529.453)
Capital Decrease	(10.711.922)	-	13.079.257	-	-	-	-	-	-	(13.079.257)	-	10.711.922	-	-	-
Acquisition or Disposal of a Subsidiary (Note 3)	-	-	-	(1.761.748)	-	-	(112)	-	-	5.396.202	-	102.301.923	105.936.265	136.319.320	242.255.585
Increase (Decrease) through Treasury Share Transactions	-	-	14.157.305	7.297.967	-	-	-	-	-	(14.157.305)	-	14.157.305	21.455.272	(2.723.494)	18.731.778
Dividends Paid	-	-	-	-	-	-	-	-	-	1.413.301	-	(1.413.301)	-	(6.998.518)	(6.998.518)
Transfers	-	-	-	-	-	-	-	-	-	(35.078.679)	72.689.807	(37.611.128)	-	-	-
Balance at 31 December 2015	**193.500.000**	**34.659.630**	**(22.143.104)**	**10.430.125**	**(1.447.125)**	**14.497.128**	**(2.072.065)**	**(189.106.355)**	**327.379.903**	**76.915.357**	**(48.035.543)**	**166.125.876**	**560.703.827**	**413.903.111**	**974.606.938**
Balance at 1 January 2016	**193.500.000**	**34.659.630**	**(22.143.104)**	**10.430.125**	**(1.447.125)**	**14.497.128**	**(2.072.065)**	**(189.106.355)**	**327.379.903**	**76.915.357**	**(48.035.543)**	**166.125.876**	**560.703.827**	**413.903.111**	**974.606.938**
Total comprehensive income															
Other Comprehensive Income (Loss)	-	-	-	-	(2.099.094)	-	1.289.164	(143.976.945)	209.656.296	-	-	-	64.869.421	32.976.371	97.845.792
Increase (Decrease) through Treasury Share Transactions	-	-	2.233.327	1.026.674	-	-	-	-	-	(2.233.327)	-	2.233.327	3.260.001	-	3.260.001
Profit (loss)	-	-	-	-	-	-	-	-	-	-	(130.299.491)	-	(130.299.491)	5.706.506	(136.005.997)
Dividends Paid	-	-	-	931.147	-	-	-	-	-	20.763.921	-	(31.695.069)	(10.000.001)	21.394.061	(31.394.062)
Transfers	-	-	-	-	-	-	-	-	-	-	48.035.543	(48.035.543)	-	-	-
Balance at 31 December 2016	**193.500.000**	**34.659.630**	**(19.909.777)**	**12.387.946**	**(3.546.219)**	**14.497.128**	**(782.901)**	**(333.083.300)**	**537.036.199**	**95.445.951**	**(130.299.491)**	**88.628.591**	**488.533.757**	**419.778.915**	**908.312.672**

Accompanying notes are an integral part of these consolidated financial statements.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016
Currency Turkish Lira ("TL") unless otherwise stated

		Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2015
Profit (Loss)		(136.005.997)	(48.529.453)
Adjustments for Depreciation and Amortisation Expense	26	161.159.003	137.373.472
Adjustments for (Reversal of) Provisions Related with Employee Benefits	21	3.758.961	287.394
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		(7.279.347)	(2.594.661)
Adjustments for (Reversal of) Other Provisions		1.771.007	(429.224)
Adjustments for Interest Income		(17.545.193)	(13.952.394)
Adjustments for Interest expense		156.223.934	128.366.226
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(1.273.325)	86.000
Adjustments for Tax (Income) Expenses		(5.749.423)	(25.897.350)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(1.189.856)	1.054.371
Other adjustments for which cash effects are investing or financing cash flow		57.001.795	80.997.779
Adjustments for Fair Value Losses (Gains) of Investment Property		(1.374.719)	(53.563.005)
Other Adjustments to Reconcile Profit (Loss)		7.304.349	12.513.666
Adjustments to Reconcile Profit (Loss)		**216.801.189**	**215.712.821**
Decrease (increase) in Financial Sector Receivables		26.993.146	48.834.063
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations		(4.505.518)	(19.951.423)
Adjustments for Decrease (Increase) in Inventories		(21.176.768)	(10.313.901)
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		8.468.364	5.956.902
Increase (decrease) in Payables due to Finance Sector Operations		(7.189.865)	(18.267.344)
Increase (Decrease) in Employee Benefit Liabilities		5.077.242	1.224.231
Increase (Decrease) in Deferred Income		(1.453.630)	14.675.186
Decrease (Increase) in Other Assets Related with Operations		(28.063.292)	(41.131.687)
Increase (Decrease) in Other Payables Related with Operations		(6.150.642)	5.841.305
Dividends Received		577.475	429.473
Interest Paid		(4.180.122)	(3.937.274)
Interest Received		7.979.100	7.739.125
Payments Related with Provisions for Employee Benefits		(2.396.296)	(425.295)
Income Taxes Refund (Paid)		(17.535.025)	(20.145.968)
Changes in Working Capital		**173.245.358**	**186.240.214**
Proceeds from Sales of Property, Plant and Equipment	16	7.327.345	1.217.542
Proceeds from Sales of Intangible Assets	17	704.211	-
Purchase of Property, Plant and Equipment	16	(169.733.844)	(86.492.935)
Purchase of Intangible Assets	17	(4.600.380)	(9.976.666)
Cash Outflows from Acquition of Investment Property	15	-	(71.780.760)
Paybacks from Other Cash Advances and Loans Made to Other Parties		(13.747.820)	(11.186.817)
Interest Received		7.892.106	5.596.993
Other Inflows (Outflows) of Cash		5.222.860	1.447.113
Cash Outflows from Purchase of Additional Shares of Subsidiaries		(7.676.142)	(97.183.357)
Cash Inflows Caused by Share Sales or Capital Decrease of Associates and / or Joint Ventures		-	3.200.000
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(31.216.616)	-
Cash Flows from (used in) Investing Activities		**(205.828.280)**	**(265.158.887)**
Cash Inflows from Sale of Acquired Entity's Shares		3.260.001	21.455.272
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control		-	165.726.900
Proceeds from Loans		396.520.012	349.758.071
Proceeds From Issue of Debt Instruments		135.000.000	110.000.000
Loan Repayments		(222.102.004)	(257.028.520)
Payments of Issued Debt Instruments		(160.000.000)	(75.000.000)
Decrease in Other Payables to Related Parties		(20.626.077)	(7.277.104)
Dividends Paid		(21.394.061)	(6.998.518)
Interest Paid		(163.718.132)	(114.352.034)
Other Inflows (Outflows) of Cash		3.687.898	(42.264.345)
Cash Flows from (used in) Financing Activities		**(49.372.363)**	**144.019.722**
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rate Changes		(81.955.285)	65.101.049
Effect of Exchange Rate Changes on Cash and Cash Equivalents		6.396.503	10.788.744
Net Increase (Decrease) in Cash and Cash Equivalents		(75.558.782)	75.889.793
Cash and Cash Equivalents at the Beginning of the Period	7	236.503.075	160.613.282
Cash and Cash Equivalents at the End of the period	7	160.944.293	236.503.075

Accompanying notes are an integral part of these consolidated financial statements.

1 ORGANIZATION AND NATURE OF BUSINESS

Global Yatırım Holding A.Ş. ("Global Yatırım Holding", "Global Holding", "GYH" or "the Company") was established in 1990 with the trade name Global Menkul Değerler A.Ş. as a brokerage company in İstanbul, Turkey. On 6 October 2004, the Company changed its trade name to Global Yatırım Holding A.Ş and its field of activity to restructured itself as a holding company. As part of its restructuring, on 2 October 2004, a new company, named Global Menkul Değerler A.Ş. was established by through a partial de-merger in accordance withunder Turkish legislation law and 99,99% of its shares were owned by the Company. All of the Company's brokerage activities were transferred to this new company. The main operation of the Company's primary purpose is to participate invest in the capital and participate in the management of companies that operate or will operate in the fields of brokerage and asset management (formerly named as "financial services"), naturel gas/mining/energy generation (formerly named as "energy") , port operations (formerly named as "infrastructure") and real estate development sectors, and to minimize the volatility of its investments against economic fluctuations by handling managing the capital expenditure, financing, organization and administration of those its investment companies within portfolio, while contributing to such companies the achievingement of sustainable growth and ensuring the going concern of those such companies to the benefit of the national economy, and to engage in commercial, industrial and financial activities in line with these goals.

Global Yatırım Holding, its subsidiaries, its joint ventures and its associates are together referred to as "the Group". As at 31 December 2016, the number of employees of the Group is 1.411 (31 December 2015: 1.424).

The Group is registered with the Capital Market Board ("CMB") and its shares have been traded on the Borsa İstanbul ("BIST") since May 1995 (from May 1995 to 1 October 2004, the company traded as "Global Menkul Değerler A.Ş.").

The registered office of the Company is "Rıhtım Caddesi No: 51 Karaköy / Istanbul".

99,99% of the shares of the Company are listed on the BIST.

The Company's shareholding structure is presented in Note 23.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016
Currency Turkish Lira ("TL") unless otherwise stated

1 ORGANIZATION AND NATURE OF BUSINESS (continued)

The nature of the operations and the locations of the "Subsidiaries" of the Group are listed below:

Subsidiaries	Location	Operations
Global Menkul Değerler A.Ş. (Global Menkul) (1)	Turkey	Brokerage
Global Financial Products Ltd. (GFP)	Cayman Islands	Financial Investments
Global Sigorta Aracılık Hizmetleri A.Ş. (Global Sigorta)	Turkey	Insurance Agency
Global Liman İşletmeleri A.Ş. (Global Liman)	Turkey	Port Operations
Ege Global Madencilik San. ve Tic. A.Ş. (Ege Global)	Turkey	Energy Generation
Mavi Bayrak Enerji Üretim A.Ş. (Mavi Bayrak)	Turkey	Energy Generation
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş. (Salıpazarı)	Turkey	Construction Investments
Güney Madencilik İşletmeleri A.Ş. (Güney)	Turkey	Mining
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş. (Neptune)	Turkey	Maritime Investments
Tenera Enerji Tic. A.Ş. (Tenera)	Turkey	Electricity Generation and Naturel Gas Trade
Vespa Enterprises (Malta) Ltd. (Vespa)	Malta	Tourism Investments
Pera Gayrimenkul Yatırım Ortaklığı A.Ş. (Pera)	Turkey	Real Estate Investments
Tora Yayıncılık A.Ş. (Tora)	Turkey	Publishing
Global Enerji Hizmetleri ve İşletmeciliği A.Ş. (Global Enerji)	Turkey	Electricity Generation
Dağören Enerji A.Ş. (Dağören) (15)	Turkey	Electricity Generation
Ege Liman İşletmeleri A.Ş. (Ege Liman) (4)	Turkey	Port Operations
Bodrum Yolcu Limanı İşletmeleri A.Ş. (Bodrum Liman) (4)	Turkey	Port Operations
Ortadoğu Antalya Liman İşletmeleri A.Ş. (Ortadoğu Liman) (4)	Turkey	Port Operations
Sem Yayıncılık A.Ş. (Sem) (5)	Turkey	Publishing
Maya Turizm Ltd. (Maya Turizm) (6)	Cyprus	Tourism Investments
Galata Enerji Üretim San. ve Tic. A.Ş. (Galata Enerji) (2) (12)	Turkey	Electricity Generation
Doğal Enerji Hizmetleri ve İşletmeciliği A.Ş. (Doğal Enerji)(15)	Turkey	Electricity Generation
Global Depolama A.Ş. (4)	Turkey	Storage
Sümerpark Gıda İşletmeciliği A.Ş.	Turkey	Food Management
Randa Denizcilik San. ve Tic. Ltd. Şti. (Randa) (8)	Turkey	Marine Vehicle Trade
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş. (Ra Güneş) (10) (15)	Turkey	Electricity Generation
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş (Tres Enerji) (15)	Turkey	Energy Generation
Straton Maden Yatırımları ve İşletmeciliği A.Ş. (Straton)	Turkey	Mining
Adonia Shipping Limited	Malta	Ship Management
Naturelgaz Sanayi ve Tic. A.Ş. (Naturelgaz)	Turkey	Compressed Natural Gas Sales
Container Terminal and General Cargo – Bar (Port of Bar) (4)	Montenegro	Port Operations
Geliş Madencilik Enerji İnşaat Ticaret A.Ş. (Geliş Madencilik) (11) (12)	Turkey	Mining
Global Gemicilik ve Nakliyat Hizmetleri A.Ş. (Global Gemicilik) (13)	Turkey	Maritime Investments
Creuers del Port de Barcelona, S.A. ("Barselona Port") (14) (4)	Spain	Port Operations
Cruceros Malaga, S.A ("Malaga Port") (14) (4)	Spain	Port Operations
Barcelona Port Investments, S.L ("BPI") (14) (4)	Spain	Port Operations
Valetta Cruise Port PLC ("VCP") (7) (4)	Valetta-Malta	Port Operations
Perquisite Holdings Ltd. ("Perquisite") (4)	Malta	Port Operations
Global Ports Europe B.V ("Global BV") (4)	Spain	Port Operations
Global Ports Malta Ltd. ("GP Malta")(4)	Malta	Port Operations
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. (15)	Turkey	Energy Generation
Global Ticari Emlak Yatırımları A.Ş. (16)	Turkey	Real Estate Investments
Vinte Nova (17)	Cayman Islands	Financial Investments

1 ORGANIZATION AND NATURE OF BUSINESS (continued)

Subsidiaries	Location	Operations
Actus Portföy Yönetimi A.Ş [9]	Turkey	Brokerage
Global MD Portföy Yönetimi A.Ş [3]	Turkey	Brokerage
Mavi Bayrak Doğu Enerji Üretim A.Ş. [12]	Turkey	Energy Generation
Edusa 1 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Edusa 2 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Edusa 3 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Edusa 4 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Morita 1 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Morita 2 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Morita 3 Enerji San. Ve Tic. A.Ş[18]	Turkey	Energy Generation
Morita 4 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Sentinus 1 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Sentinus 2 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Sentinus 3 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Sentinus 4 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Taranis 1 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Taranis 2 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Taranis 3 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Taranis 4 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Vipasana 1 Enerji San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Ravi Güneş Enerjisi Üretim ve San. Ve Tic. A.Ş.[18]	Turkey	Energy Generation
Consus Energy BV	Netherland	Energy Generation
Aristaeus Limited	Malta	Financial Investments
Port Operation Holding S.r.l [19]	Italy	Port Operations
Ravenna Terminali Passeggeri S.r.l. [19]	Italy	Port Operations
Cagliari Terminali Passeggeri S.r.l. [19]	Italy	Port Operations
Catania Terminali Passeggeri S.r.l. [19]	Italy	Port Operations
Evergas Doğalgaz İthalat ve Tic. A.Ş. [20]	Turkey	Naturel gas Sales
Ardus Gayrimenkul Yatırımları A.Ş. [21]	Turkey	Real Estate Investments

[1] In 2011 as a result of the sale of its shares through an initial public offering and direct sale and subsequent purchase of some of its publicly traded shares the Group's effective ownership rate in this company decreased to 76,85% as at 31 December 2011 and 75,67 % as at 31 December 2012. As at 31 December 2016, the Group's effective ownership rate in this company is 77,43%. (31 December 2015 : 77,43%)
[2] This company is consolidated to Global Enerji. In 2014, Galata Enerji cancelled Thermal Power Plant Project and license was rendered.
[3] Global MD Portföy Yönetimi A.Ş. (formerly named as "Eczacıbaşı Portföy Yönetimi A.Ş.") was purchased by Global Menkul on 1 June 2015 and consolidated to Global Menkul.
[4] These companies are consolidated to Global Liman.
[5] This company is consolidated to Tora.
[6] The control of this company, the joint venture of Pera and Vespa, belongs to the Group and is consolidated to the Group.
[7] The Group has acquired 55,60% of shares of VCP on 30 November 2015 and has started to include in the scope of consolidation as of 31 December 2015.
[8] This company was purchased by Global Liman, a subsidiary of the Group, on 17 February 2011 for a price amounting to Euro 10.000. This company is inactive and its financial statements are immaterial in the consolidated financial statements, so as at 31 December 2016 and 31 December 2015 it is excluded from the scope of consolidation (Note 2.1.f).
[9] The Company has acquired 90,1% of shares of Actus Portföy Yönetimi A.Ş., which operates in the finance sector (formerly named was "Polsan Portföy Yönetimi A.Ş.), on 17 April 2015.
[10] This company was established in 27 November 2012 and consolidated to Consus Enerji.
[11] As of 3 October 2013, Global Enerji, a subsidiary of the Group, completed the acquisition of 85% of the shares of Geliş Madencilik Enerji İnşaat Ticaret A.Ş (Geliş Madencilik) with respect to the transaction Geliş Madencilik has been included in the scope of consolidation. As at 8 September 2014, 85 % of shares of Geliş Madencilik were transferred to Vinte Nova.

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1 ORGANIZATION AND NATURE OF BUSINESS (continued)

(12) Mavi Bayrak Doğu Enerji Üretim A.Ş. was established 9 April 2015. The Company operates in energy generation sector.
(13) This company was established in 13 May 2014. As at 31 December 2016 and 31 December 2015, it is excluded from the scope of consolidation since its financial statements are immaterial in the consolidated financial statements (Note 2.1.f).
(14) Global Liman acquired 43% of shares Creuers del Port de Barcelona S.A ("Creuers") which has majority shares of Malaga Cruise Port and minority shares of Singapore Cruise Port through Barcelona Port Investments, S.L ("BPI") established in partnership with Royal Caribbean Cruises Ltd. and recognized the transaction as equity accounted investee in the consolidated financial statements as at 31 December 2013. These companies have been consolidated as subsidiaries after the acquisition processes completed as 30 September 2015.
(15) This company was established on 28 August 2014. Consus Enerji has acquired 87,5 % of shares of Tres Enerji, 75 % of shares of Ra Güneş, 70 % of shares of Dağören and 100 % of shares of Doğal Enerji held by Global Enerji (a subsidiary of the Group) and these companies are consolidated to Consus Enerji as of reporting date.
(16) This company was established on 20 August 2014. The company operates in real estate investment sector.
(17) This company has been included in the scope of consolidation as at 30 September 2014 and acquired 85 % of shares of Geliş Madencilik held by Global Enerji on 8 September 2014.
(18) These companies were established by the Group to operate in energy generation sector in 2015.As at 31 December 2016 these companies are excluded from the scope of consolidation since its financial statements are immaterial in the consolidated financial statements.
(19) Global Liman has acquired 51% shares of Ravenna Terminali Passeggeri S.r.l (operating Ravenna Passenger Port), 71% shares of Cagliari Terminali Passeggieri S.r.l (operating Cagliari Passenger Port) and 62% shares of Catania Terminali Passeggieri S.r.l (operating Catania Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.
(20) This company has been included in the scope of consolidation as at 31 December 2016 and operates in import and trade of natural gas.
(21) This Company has been established through a partial division from GYH to coordinate real estate projects under this company.

Investments in associates	**Location**	**Operations**
IEG Kurumsal Finansman Danışmanlık A.Ş. (IEG) (1)	Turkey	Corporate Fin. Consulting
LCT- Lisbon Cruise Terminals, LDA ("Port of Lisbon") (2)	Portugal	Port Operations
SATS-Creuers Cruise Services Pte. Ltd.		
("Port of Singapore") (3)	Singapore	Port Operations
Venezia Investimenti Srl (4)	Italy	Port Operations
Axel Corporation Grupo Hotelero, S.L. (5)	Spain	Tourism Investments
La Spezia(6)	Italy	Port Operations

(1) This company has been established on 17 May 2011 with a 50 % - 50 % shareholdering structure by Global Menkul, a subsidiary of the Group, and IEG (Deutschland) GmbH, as a prominent company in corporate finance sector in Europe. As at the balance sheet date, this company was consolidated by equity accounting method (Note 18).
(2) Global Liman signed concession agreement on 18 July 2014 via a consortium comprising of Global Liman, RCCL, Creuers and Grupo Sousa Investimentos SGPS.
With in the scope of the concession, Global Liman completed the transactions of transferring Lisbon Cruise Terminal to LCT-Lisbon Cruise Terminal called LDA physically on 26 August 2014 and Lisbon Cruise Terminal has been consolidated as equity accounted investee as at 30 September 2014. Lisbon Cruise Terminal has capacity of two million of passengers and area of 16.618,9 square meters including a closed area of 13.000 square meters and open areas. Lisbon Cruise Terminal is totally 1.425 meters long.
(3) Barcelona Port Investments, S.L ("BPI") which was established in partnership with Global Liman and Royal Caribbean Cruises Ltd. acquired majority shares of Barcelona Port and Malaga Cruise Port and minority shares of Singapore Cruise Port as at 30 September 2014. Regarding with the acquisition, Singapore Cruise Port has been consolidated by equity accounting method.
(4) Global Liman, a subsidiary of the Group, has founded Venezia Investimenti Srl, which operates the Port of Venezia ("Venezia Terminal Passegeri S.p.A (VTP)") through a Joint Venture Group with Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd, each of which will have a 25% stake. As of July 19, 2016, the international consortium, which is a member of Global Ports Operations, has become indirectly 44.48% of VTP with Finpax shares previously acquired.
VTP, located in a total area of more than 260.000 sqm, operates in Marittima, S.Basilio and Rivadei Sette Martiri terminals in the size of 47.267 m². The terminals are in a strategic and important position not only because of the unique structure of Venice, but also because of its location and its location providing easy access to the city and all tourist attractions surrounding Venice. Thanks to its geographical location and good connections with the rest of Europe, Venice Cruise Port is among the "most important main ports of Europe" with annual passenger traffic of about 1.6 million.
(5) Aristaeus Limited, a subsidiary of the Group, has been acquired a 15% shares of Axel Corporation Grupo Hotelero SL, operating in Spain, on 15 July 2016. As at 30 September 2016, the Group started to consolidate its financial statements as equity accounted investment method.
(6) Global Liman has acquired 28,5% minority shares of La Spezia Cruise Facility Srl (operating La Spezia Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation

(a) Basis of Preparation of Financial Statements

As at 31 December 2016, the accompanying consolidated financial statements are prepared in accordance with Capital Market Board's ("CMB") Communique "Principles of Financial Reporting in Capital Markets" ("Communique") which was published in the Official Gazette dated 13 June 2013 and numbered 28676 Series II, No. 14.1.

The consolidated accompanying financial statements of the Group are prepared in compliance with the illustrative financial statements and instructions manual issued by CMB on 7 June 2013.

The consolidated financial statements of the Company as at and for the year ended 31 December 2016 have been approved by Board of Directors on 13 March 2017. The General Assembly of the Company have the right to modify the issued financial statements.

(b) Preparation of Financial Statements in Hyperinflationary Economies

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued is no longer required for companies operating in Turkey and accordingly effective from 1 January 2005, TAS 29 has not been applied in preparing the Group's consolidated financial statements.

(c) Basis of measurement

The consolidated financial statements are prepared in TL based on historical cost except for financial instruments, investment property and derivatives measured at fair value.

The methods used for measuring fair value are explained in Note 2.5.

(d) Functional and Presentation Currency

The presentation and functional currency of the Company is Turkish Lira (TL).

US Dollar is significantly used in the operations of the subsidiaries Global Ticari Emlak, GFP, Vespa, Doğal Enerji, Mavi Bayrak Enerji, Mavi Bayrak Doğu and Ortadoğu Liman, and has a significant effect on the operations. Therefore, US Dollar has been determined as the functional currency of these companies in line with TAS 21 - The Effects of Changes in Foreign Exchange Rates.

Euro is significantly used in the operations of the subsidiaries; Port of Bar, Adonia Shipping, Ege Liman, Bodrum Liman, Straton Maden, BPI, VCP, Global BV, Port Operation Holding S.r.l,Ravenna Terminali Passegeri S.r.l., Cagliari Terminali Passegeri S.r.l., Catania Terminali Passegeri S.r.l., Aristeus, Barcelona Port and Malaga Cruise Port. Therefore, Euro has been determined as the functional currency of these companies in line with TAS 21 - The Effects of Changes in Foreign Exchange Rates.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Preparation (continued)

Change in Foreign Functional Currency

The subsidiaries of the Group, Bodrum Liman and Ege Liman, their functional currency had been decided as Euro based due to changes in its operation structure and economic environment starting from the year of 2016.

The subsidiaries of the Group, Doğal Enerji, Mavi Bayrak Enerji and Mavi Bayrak Doğu, their functional currency had been decided as USD based due to changes in its operation structure and economic environment starting from the year of 2016.

As at 31 December 2016 and 31 December 2015, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2016	31 December 2015
USD	3,5192	2,9076
Euro	3,7099	3,1776

(e) Netting/Offsetting

The Group's financial assets and liabilities are offset and the net amount is presented in the consolidated balance sheet if and only if there is a legally enforceable right to set off the amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(f) Basis of Consolidation

As at 31 December 2016 and 2015, the consolidated financial statements include the financial statements of the subsidiaries and associates of Global Yatırım Holding A.Ş.

(i) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

(ii) Subsidiaries

Subsidiaries are those entities on which the Group has the power to control. The Group controls the companies when it is incurred changeable returns due to relations of any companies or has a right to own these returns and has a power to affect these returns. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group to the date on which control is transferred out from the Group. The Group has made adjustments on the financial statements of the subsidiaries to be inconsistent with the basis of applied accounting standards if it is necessary.

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

Losses in non-controlling interest of subsidiaries are transferred to non controlling interest even if the result is negative.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus of deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

(ii) Subsidiaries (continued)

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2016 and 2015 for all subsidiaries directly or indirectly controlled by the Group and included in the scope of consolidation:

	Effective ownership rates		Voting power held	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Global Menkul Değerler A.Ş.	77,43	77,43	77,43	77,43
Global Financial Products Ltd.	100,00	100,00	100,00	100,00
Global Sigorta Aracılık Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Global Liman İşletmeleri A.Ş. (Note 24)	89,00	89,00	89,00	89,00
Ege Liman İşletmeleri A.Ş.	64,64	64,64	64,64	64,64
Bodrum Liman İşletmeleri A.Ş	53,50	53,50	53,50	53,50
Ortadoğu Antalya Liman İşletmeleri A.Ş.	89,16	89,16	89,16	89,16
Ege Global Madencilik San.ve Tic. A.Ş.	85,00	85,00	85,00	85,00
Salıpazarı İnşaat Sanayi ve Ticaret A.Ş.	100,00	100,00	100,00	100,00
Güney Maden İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Doğu Maden İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Tenera Enerji Tic.A.Ş.	100,00	100,00	100,00	100,00
Vespa Enterprises (Malta) Ltd.	100,00	100,00	100,00	100,00
Maya Turizm Ltd.	75,00	75,00	75,00	75,00
Galata Enerji Üretim ve Ticaret A.Ş.	85,00	85,00	85,00	85,00
Global Enerji Hizmetleri ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Tora Yayıncılık A.Ş.	100,00	100,00	100,00	100,00
Sem Yayıncılık A.Ş.	65,00	65,00	65,00	65,00
Pera Gayrimenkul Yatırım Ortaklığı A.Ş.	50,00	50,00	50,00	50,00
Doğal Enerji Hizmetleri ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Dağören Enerji A.Ş.	70,00	70,00	70,00	70,00
Global Depolama A.Ş.	89,16	89,16	89,16	89,16
Sümerpark Gıda İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Naturelgaz Sanayi ve Tic. A.Ş.	80,00	80,00	80,00	80,00
Adonia Shipping Limited	100,00	100,00	100,00	100,00
Geliş Madencilik Enerji İnşaat Ticaret A.Ş.	85,00	85,00	85,00	85,00
Vinte Nova	100,00	100,00	100,00	100,00
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş	87,50	75,00	87,50	75,00
Actus Portföy Yönetimi A.Ş	90,10	90,10	90,10	90,10
Straton Maden Yatırımları ve İşletmeciliği A.Ş.	75,00	75,00	75,00	75,00
Mavi Bayrak Doğu Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Mavi Bayrak Enerji Üretim. A.Ş.	100,00	100,00	100,00	100,00
Global MD Portföy Yönetimi A.Ş.	77,00	77,00	77,00	77,00
Aristaeus Limited	100,00	-	100,00	-
Evergas Doğalgaz İthalat ve Ticaret A.Ş.	100,00	-	100,00	-
Ravi Güneş Enerjisi Üretim ve Sanayi Tic. A.Ş.	100,00	100,00	100,00	100,00
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Global Ticari Emlak Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş. (Ra Güneş)	75,00	75,00	75,00	75,00
Container Terminal and General Cargo – Bar	56,88	56,88	56,88	56,88
Barcelona Port Investments, S.L. ("BPI") (Note 3)	55,28	55,28	55,28	55,28
Creuers (Note 3)	55,28	55,28	55,28	55,28
Cruceros Malaga, S.A. (" Malaga Cruise Port")	44,22	44,22	44,22	44,22
Global BV	89,16	89,16	89,16	89,16
VCP (Note 3)	49,57	49,57	49,57	49,57
Perquisite Holdings Ltd.	89,16	89,16	89,16	89,16
Global Ports Malta Ltd.	89,16	89,16	89,16	89,16
Ravenna Terminali Passeggeri S.r.l.	47,85	-	47,85	-
Cagliari Terminali Passeggeri S.r.l.	63,21	-	63,21	-
Catania Cruise Terminal S.r.l.	55,47	-	55,47	-
Port Operation Holding S.r.l	89,16	-	89,16	-

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

(iii) Non controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

(iv) Under common control transactions

Transactions arising from transferring or acquisition shares of entities under the common control are recognised as at the beginning of the period in which the transaction accrued. Comparative periods are restated for that purpose. Acquired assets and liabilities are recognised at book value which is the same as recorded book value in under common control entity's financial statements. Shareholder's equity items of entities under common control are recognized in equity of the Group except for capital and current profit or loss is recognised in equity.

(v) Transactions with non-controlling interest

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

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.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

(vi) Joint ventures and associates (continued)

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2016 and 2015 for the associates:

	Effective ownership rates		Voting power held	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
IEG	39,00	39,00	50,00	50,00
LCT- Lisbon Cruise Terminals, LDA ("Port of Lisbon")	41,19	41,19	50,00	50,00
SATS-Creuers Cruise Services Pte. Ltd. ("Port of Singapore")	22,11	22,11	40,00	40,00
Venezia Investimenti Srl	22,29	-	25,00	-
Axel Corporation Grupo Hotelero, S.L.	15,00	-	15,00	-
La Spezia Cruise Facility S.c.a.r.l	25,41	-	30,00	-

(vii) Equity Securities

Equity securities in which the Group owns either directly or indirectly less than 20% of the shares, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost, less permanent impairment losses disclosed as available for sale financial assets at consolidated financial statements.

As at 31 December 2016 Randa and Global Gemicilik in which the Group has effective ownership interests of 99,9% (31 December 2015: 99,9%) and 90%, respectively , Consus Energy BV in which the Group has effective ownership interests of 100% and 17 energy companies which explained in Note 1.18 in detail with an effective ownership interests of 100 % which are immaterial to the consolidated financial statements are disclosed as available for sale financial assets carried at cost less any impairment losses.

(viii) Consolidation adjustments

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss statements.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than TL, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is more than TL) can not be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kinds of foreign exchange differences are recognized in profit or loss of consolidated financial statements of the Group.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Preparation (continued)

(f) Basis of Consolidation (continued)

(ix) Functional and Presentation Currency

All items in the financial statements of Group companies has been accounted in the currency of the primary economic environment in which they operate. The consolidated financial statments are presented under Turkish Lira ("TL") which is Company's functional currency.

2.2 Statement of Compliance to TAS

The accompanying consolidated financial statements are prepared in accordance with Capital Market Board's ("CMB") Communique "Principles of Financial Reporting in Capital Markets" ("Communique") which was published in the Official Gazette dated 13 June 2013 and numbered 28676 Series II, No. 14.1, in compliance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") the supplementary information and the interpretations related to them.

The consolidated accompanying financial statements of the Group are prepared in compliance with the illustrative financial statements and instructions manual issued by CMB on 7 June 2013.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The TMS Taxonomy of 2016 developed on the basis of Article 9 (b) of Decree Law No. 660 was approved by the Board decision dated 2 June 2016 and numbered 30 in order to ensure that the financial statements conforming to TMS are shared with users in the format of "Extensible Enterprise Reporting Language". This TMS taxonomy has been taken into account accomponying financial statements.

The Company (and its subsidiaries registered in Turkey) is based on the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Turkey for the accounting records and preparation of statutory financial statements.

2.3 Changes in Accounting Policies

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance.

Restatements of prior periods financial statements

As at 31 December 2015, the receivables amounting to TL 5.029.659, disclosed in "other receivables from related parties", is reclassified to "other receivables" in comparative financial statements. In addition, other current assets amounting to TL 4.362.300 reclassified to non-current prepayments in comparative financial statements.

These classifications have no effect on profit or loss and other comprehensive income statements.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Changes in Accounting Policies (continued)

New and Revised Turkish Accounting Standards

a) Amendments to TAS affecting amounts reported and/or disclosures in the consolidated financial statements

None.

b) New and revised TAS applied with no material effect on the consolidated financial statements

Amendments to TAS 16 and TAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	*Agriculture: Bearer Plants* [1]
Amendments to TFRS 11 and TFRS 1	*Accounting for Acquisition of Interests in Joint operations 1*
Annual Improvements to 2011-2013 Cycle	*TFRS 1* [2]
Amendments to TAS 1	*Disclosure Initiative* [2]
Annual Improvements to 2012-2014 Cycle	*TFRS 5, TFRS 7, TAS 34, TAS 19* [2]
Amendments to TAS 27	*Equity Method in Separate Financial Statements* [2]
Amendments to TFRS 10 and TAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [2]
Amendments to TFRS 10, TFRS 12 and TAS 28	*Investment Entities: Applying the Consolidation Exception* [2]
TFRS 14	*Regulatory Deferral Accounts* [2]

[1] Effective for annual periods beginning on or after 31 December 2015.
[2] Effective for annual periods beginning on or after 1 January 2016.

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 *Agriculture: Bearer Plants*

This amendment include 'bearer plants' within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Changes in Accounting Policies (continued)

New and Revised Turkish Accounting Standards (continued)

Amendments to TFRS 11 and TFRS 1 *Accounting for Acquisition of Interests in Joint operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TAS, except for those principles that conflict with the guidance in TFRS 11,
- disclose the information required by TFRS 3 and other TAS for business combinations.

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

Annual Improvements 2011-2013 Cycle

TFRS 1: Clarify which versions of TAS can be used on initial adoption (amends basis for conclusions only).

Amendments to TAS 1 *Disclosure Initiative*

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

Annual Improvements 2012-2014 Cycle

TFRS 5: Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

TFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

TAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19.

Amendments to TAS 27 *Equity Method in Separate Financial Statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to TFRS 10 and TAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Changes in Accounting Policies (continued)

New and Revised Turkish Accounting Standards (continued)

Amendments to TFRS 10, TFRS 12 and TAS 28 *Investment Entities: Applying the Consolidation Exception*

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

TFRS 14 *Regulatory Deferral Accounts*

TFRS 14 *Regulatory Deferral Accounts* permits an entity, which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

TFRS 14 also led to amendments in related provisions of TFRS 1

c) New and revised TAS in issue but not yet effective

The Group has not applied the following new and revised TAS that have been issued but are not yet effective:

TFRS 9	*Financial Instruments* [1]
TFRS 15	*Revenue from Contracts with Customers* [1]

[1] Effective for annual periods beginning on or after 1 January 2018.

TFRS 9 *Financial Instruments*

TFRS 9, issued by Public Oversight Authority ("POA") in 2010, introduces new requirements for the classification and measurement of financial assets. TFRS 9 is amended in 2011 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Revised version of IFRS 9 is issued by POA in January 2017 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

TFRS 9 is effective for the annual periods beginning on or after 1 January 2018. Early adoption is permitted unless before 1 February 2015.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Changes in Accounting Policies (continued)

New and Revised Turkish Accounting Standards (continued)

TFRS 15 *Revenue from Contracts with Customers*

TFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts,
- Recognise revenue when the entity satisfies a performance obligation.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.5 Summary of Significant Accounting Policies

(a) Revenues

(i) Service and commission revenue

The Group receives commissions for providing services with brokerage services and asset management services, and recognizes in profit or loss by taking into account the completion stage at the end of the reporting period. Other service and commission revenues comprised of interest received from customers, portfolio management commissions and other commissions and consultancy services and recognizes in profit or loss by taking into account the completion stage at the end of the reporting period.

(ii) Portfolio management fees

Fees charged for management of customer portfolios at capital markets are recognized as income at the end of each month.

(iii) Gain on trading of securities

Gains / losses on trading of securities are recognized in profit or loss at the date of the related purchase/sale order.

(iv) Natural gas sales

Revenues from the sales of compressed natural gas comprise the revenues from the sales to individual and corporate subscribers. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the subscribers and natural gas has been consumed by the related subscriber. The Group accounts deferred sales which part is not used by the subscribers as deferred compressed natural gas revenue in other deferred income. Deferred sales are recognized as revenue as compressed natural gas is consumed by the subscriber. Net sales revenue is disclosed less sales returns.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(a) Revenues (continued)

(v) Port administration revenues and port rent income

Port administration revenues comprise revenues from services provided to ships and motorboats (pilotage, tugboat rents, passenger landing fee, etc.), and cargo handling fees (general cargo, bulk cargo, container) recognized on accrual basis.

Rent income comprises rental income from marina, shopping centers and duty-free stores. Rent income is recognized in profit or loss on a straight line basis over the term of the lease.

(vi) Other service revenues

Rent income is accounted for on accrual basis, interest income is accounted for using effective interest method and dividend income is recognized on the date the Group's right to receive the payment is established.

(vii) Mining revenues

Revenues from mining are measured by fair value after deducting received payment or repayments and discounts of receivable. Mining sales are recognized by fair value of received or possible payment on accrual basis in the situation that delivery of product or service of product, transfer of risk and benefit of product, reliably determination of income of product and transfer of economical use of product to the Group are possible.

(viii) Other revenues

Other service revenues and other sales are transferred to the consolidated statement of porfit or loss and comprehensive income on accrual basis.

Revenues from real estates and expenses from investment proporties resulted from reflecting expenses to lessees are recognized as rent and service revenue of real estates in the consolidated statement of profit or loss and other comprehensive income.

(b) Expenses

Expenses are accounted for on accrual basis. Operational lease expenses are recognized in profit or loss on a straight line basis over the lease term.

Interest expenses

Interest expenses are accrued by using the effective interest method or applicable variable interest rate. Interest expenses arise from the difference between the initial cost of an interest bearing financial instrument and the value of the instrument discounted to its present value at the date of the maturity or the premium or discount, discounted to present value. The financial costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized.

(c) Inventories

(i) Inventories

Inventories are valued by using the weighted average method. Inventories are stated at the lower of cost and net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(c) Inventories (continued)

(ii) Trading property

Trading properties held by subsidiaries that operate in real estate sector are classified as inventories. Trading property is stated at the lower of cost at balance sheet date and net realizable value. Net realizable value represents the fair value less costs to sell. Borrowing costs directly attributable to the trading properties in progress are included in the cost of the trading property. Expenses are capitalized from the date they have been incurred to the date the asset is available for use. The duration of the completion of these trading properties is over one year and it varies from project to project.

(d) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

No assets held under operating lease have been classified as investment properties.

(e) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;

  Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)

Property, plant and equipment of the subsidiaries and joint ventures that operate in Turkey and acquired before 1 January 2005 are stated at restated cost until 31 December 2004 less accumulated depreciation and permanent impairment losses. Property, plant and equipment of such entities acquired after 1 January 2005 are stated at cost, less accumulated depreciation and permanent impairment losses.

Property, plant and equipment of companies, whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated depreciation and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The depreciation rates used by the Group are as follows:

Buildings	2%-25%
Land improvements	3,38%-4,49%
Machinery and equipment	5%-25%
Motor vehicles	25%
Furniture and fixtures	33,33%
Leasehold improvements	3,33%-33,33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible Assets

(i) Recognition and measurement

Intangible assets comprise port operation rights, royalty and natural gas selling and transmission licenses, contract-based customer relationships, development costs, computer software, and the hydroelectric power plant ("HEPP") license, Vakıf Han building usage rights, other rights and other intangible assets.

Intangible assets related to operations whose functional currency is TL and which were acquired before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004, less accumulated amortization and accumulated impairment losses. Intangible assets acquired after 1 January 2005 are stated at cost less accumulated amortization and permanent impairment losses.

Intangible assets related to operations whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated amortization and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date.

In a business combination or acquisition, the acquirer recognizes separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in TAS 38 Intangible Assets and its fair value can be measured reliably.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(f) Intangible Assets (continued)

(i) Recognition and measurement (continued)

Development activities involve a plan or design for the production of new or substantively improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

(ii) Royalty agreements

As explained in Note 3 , The Group has acquired port operation right of Barcelona Port until 2047. Under the terms of license agreement within the scope of TFRIC 12, the Group acts as a service provider. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. The Group recognises and measures revenue in accordance with TAS 11 "Construction Contracts" and TAS 18 "Revenue" for the services it performs. If the operator performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable. The Group applies TAS 11 for the revenue and costs relating to construction or upgrade services and TAS 18 for the revenue and costs relating to operation services.

Amortization is recognized in profit or loss as depreciation and amortization expenses under cost of sales, by using straight-line method over the license period until 2047 licence term.

(iii) Amortization

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets.

The amortization rates applied by the Group are as follows:

Port operation rights (*)	2%-8,33%
Customer relationship	8,33%
Rights	2,22%-33,33%
Software	10%-33,33%
HEPP license	2,01%
Natural gas selling and transmission license (**)	3,33%
Royalty licence (***)	10%

(*) Port operation rights will expire by 2028 for Ortadoğu Liman, by 2033 for Ege Liman, by 2019 for Bodrum Liman, by 2043 for Port of Bar, by 2047 Barcelona Port, by 2066 Malta Port and by 2044 Malaga Port.
(**) The licenses of Naturalgaz include the compressed natural gas (CNG) sales licences in İzmir, Bursa, Bursa-2, Adapazarı, Antalya, Konya, Afyon, Aydın, Bolu, Osmaniye, Kayseri, Rize, Düzce, Kocaeli and Çorlu regions as well as the CNG transmission license. The CNG transmission license and the CNG sales licenses in Bursa, Antalya and Adapazarı have been obtained by Naturelgaz in 2005 whereas the CNG sales license in İzmir has been obtained in 2006, in Bolu 2012, in Konya, Afyon, Aydın, Osmaniye, Kayseri, Çorlu, Bursa-2, Düzce and Kocaeli in 2013, in Rize in 2014, in Alibeyköy in 2016 spot LNG license has been obtained. The licenses are valid for 30 years. In addition in Çayirova 12 year distributor lincese (with station) has been obtained in 2015.
(***) Royalty licence will expire by 2023 for Straton Maden.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(g) Goodwill

According to TFRS 3 "Business Combinations", the excess of cost of the total consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination is recognized as goodwill. Goodwill is not amortized and is tested for impairment annually or more often when the circumstances indicate that the goodwill is impaired.

When the cost of the acquisition is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, the difference is recognized as income (gain on a bargain purchase (negative goodwill)).

The initial recognition of the business combination is accounted for provisionally if the fair values of the identifiable assets, liabilities and contingent liabilities acquired in a business combination can only be recognized, or the cost of a business combination is measured, only using provisional amounts. The provisional business combination accounting shall be completed in the 12 months following the date of acquisition and the adjustments shall be recognized retrospectively.

The goodwill acquired in a business combination is not amortized. Alternatively, once a year or the conditions indicate the impairment losses, the Group test impairment losses more frequently than the usual conditions.

(i) Financial Instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

The fair value of the financial instruments is determined by using the quoted prices in an active market at the balance sheet date without any deduction of transaction costs. If the market for a financial instrument is not active at the balance sheet date, the fair value is estimated by using the market inputs and the appropriate valuation techniques. However, judgment is needed to interpret the available market information. Therefore, the estimates may not reflect the value that would have been realized in a current market transaction.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(i) Financial Assets (continued)

(i) Non-derivative financial assets (continued)

For all the other financial instruments that are not quoted in an active market, fair value is determined by using a valuation technique. Valuation techniques include net present value technique, benchmarking and other valuation techniques.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Equity securities classified as available for sale financial assets and whose fair value cannot be reliably measured, due to lack of active and observable market, are carried at cost, which has been restated by considering the inflation effect until 31 December 2004 less impairment losses if any, since they are acquired before 1 January 2005.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

Other financial liabilities comprise loans and borrowings, debt securities issued (including certain preference shares, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

(iii) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as "treasury shares owned by the Company" if owned by the Company and classified as "treasury shares owned by the subsidiaries" if owned by subsidiaries and are presented in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if:

- the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedge transactions

If a derivative instrument is designed cash flow hedge instrument of a recorded asset or liability or a certain risk which most likely can have an effect on profit or loss, effective portion of change of fair value of the derivative instrument is recognised in other comprehensive income and presented within equity as financial hedge reserve. Ineffective portion of change of fair value of the derivative instrument is directly recognised in profit or loss.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

(iv) Derivative financial instruments

If an item which is subject to financial hedge is a non financial item, accumulated amount within equity is presented in other comprehensive income and classified to profit or loss in the period or periods which non financial item affects profit or loss In other situations, accumulated amount within equity is reclassified in profit or loss in the period or periods which non financial hedging item affects profit or loss. When financial hedging instrument doesn't provide required criterias for financial hedging accounting, financial hedging instrument is overdue or disposaled, used or canceled, financial hedging accounting is ceased on a going forward basis. If estimated transaction is not expected to accrue any more, related balance recognised in equity is reclassified to profit or loss.

Net investment hedge accounting

A net investment hedge is a hedge of the foreign currency exposure arising from a net investment in a foreign operation using a derivative or non derivative financial items as the hedging instrument. If a monetary item is a part of net investments made to subsidiaries of the Company whose functional curreny is other than TL, foreign exchange differences arise in financial statements of the Company. Those foreign exchange differences are recognised in other comprehensive income in consolidated financial statements when the differences are considered as hedging instruments.

Transactions for the purpose of avoiding net investment risk made to subsidiaries whose functional currency is other than TL are recognised as transactions for the purpose of cash flow accounting hedge including financial accounting hedge transactions of monetary items which are recognised as a part of net investment.

- The effective portion of gain or loss arising from financial hedging instrument is recoginsed in other comprehensive income or expense and
- Non effective portion of gain or loss arising from financial hedging instrument is recognised in profit or loss.

Gain or loss on financial hedging instrument related to effective portion of financial hedging transaction and recognised in other comprehensive income or expense is excluded from equity and classified to profit or loss as reclassification adjustment when there is a disposal of related subsidiary or disposal period.

(j) Impairment of assets

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss has occurred after the initial recognition of the asset and the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency of a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables not to be impaired are then collectively reassessed for any impairment that has been incurred, but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(j) Impairment of assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and accounted as doubtful receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation and the current fair value, less any impairment loss previously recognised in profit or loss.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Employee Benefits

In accordance with the existing labor law in Turkey, the entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause, or due to retirement, military service or death. With respect to Group's employees in Turkey, retirement pay liability is calculated by using lower of employee's monthly salary and retirement pay ceiling. It is detailed in Note 21 as at 31 December 2016 and 2015. The Group recognizes retirement pay liability as the present value of the estimated total reserve of the future probable obligation of the Group. The key actuarial assumptions used in the calculation of the retirement pay liability are detailed in Note 21.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(l) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities by using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

Companies, whose functional currencies are not TL, prepare their financial statements according to their functional currency and these financial statements are translated to TL for consolidation purpose in accordance with TAS 21.

Foreign currency differences arising on operations with foreign currency are recognised in profit or loss as foreign currency exchange gains and losses.

According to TAS 21, balance sheet items presented in the financial statements of domestic and foreign subsidiaries and joint ventures whose functional currency is different from TL, are translated into TL at the balance sheet (USD/TL and EUR/TL) exchange rates whereas income, expenses and cash flows are translated at the average exchange rate or ruling rate of the transaction date. Profit or loss from translation difference of these operations is recognised as "Currency Translation Differences" under the equity.

As at 31 December 2016 and 2015, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2016	31 December 2015
US Dollar / TL	3,5192	2,9076
Euro / TL	3,7099	3,1776

The average foreign currency buying exchange rates of the CBRT in 2016 and 2015 comprised the following:

	2016	2015
US Dollar / TL	3,0212	2,7200
Euro / TL	3,3398	3,0183

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, under the currency translation differences ("CTD"). When a foreign operation is disposed of, in part or in full, the relevant amount in the CTD is transferred to profit or loss as part of the profit or loss on disposal.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(m) Discontinued Operations, Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the net assets of the discontinued operations are measured at fair value less cost of sale of the operation. The profit/(loss) before tax and the profit/(loss) after the tax of the discontinued operation are presented in the notes of the consolidated financial statements and a profit/(loss) analysis including the income and expenses is performed. Besides, the net cash flows related to operational, investing and financing activities of the discontinued operations are presented in the related note.

In compliance with TFRS 11 "Joint Arrangements" and TFRS 5 "Assets Classified as Held For Sale and Discontinuing Operations", the interests in jointly controlled entities are accounted for in accordance with TFRS 5. When an interest in a jointly controlled entity previously classified as held for sale no longer meets the criteria to be classified, it is accounted for using proportionate consolidation or the equity method as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale are amended accordingly. The operations of the joint venture whose operations have been previously classified as discontinued are classified as continued.

A group of assets is classified as asset held for sale if their carrying amount is planned to be recovered principally through a sale transaction rather than through continuing use. The liabilities directly associated with these assets are classified similarly. Such group of assets is accounted for at the lower of its carrying amount (being the net amount of the assets and liabilities directly associated with them) and fair value less costs to sell.

If the Group has classified an asset (or disposal group) as held for sale, but the criteria of such classification are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale.

(b) its recoverable amount at the date of the subsequent decision not to sell.

The Group does not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheet for prior periods to reflect the classification in the balance sheet for the latest period presented.

(n) Earnings/(Loss) Per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, less own shared acquired.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(o) Events After the Reporting Period

Events after the reporting period include all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or of other selected information.

The Group adjusts the amounts recognized in its consolidated financial statements to reflect adjusting events after the reporting period. Non adjusting events are disclosed in the notes to the consolidated financial statements, if material.

(p) Provisions, Contingent Assets and Liabilities

A provision is recognized in the accompanying consolidated financial statements if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements. Where an economic inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

(r) Leases

(i) Determining whether an Arrangement contains a Lease

At the beginning of a lease agreement, the Group determine whether that agreement is a lease agreement or that agreement is an agreement which contains a lease.

Following the beginning of the agreement or reconsidering of the agreement, the Group classify related payments required by the agreement as rent payments and other payments according to their fair value. If the Group decide that related payments are not possible to be classified in a financial lease agreement, reliably an asset or a liability are recognized as much as fair value of related lease. With in the related lease payments, liability is decrased and financial cost added to liability is recognized by using alternative debt ratio of the Group.

(ii) Financial leases

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are classified as financial leases. Financial leases are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments and is reflected as a liability by the same amount in the consolidated financial statements of the Group. The finance lease obligations are reduced through principle payments and the finance charge portion is allocated to consolidated statement of comprehensive income of each period during the lease term. Capitalized leased assets are depreciated over the estimated useful life of the related asset.

If there is not reasonable certainty that the ownership will be obtained by the end of the lease term, and the lease term is shorter than the estimated useful life of the leased asset, the asset is depreciated over the lease term, otherwise the asset is depreciated over its estimated useful life.

(iii) Operating leases

Operating leases are the leases that the risks and rewards incidental to the ownership of the asset belongs to the lesser. Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(r) Leases (continued)

(iv) Leased assets

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are called as financial leases. Firstly, tangible assets acquired via financial leases are measured at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Following the first record, related leased asset is recognized according to effective accounting policies.

Leased assets under other leases are classified as operating leases and are not recognized in the financial position of the Group.

(v) Lease payments

Payments under operating leases are recognized in profit or loss via straight-line method during the lease term. Lease promotions are recognized as a part of lease expenses during the lease term.

Minimum lease payments under financial leases are distributed by decrasing finance cost and the rest liability. Finance costs are distributed to each periods on condition that determining a fixed interest rate for the period on the rest balance of related liability.

(s) Segment Reporting

An operating segment is a component of the Group that engages in business activities through which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The operating segments of the Group are finance, energy, port operations, real estate and other segments, and they are disclosed in Note 5.

(t) Government Subsidies and Incentives

All subsidies and incentives, including non-monetary incentives stated at fair market values, are included in the consolidated financial statements when there is reasonable certainty that the Group will qualify for and receive such subsidies and incentives. Government subsidies and incentives utilized by the Group are presented in Note 37.

(u) Related Parties

Parties are considered related to the Company if:

(a) directly, or indirectly through one or more intermediaries, the party:

- (i) controls, is controlled by, or is under common control with the Company (this includes Parent, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the Company that gives it significant influence over the Company; or
- (iii) has joint control over the Company;

(b) the party is an associate of the Company
(c) the party is a joint venture in which the Company is a venturer;

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(u) Related Parties (continued)

(d) the party is member of the key management personnel of the Company as its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e)
(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

(v) Taxes

Income tax expense comprises current and deferred tax. Current tax charge is recognized in profit or loss except for the effects of the items reflected under equity. Current tax except taxes recognized during business combination and taxes recognized under other comprehensive income are recognized in profit or loss.

Current tax liability is calculated on taxable profit for the current year based on tax laws and tax rates that have been effective for the reporting date including adjustment related to previous years' tax liabilities.

Deferred tax is recognized over temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the differences arising from the initial recognition of goodwill, differences of an asset or liability in a transaction that is not a business combination, at the time of the transaction, which affects neither the accounting profit nor taxable profit and for differences associated with the investments in subsidiaries, associates and interest in joint ventures, to the extent that they probably will not reverse in the foreseeable future.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes as mentioned Note 2.2 and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable, entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(y) Receivables From Reverse Repurchase Agreements

The funds given in return for the financial assets subject to reverse repurchase are accounted for as receivables from reverse repurchase agreements under the cash and cash equivalents. For the difference between the purchase and re-sale prices determined in accordance with the related reverse repurchase agreements, which is attributable to the period, an income rediscount is calculated with the internal rate of return method and is accounted for by adding to the cost of the receivables from reverse repurchase agreements.

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2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(z) Statement of Cash Flows

Cash flows for the period are classified as cash flows from operations, investing activities and financing activities. Cash flows from operations are the cash flows generated from the principal activities of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (purchase of property, plant and equipment and intangible assets and financial investments).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Cash and cash equivalents are short term investments with high liquidity that comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

(aa) Dividends

Dividend receivables are recorded as income in the period of declaration. Dividend payments are recognised in consolidated financial statements when a distribution of profit decided by General Assembly.

2.6 Summary of Significant Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make judgments, estimates and assumptions that affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimate.

The accounting judgements, estimates and assumptions used in preparing the consolidated financial statements, are consistent with the accounting judgements, estimates and assumptions used in preparing the consolidated financial statements as at 31 December 2015.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3 Business combinations
- Note 5 Segment reporting
- Note 15 Investment properties
- Note 36 Assets held for sale

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 Summary of Significant Accounting Judgements, Estimates and Assumptions (continued)

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

- Note 2.5 (d,e,f) Useful lives of property, plant and equipments and intangible assets and concession intangible assets
- Note 3 Fair value of assets and liabilities in business combinations
- Note 10 Impairment losses on trade receivables
- Note 12 Impairment losses on receivables from finance sector operations
- Note 15 Fair value of investment properties
- Note 17 Impairment of goodwill
- Note 19 Provisions, contingent assets and liabilities
- Note 21 Assumptions for provision of employment termination benefit
- Note 28 Income/expense from investing activities
- Note 31 Tax assets and liabilities
- Note 35 Determination of fair value
- Note 36 - Assets held for sale and discontinued operations

3 BUSINESS COMBINATIONS

The subsidiary of the Group, Aristaeus Limited, has acquired 15% of the shares of Axel Corporation Grupo Hotelero SL, which operates in the hotel business, on 15 July 2016.

It is probable to observe corrections in the identifiable assets and liabilities and correspondingly in the accounted value of goodwill, according to TFRS 3"Business Combinations" paragraph 45-49, in one year starting from the acquisition date.

The detailed information about the acquisitions accounted according to TFRS 3 "Business Combinations" in the year 2015 and 2016 are as follows:

Valetta Cruise Port

Global Ports Europe BV ,a subsidiary of the Group, acquired 55,60% of shares of Valetta Cruise Port ("VCP") on 30 November 2015.

The Group plans to increase port investments and expand its port portfolio abroad by helding control of VCP.

In compliance with TFRS 3 "Business Combinations; identifiable assets, identifiable liabilities and contingent liabilities are recognized at fair value . The acquisition cost explained in detail below has been recognized as port operation right in intangible assets after deducting identifiable assets and liabilities.

The acquisition cost stated by an independent valuation company is determined by using weighted avarage of income approach and market approach. According to the income approach, the fair value of the company has been determined through future projected cash flows by using discounted cash flow method (DCF). When determining the fair value of the company with DCF method, the discount ratio as the weighted average of cost of capital in Euro is determined as 10,38 %. The valuation is made by calculating the discounted future cash flows based on present and future port traffic, present capacity and projected capacity in relation with planned investments of Global Liman, restructing commitments in compliance with the agreement and royalty term. In the market approach method, the peer comparison method and comparable Shares Purchase-Selling Agreements are used based on the standard ratios of similar companies, Price/Sales and NAV/EBITDA ratios.

In determining of the acquisiton of Valetta Cruise Port, contribution to the value of Valetta Cruise Port provided from the current cruise network of Global Liman together with the potential and the expected growth of the Group's port operations in the present network of operations through the location of the present ports of the Group together with Valetta Cruise Port in Mediterranean Region has been considered. That situation resulted in bargain purchase gain as a result of the acquisition of Valetta Cruise Port.

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3 BUSINESS COMBINATIONS (continued)

Valetta Cruise Port (continued)

The details of the purchase method used by the Group are as below:

Acquisition cost	77.042.620
Fair value of total net identifiable assets (100%)	(168.362.138)
Fair value of non-controlling interests (44,40%)	74.752.789
Bargain purchase gain (negative goodwill)	**(16.566.729)**

Bargain purchase gain has been recognized in "Other operating income" (Note 27.1) in the consolidated statement of profit or loss and comprehensive income.

	Fair value
Identifiable assets acquired and liabilities assumed	100%
Cash and Cash Equivalents	5.285.658
Trade and Other Receivables	4.197.365
Other Assets	1.214.565
Property, Plant and Equipment	84.558.698
Intangible Assets	183.581.260
Investments	275.816
Financial Liabilities	(34.977.423)
Other Financial Liabilities	(7.027.865)
Trade and Other Payables	(4.152.593)
Deferred Income	(1.474.406)
Other Liabilities	(628.968)
Deferred Tax Liability	(62.489.969)
Net identifiable assets	**168.362.138**

In compliance with TFRS 3 "Business Combinations; identifiable assets, identifiable liabilities and contingent liabilities are recognized at fair value . The gross amount of trade and other receivables which acquired as at acquisition date recognized at fair value.

On the condition that, acquisition transactions of Valetta Cruise Port were realized on 1 January 2015 , Valetta Cruise Port would have contributed by TL 27.855.000 on the consolidated revenue and by TL 4.331.000 on the consolidated net profit, except for bargain purchase gain recognized.

Consideration paid:	77.042.620
Cash associated with purchased assets	5.561.474
Net cash outflow	**71.481.146**

Ravenna, Cagliari and Catania Passenger Ports

Global Liman has acquired 51% shares of Ravenna Terminali Passeggeri S.r.l (operating Ravenna Passenger Port), 100% shares of Cagliari Terminali Passeggieri S.r.l (operating Cagliari Passenger Port) and 67,55% 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.

3 BUSINESS COMBINATIONS (continued)

The details of the accounting of the Group's acquisition in accordance with the acquisition method are as follows:

Acquisition cost	8.484.791
Fair value of total net identifiable assets (100%)	(1.713.850)
Fair value of non-controlling interests	651.052
Goodwill	**7.421.993**

	Fair value
Identifiable assets acquired and liabilities assumed	**100%**
Property, Plant and Equipment	3.304.529
Intangible Assets	482.130
Other Assets	827.012
Trade and Other Receivables	2.093.924
Cash and Cash Equivalents	809.416
Loans and borrowings	(2.125.597)
Trade and other payables	(3.628.295)
Employee termination indemnity	(49.269)
Net identifiable assets	**1.713.850**

In compliance with TFRS 3 "Business Combinations; identifiable assets, identifiable liabilities and contingent liabilities are recognized at fair value . The gross amount of trade and other receivables which acquired as at acquisition date recognized at fair value.

On the condition that, acquisition transactions of Ravenna, Cagliari and Catania Passenger Ports were realized on 1 January 2016 , Ravenna, Cagliari and Catania Passenger Ports would have contributed by TL 4.873.196 on the consolidated revenue and by TL 356.502 on the consolidated loss.

Consideration paid:	8.484.791
Cash associated with purchased assets	(809.416)
Net cash outflow	**7.675.375**

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4 INVESTMENT IN OTHER ENTITIES

The detail of joint ventures and equity accounted investees are explained in Note 18.

5 SEGMENT REPORTING

Operating segments considered in performance evaluation of the Group Management are determined by considering the Group's risks and resources and internal reporting structure. The Group's operating segments are finance, naturel gas/mining/energy generation (previously named as energy), port operations (previously named as infrastructure), real estate and other. Brokarage and asset management segment(previously named as finance) includes the finance operations (including Global Yatırım Holding), energy segment includes compressed natural gas distribution and electricity generation facilities and mining operations, port operations segment includes domestic and abroad commercial and cruise port operations and investments and real estate segment includes operations in respect of investment property and trading property operations. Other segment mainly includes the media operations.

Especially in the winter months (December, January, February), the operations of the subsidiaries of the Group operating in the port operation sector under the port operations segment decline in comparison with the other months of the year. The busiest period in the cruise port operations is the third quarter of the year. These seasonality of operations have an impact on the performance of the aforementioned segments.

Information regarding all the segments is stated below. Earnings before interest, tax, depreciation and amortization ("EBITDA") is reviewed in the assessment of the financial performance of the operating segments. The Company management assesses EBITDA as the most appropriate method for the review of the segment operations, based on the comparability with other companies in the same industry. As the transactions mentioned below became significant in terms of the operations of the Group, the Group, starting in 2011, includes the following items in the EBITDA: the profit or / loss before tax earned by the Group companies' sale of the Company shares and the profit or / loss before tax earned by the Group from the sale of its subsidiaries' shares without losing the control and unquoted to an active market. These gains and losses are accounted for under the equity in the consolidated financial statements. The information related to the segments of the Group is disclosed below.

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5 SEGMENT REPORTING (continued)

	Port Operations		Naturel Gas/Mining/Energy Generation		Real Estate (**)		Brokerage & Asset Management (*)		Other		Total	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Segment assets	2.318.009.654	2.085.462.138	650.428.966	500.567.990	550.113.201	460.183.725	324.569.849	373.663.100	31.422.477	18.948.252	3.874.544.147	3.438.825.205
Segment liabilities	1.679.434.630	1.428.598.413	499.810.094	327.941.794	166.114.517	146.406.124	612.351.394	557.733.391	8.520.840	3.538.545	2.966.231.475	2.464.218.267

	Port Operations		Naturel Gas/Mining/ Energy Generation		Real Estate (**)		Brokerage & Asset Management (*)		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
External revenues	347.042.442	286.907.103	224.752.413	218.340.519	25.802.784	12.052.614	30.536.415	33.044.359	1.856.301	1.856.657	629.990.355	552.201.252
EBITDA	192.580.050	175.070.345	26.944.798	26.439.560	18.077.577	56.102.882	(42.536.076)	(36.697.655)	(1.775.827)	(3.328.524)	193.290.522	217.586.608
Depreciation and amortisation expense (-)	(122.525.846)	(103.861.950)	(34.146.561)	(29.695.816)	(829.540)	(319.489)	(1.581.380)	(1.609.480)	(2.075.676)	(1.886.736)	(161.159.003)	(137.373.471)
Finance income	24.613.833	47.241.337	4.311.399	1.104.387	1.716.206	434.924	17.064.583	403.790	460.867	2.469	48.166.888	49.186.907
Finance expenses	(90.870.467)	(90.032.072)	(43.401.081)	(29.815.010)	(12.784.726)	(6.388.620)	(72.333.540)	(69.330.866)	(1.711.898)	(964.973)	(221.101.712)	(196.531.541)

(*) Includes Global Yatırım Holding A.Ş.'s operations

(**)The Group has been recognized investment property valuation income amounting to TL 44.195.197 in 2015 under income from investment activities in relation to the Van AVM project which was completed and operated in 2015 with the aim of obtaining capital gains over Van (31 December 2016: TL 524.720).

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5 SEGMENT REPORTING (continued)

	1 January- 31 December 2016	1 January- 31 December 2015
Revenues		
Segment revenues	633.032.039	552.538.446
Elimination of inter-segment revenues (*)	(3.041.684)	(337.194)
Consolidated revenues	**629.990.355**	**552.201.252**

	1 January- 31 December 2016	1 January- 31 December 2015
Consolidated EBITDA	193.290.522	217.586.608
Finance income (Note29)	34.736.486	34.990.196
Finance expenses (Note 30)	(207.596.751)	(182.332.169)
(Gain)/Loss on sale of shares recognized in equity (Note 23)	(1.026.674)	(7.297.967)
Depreciation and amortisation expenses (Note 26)	(161.159.003)	(137.373.471)
Consolidated profit/(loss) before income tax	**(141.755.420)**	**(74.426.803)**

	1 January- 31 December 2016	1 January- 31 December 2015
Segment finance income	48.166.888	49.186.907
Elimination of inter-segment finance income	(13.430.402)	(14.196.711)
Total finance income (Note 29)	**34.736.486**	**34.990.196**

	1 January- 31 December 2016	1 January- 31 December 2015
Segment finance expenses	(221.101.712)	(196.531.541)
Elimination of inter-segment finance expenses	13.504.961	14.199.372
Total finance expenses (Note 30)	**(207.596.751)**	**(182.332.169)**

Fixed asset purchases (**)

	1 January- 31 December 2016	1 January- 31 December 2015
Energy	141.659.500	68.270.743
Finance	1.892.737	2.043.443
Port operations	29.585.553	22.734.12
Real estate	855.633	74.737.317
Other	340.801	649.782
Total	**174.334.224**	**168.435.414**

(*) The total amount of elimination of inter-segment revenues is related to the finance segment.
(**) Fixed asset purchases include additions to property, plant and equipment, intangible assets and investment property.

6 RELATED PARTY DISCLOSURES

The related parties shown in the related party disclosures and the nature of the relation of the Group with these parties are as follows:

Related party	Nature of relations
Mehmet Kutman	Shareholder and key management personnel
Erol Göker	Shareholder and key management personnel
IEG	Equity accounted investee (Note 18)
Global A Type ve B Type Funds	Funds of a subsidiary
Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş. (Turkcom)	Company owned by shareholder

Due from related parties

As at 31 December 2016 and 31 December 2015, 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 2016	31 December 2015
Turkcom (*)	11.418.780	9.924.370
IEG Kurumsal Finansal Danışmanlık A.Ş.	840.152	-
Global A Type and B Type Funds	-	2.291
Other	63.002	18.201
Total	**12.321.934**	**9.944.862**

(*) Balances consist of loans extended for regular margin lending activities. The receivables are secured with equity securities. Interest is charged on the receivables based on market interest rates.

As at 31 December 2016 and 31 December 2015, other current receivables from related parties comprised the following:

Other current receivables from related parties	31 December 2016	31 December 2015
Mehmet Kutman (1)	10.378.233	3.859.107
Venezia Investimenti SRL	4.140.058	-
Turkcom	29.780	81.674
Erol Göker (1)	6.034.338	5.993.187
IEG	-	828.119
Other	4.666.507	3.562.670
Total (2)	**25.248.916**	**14.324.757**

(1) These amounts are related with the personnel and work advances and they are not secured. Interest is charged on advances which have not work advances (Interest rate: 31 December 2016: 10,50%, 31 December 2015: 10,50%)
(2) The amount excludes the loans provided to key management explained below.

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6 RELATED PARTY DISCLOSURES (continued)

A subsidiary of the Group has provided secured loans to key management with a limit of USD 10.000.000 and an interest rate of Libor +3,5%, having annual coupon payments and a principal payment at the end of period, which mature on 30 December 2013. The maturity of this loan is extended to the date of 31 December 2017. As at 31 December 2016 and 31 December 2015, this receivable has been classified in other current receivables from related parties in the balance sheet. As at 31 December 2016, the principal of this loan amounted to USD 9.806.377 and the accrued interest amounted to USD 1.050.709. The total loan amounted to USD 10.857.086 (equivalent to TL 38.208.257). As at 31 December 2015, the principal of this loan amounted to USD 9.806.377 and the accrued interest amounted to USD 740.743 and the total loan amounted to USD 10.547.120 (equivalent to TL 30.666.806).

As at 31 December 2016, current other receivables due from related parties (including the loan provided to key management by the Group) amount to TL 63.457.173 in the consolidated financial statements (31 December 2015: TL 44.991.563).

Transactions with related parties

Transactions with key management personnel

The Company's key management personnel consists of members of Boards of Directors and Executive Board Members. The compensation of key management personnel includes salaries, bonuses, health insurance and transportation costs.The total benefits (salaries, bonuses, attendance fees, etc.) provided to the key management for the period ended 31 December 2016 and 2015 are TL 24.770.581 and TL 21.082.867, respectively.

The Group's interest income earned from the loan provided to key management for the year ended 31 December 2016 amounts to TL 1.194.879 (1 January-31 December 2015: TL 992.338).

Transactions with other related parties

For the year ended 31 December 2016 and 2015, significant transactions with other related parties comprised the following:

	1 January-31 December 2016				1 January-31 December 2015			
	Interest Received	Other income	Other expense	Commission for letter of guarantee given	Interest Received	Other income	Other expense	Commission for letter of guarantee given
Turkcom (*)	1.260.977	-	293.220	-	1.505.419	-	-	-
Mehmet Kutman (*)	901.669	-	-	700.000	507.669	-	-	700.000
Erol Göker	180.006	-	-	-	100.395	-	-	-
Global A Type and B Type Funds	-	-	-	-	-	-	-	-
Global Portföy	-	-	-	-	-	-	-	-
Other	87.809	12.785	-	-	87.067	-	229.262	-
Total	**2.430.461**	**12.785**	**293.220**	**700.000**	**2.200.550**	**-**	**229.262**	**700.000**

(*) Includes margin lending and advance interest.

7 CASH AND CASH EQUIVALENTS

As at 31 December 2016 and 31 December 2015, cash and cash equivalents comprised the following:

	31 December 2016	31 December 2015
Cash on hand	333.741	365.952
Cash at banks	205.888.378	283.099.466
-Demand deposits	*78.096.097*	*149.201.656*
-Time deposits	*127.792.281*	*133.897.810*
Receivables from reverse repurchase agreements	-	5.964.877
Receivables from Takasbank	19.193	1.515.465
Other	2.799.678	5.223.734
Cash and cash equivalents	**209.040.990**	**296.169.494**
Blocked deposits	(48.096.697)	(59.666.419)
Cash and cash equivalents for cash flow purposes	**160.944.293**	**236.503.075**

As at 31 December 2016 and 31 December 2015, maturities of time deposits comprised the following:

	31 December 2016	31 December 2015
Up to 1 month	127.470.262	133.834.288
1-3 months	322.019	63.522
	127.792.281	**133.897.810**

As at 31 December 2016 and 31 December 2015, the range of time deposit interest rates included in cash and cash equivalents is as follows:

	31 December 2016	31 December 2015
Interest rate range for time deposit - TL	8,50% - 11,00%	7,25% - 11,00%
Interest rate for time deposit - USD	0,35%-0,50%	0,10%-0,25%

As at 31 December 2016, cash at banks amounting to TL 37.858.016 (31 December 2015: TL 49.007.392) is blocked due to bank borrowings and letters of guarantee by the banks. As at 31 December 2016, TL 9.047.863 deposited at the BIST Settlement and Custody Bank ("Takasbank") is blocked by the CMB (31 December 2015: TL 10.282.280). As at 31 December 2016 TL 1.190.818 (31 December 2015: TL 376.747) 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.

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8 FINANCIAL INVESTMENTS

As at 31 December 2016 and 31 December 2015, the details of financial investments comprised the following:

Current assets	**31 December 2016**	**31 December 2015**
Financial assets held for trading	10.892.959	14.791.212
Financial assets available for sale	-	237.642
Other	1.193.005	511.874
Total	**12.085.964**	**15.540.728**

Non current assets		
Financial assets available for sale	4.276.621	7.234.573
Total	**4.276.621**	**7.234.573**

The details of financial assets of the Group is as follows:

a) Financial assets held for trading

	31 December 2016	**31 December 2015**
Debt securities (governmental bonds)	1.093.957	13.026.037
Equity securities	8.788.992	1.755.175
Investment funds participations	1.010.010	10.000
	10.892.959	**14.791.212**

All financial assets held for trading are financial assets at fair value through profit or loss. The changes in fair value of these assets are accounted for in gain/(loss) on investing activities, net in the consolidated profit or loss and other comprehensive income (Note 28). All the equity securities included in the financial assets held for trading are traded in active markets.

As at 31 December 2015, financial assets amounting to TL 2.919.278 are pledged by the banks with respect to the letter of guarantees given to BIST (31 December 2016: None).

As at 31 December 2015, financial assets amounting to TL 650.969 are given to Turkish Derivative Exchange ("VİOP") for transaction guarantee (31 December 2016: None).

As at 31 December 2016 the equity shares amounting to TL 9.402 are pledged for an ongoing lawsuit case (31 December 2015: TL 25.634).

As at 31 December 2016 and 31 December 2015, the letters of guarantee given to the BIST, Settlement and Custody Bank, the Turkish Derivative Exchange and the Capital Market Board are explained in Note 20.

b) Financial assets available for sale

	31 December 2016	**31 December 2015**
Equity securities		
- Quoted to an active market	-	237.642
- Unquoted to an active market	4.276.621	7.234.573
Total	**4.276.621**	**7.472.215**

8 FINANCIAL INVESTMENTS(continued)

Details of equity securities which are not quoted in an active market comprised the following:

	31 December 2016		31 December 2015	
	Share ratio (%)	**Book value**	**Share ratio (%)**	**Book value**
Borsa İstanbul A.Ş.	0,08	2.683.145	0,08	319.422
Takas ve Saklama Bankası A.Ş.	-	-	2,35	5.625.000
Bakü Borsası	5,50	137.523	5,50	137.523
Other		1.455.953		1.152.628
Total		**4.276.621**		**7.234.573**

The Group recognized and measured the investments that are not quoted in active markets at cost.

9 FINANCIAL LIABILITIES

As at 31 December 2016 and 31 December 2015, financial liabilities comprised the following:

Short term borrowings	**31 December 2016**	**31 December 2015**
Short term bank loans	244.383.130	54.094.422
-TL Loans	*184.509.500*	*20.951.186*
-Foreign currency loans	*59.873.630*	*33.143.236*
Total	**244.383.130**	**54.094.422**

Short term portion of long term borrwings

	31 December 2016	**31 December 2015**
Short term portion of long term bank loans	163.851.547	108.431.295
-TL Loans	*21.243.452*	*10.832.848*
-Foreign currency loans	*142.608.095*	*97.598.447*
Debt securities issued	357.131.657	242.608.927
-TL debt securities	*233.046.378*	*181.780.683*
-Foreign currency debt securities	*124.085.279*	*60.828.244*
Finance lease obligations	28.003.611	20.394.682
Total	**548.986.815**	**371.434.904**

Long term borrowings	**31 December 2016**	**31 December 2015**
Long term bank loans	**519.282.425**	**477.717.104**
-TL Loans	**35.733.871**	**35.887.999**
-Foreign currency loans	**483.548.554**	**441.829.105**
Debt securities issued	**878.557.811**	**850.730.445**
-TL debt securities	**57.669.457**	**132.224.890**
-Foreign currency debt securities	**820.888.354**	**718.505.555**
Finance lease obligations	**68.038.654**	**66.039.664**
Total	**1.465.878.890**	**1.394.487.213**
Total borrowings	**2.259.248.835**	**1.820.016.539**

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9 FINANCIAL LIABILITIES (Continued)

Maturity profile of long term bank loans and debt securities issued comprised the following:

Years	31 December 2016	31 December 2015
2017	-	325.376.394
2018	230.443.572	139.337.081
2019	170.784.824	121.765.766
2020 and after	996.611.840	741.968.308
Total	**1.397.840.236**	**1.328.447.549**

Maturity profile of finance lease obligations comprised the following:

	31 December 2016			31 December 2015		
	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	30.222.980	2.219.369	28.003.611	22.643.418	2.248.736	20.394.682
Between one and five years	74.530.439	6.491.785	68.038.654	76.035.542	9.995.878	66.039.664
Total	**104.753.419**	**8.711.154**	**96.042.265**	**98.678.960**	**12.244.614**	**86.434.346**

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9 FINANCIAL LIABILITIES (Continued)

				31 December 2016			
Loan Type	**Company Name**	**Currency**	**Maturity**	**Interest Type**	**Nominal Interest Rate %**	**Principal (TL)**	**Carrying Value (TL)**
Loans and issued debt securities used to finance							
Debt securities issued (i)	Holding	USD	2017	Fixed	11%	56.219.220	56.025.293
Bond issued (ii)	Holding	TL	2018	Floating	DİBS+ 5,25%	50.000.000	51.598.464
Bond issued (ii)	Holding	TL	2017	Floating	DİBS+ 4,75%	110.000.000	112.588.423
Bond issued (ii)	Holding	TL	2017	Floating	DİBS+ 4,75%	70.200.000	71.409.670
Bond issued (ii)	Holding	TL	2017	Floating	DİBS+ 4,50%	40.000.000	40.055.598
Bond issued (ii)	Holding	TL	2019	Floating	DİBS+ % 5,25	14.800.000	15.063.679
Secured loan (iii)	Holding	EURO	2018	Floating	Euribor+6,76%	23.404.024	24.230.504
Secured loan (iii)	Holding	EURO	2019	Floating	Euribor +6,70 %	12.826.046	13.192.227
Secured loan	Holding	TL	Rotative	Fixed	16,35-16,90%	81.567.538	81.567.538
Secured loan (vi)	Holding	EURO	2017	Floating	Euribor + 6,50%	27.824.250	27.864.289
Secured loan (xvi)	Global Ports BV	EURO	2020	Floating	Euribor+ 4,6%	33.042.091	33.832.656
Secured loan (xvii)	VCP	EURO	2020	Floating	Euribor+ 4,6%	72.528.545	72.306.228
Bond issued (iv)	Global Liman	USD	2021	Fixed	8,13%	879.800.000	888.948.340
Unsecured loan	Global Liman	TL	2017	Fixed	13%	900.637	900.637
Secured loan	Ege Liman	USD	2017	Fixed	4,5%	13.284.980	13.284.980
Secured loan	Ege Liman	TL	2017	Fixed	15,60%	897.602	897.602
Secured loan	Ortadoğu Liman	TL	2017	Fixed	13%	1.320.934	1.326.639
Secured loan	Ortadoğu Liman	USD	2017	Fixed	4,95%	10.909.520	10.909.520
Secured loan	Ortadoğu Liman	USD	2019	Fixed	4,40%	438.443	439.059
Unsecured loan	Bodrum Liman	TL	2017	Fixed	14%	1.790.000	1.790.000
Secured loan (v)	Pera	TL	2021	Floating	TR Libor + 5%	12.274.140	12.299.618
Secured loan	Pera	TL	2021	Fixed	14,50%	7.840.489	7.840.489
Secured loan (v)	Pera	TL	2021	Fixed	TR Libor+4.95%	13.571.429	13.906.961
Secured loan	Pera	EURO	2017	Fixed	3,5%	5.935.840	6.050.755
Unsecured loan	Naturelgaz	TL	2017	Floating	12-14,30%	796.155	796.155
Secured loan (vii)	Naturelgaz	TL	2022	Floating	TR Libor + 2,50%	10.632.058	10.889.967
Secured loan (vii)	Naturelgaz	TL	2022	Floating	TR Libor +2,50 %	10.914.412	11.180.191
Secured loan (vii)	Naturelgaz	USD	2022	Floating	USD Libor + 5,25%	42.340.375	42.844.768
Secured loan (vii)	Naturelgaz	USD	2022	Floating	USD Libor +5,25 %	43.464.320	43.986.259
Unsecured loan	Naturelgaz	TL	Rotative	Fixed	-	8.382.757	8.382.757
Secured loan	Straton Maden	EURO	Rotative	Fixed	3,5%	20.000.000	20.000.000
Unsecured loan	Straton Maden	TL	Rotative	Fixed	-	249.458	249.458
Secured loan (viii)	Straton Maden	EURO	2021	Floating	Euribor + 3,25%	7.161.029	7.161.029
Secured loan (viii)	Straton Maden	EURO	2017	Fixed	1,34%	26.825.545	26.825.545
Secured loan (viii)	Straton Maden	EURO	2021	Floating	Euribor + 3%	7.087.595	7.401.194
Secured loan	Straton Maden	EURO	2018	Fixed	5,52%	1.373.239	1.385.357
Secured loan	Straton Maden	TL	2018	Fixed	12%	62.722	63.943
Secured loan	Straton Maden	EURO	2020	Fixed	5%	1.392.585	1.394.250
Secured loan (ix)	Bar Limanı	EURO	2017	Fixed	8,20%	474.981	474.981
Secured loan (ix)	Bar Limanı	EURO	2017	Fixed	8%	375.901	375.901

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9 FINANCIAL LIABILITIES (continued)

			31 December 2016				
Loan Type	**Company Name**	**Currency**	**Maturity**	**Interest Type**	**Nominal Interest Rate %**	**Principal (TL)**	**Carrying Value (TL)**
Loans and issued debt securities used to finance							
Secured loan (xiv)	BPI	EURO	2023	Floating	Euribor + 4%	132.333.532	128.958.479
Secured loan (xiv)	BPI	EURO	2024	Floating	Euribor + 4%	8.899.092	8.707.853
Secured loan (xiv)	Malaga Limanı	EURO	2025	Floating	Euribor + 1,75%	22.438.269	22.196.001
Secured loan	Tres Enerji	EURO	2017	Fixed	3,5%	20.000.000	20.000.000
Secured loan (xv)	Global Ticari Emlak	USD	2025	Floating	Libor+ 6,20%	121.905.088	123.694.183
Unsecured loan	Menkul	TL	Rotative	Fixed	-	3.650.000	3.650.000
Secured loan	Tenera Enerji	TL	Rotative	Fixed	15%	20.504.159	20.621.196
Secured loan	Mavi Bayrak Enerji	USD	2025	Floating	Libor+5,95%	41.962.941	42.465.222
Secured loan	Doğal Enerji	USD	2024	Floating	Libor+6,50%	20.763.280	21.120.409
Secured loan	Güney Maden	EURO	2017	Fixed	3,5%	20.123.674	20.123.672
Secured loan	Port Operation Holding	EURO	2026	Fixed	2,75%	2.125.802	2.125.802
Secured loan	Consus Enerji	EURO	2017	Fixed	3,5%	5.000.000	5.000.000
						2.145.417.525	**2.163.206.570**
Finance Lease Obligations							
Leasing (x)	Ortadoğu Liman	USD	2017 - 2020	Fixed	5,92 - 7,35%	5.784.033	5.784.033
Leasing (xiii)	Ege Liman	USD	2020	Fixed	5,80 - 6,50%	2.025.964	2.025.964
Leasing	Ege Liman	EURO	2017	Fixed	5,75- 7,75%	7.870.657	7.870.657
Leasing (xi)	Naturelgaz	USD	2019	Fixed	7-7,77%	13.534.204	13.534.204
Leasing (xi)	Naturelgaz	EURO	2017	Fixed	6,04 -10,30 %	10.356.805	10.356.805
Leasing	Straton maden	EURO	2017	Fixed	5,80%	2.524.516	2.524.516
Leasing (xii)	Tres Enerji	EURO	2018	Fixed	4,98%	5.380.129	5.380.129
Leasing (xii)	Tres Enerji	EURO	2020	Fixed	5,13%	21.192.242	21.192.242
Leasing (xii)	Tres Enerji	EURO	2023	Fixed	5,15%	8.393.949	8.393.949
Leasing (xii)	Tres Enerji	EURO	2021	Fixed	5,44%	12.136.721	12.136.721
Leasing	Mavi Bayrak Doğu	EURO	2020	Fixed	5%	6.843.045	6.843.045
						96.042.265	**96.042.265**
						2.241.459.790	**2.259.248.835**

9 FINANCIAL LIABILITIES (continued)

Detailed information related to the significant loans and borrowings of the Group is as follows:

(i) The Company has borrowed amounting to USD 100.000.000 long term loan with a 5 year maturity and an interest rate of 9,25 % "loan participation notes" issued on 1 August 2007. The principal amount would be paid on maturity and interest would be paid in January and July each year. On the day the loan was issued, a special purpose entity of the Group invested USD 25.000.000 in the notes, which were issued by Deutsche Bank Luxembourg SA. With subsequent repurchases on various dates, the amount of notes owned by the Group reached a nominal value of USD 26.860.300 as at 31 December 2010. The Group presented these notes acquired as a result of these transactions by netting off its investments in the notes and Group's loan participation notes in accordance with TAS 32.

As at 28 December 2011, the Group exchanged the portion of the aforementioned notes amounting to USD 39.333.000 with the new notes issued by the Company having a nominal value of USD 40.119.000, with a maturity date of 30 June 2017 and an interest rate of 11% p.a. Interest will be paid in January and June each year. Thus, as at 31 December 2011, the nominal value of the aforementioned loan participation notes is USD 60.667.000. As of 31 July 2012, the loan participation notes has been closed by repayment of all interest and principal amounts.

As at 31 December 2016, the portion amounting to USD 24.144.000 of the new notes issued by the Company with a total amount of USD 40.119.000 are the notes held by the Company and its subsidiaries (31 December 2015: USD 24.644.000). 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. As at 31 December 2016, the net nominal value (principal amount) of the issued new notes (presented as debt securities issued) is USD 15.975.000 (31 December 2015: USD 15.475.000).
The loan and debt security agreements include financial covenants, terms restricting indebtedness, sales of material assets, transactions with subsidiaries and mergers and acquisitions of Group companies.

(ii) The Company has issued bonds to qualified investors amounting to TL 75.000.000 with 1.116 days maturity and an interest rate of GDS+4,5% on 29 March 2013. The interest is paid every 31 days. The loan amount was paid on maturity and the loan was closed on 18 April 2016.

The Company has issued bonds to qualified investors amounting to TL 85.000.000 with 910 days maturity and an interest rate of GDS+4,5% on 27 May 2014. The loan amount was paid on maturity and the loan was closed on 22 November 2016.

The Company has issued bonds to qualified investors amounting to TL 110.000.000 with 728 days maturity and an interest rate of GDS+4,75% on 5 May 2015. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 40.000.000 with 729 days maturity and an interest rate of GDS+4,50% on 29 December 2015. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 50.000.000 with 819 days maturity and an interest rate of GDS+5,25 % on 15 April 2016. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 14.800.000 with 819 days maturity and an interest rate of GDS+5,25 % on 17 November 2016. The interest is paid every three months.

The Company has issued bonds to qualified investors amounting to TL 70.200.000 with 364 days maturity and an interest rate of GDS+4,75 % on 17 November 2016. The interest is paid every three months.

(iii) On 27 June 2012, the Company has borrowed a total of USD 5.500.000, with an interest rate of Libor+7,5%. The loan amount was paid on maturity and the loan was closed on 27 June 2016.

On 27 July 2012, the Company has borrowed a total of USD 35.000.000, with an interest rate of Libor+7,5%. The loan amount was paid on maturity and the loan was closed on 27 July 2016.

As at 31 December 2014, the Company has borrowed a total of EURO 9.000.000, with an interest rate of Euribor + 6,76 % and maturity on 31 December 2018. The interest is paid every six months. The remaining principal amount of the loan as at 31 December 2016 is EURO 6.308.532. (31 December 2015: EURO 7.579.266).

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9 FINANCIAL LIABILITIES (continued)

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 2016 is EURO 3.457.249. (31 December 2015: EURO 4.850.000).

(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 % cupon rate based on 8,250 % reoffer yield was completed on 14 November 2014. The bond is quoted on Irish Stock Exchange. Eurobonds contains the certain following covenants;

- If a concession termination event occurs at any time, Global Liman must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a "Concession Termination Event Offer"). In the Concession Termination Event Offer, the Issuer will offer a "Concession Termination Event Payment" in cash equal to 100% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and additional amounts, if any, on the notes repurchased, to the date of purchase (the "Concession Termination Event Payment Date"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.
- The consolidated leverage ratio would not exceed 5,0 to 1. Notwithstanding the foregoing clause (a), the Issuer and any Restricted Subsidiary will be entitled to incur any or all of the following indebtedness;

  a) Indebtedness incurred by Global Liman ("the Issuer"), Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5.000.000;
  b) Purchase Money Indebtedness Incurred to finance the acquisition by the Issuer or a Restricted Subsidiary (all subsidiaries except Malaga Cruise Port and Lisbon Cruise Port) of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of Indebtedness Incurred pursuant to this sub-clause and then outstanding, does not exceed USD 10.000.000;
  c) Additional Indebtedness of the Issuer or any Guarantor (other than and in addition to Indebtedness permitted above) and (b) Port of Bar Indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time under sub-clauses (a) and (b) of this clause does not exceed USD 20.000.000; and provided further, that more than 50% in aggregate principal amount of any Port of Bar Indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

(v) TL loans amounting to TL 12.299.618, represent the loans granted to Pera on 10 May 2013, to refinance the loans borrowed to finance Sümerpark Shopping Mall, an investment property of the Group. The amount of TL loans amounting to TL 13.906.961 represent the loans used for Skycity project. The Company, is joint guarantor for the refinancing loans over the term of all commitments and liabilities arising from these loans. As a guarantee for this loan, the land in Denizli Sümer Mahallesi is given as a mortgage and there is pledge over the Sümerpark Shopping Mall in favour of the lender.

(vi) On 26 March 2015, the Company has borrowed a total of EURO 10.000.000, with an interest rate of Euribor + 6,50 % and maturity on 22 December 2017. The remaining principal amount of the loan as at 31 December 2016 is EURO 7.500.000 (31 December 2015: EURO 7.500.000). Under this loan agreement, a mortgage is issued on a land recognized under property, plant and equipment amounting to EURO 15.000.000.

(vii) On 1 April 2015, Naturelgaz has borrowed a total of USD 18.750.000 and TL 16.062.500, with an interest rate of TRLibor+2,5 % and USDLibor+5,25% respectively to finance investing activities. Interest and principal are paid every six months (in January and July). Under this loan agreement, the shares of a subsidiary of the Group amounting to TL 13.600.000 nominal value has been pledged. The Company, is joint guarantor for the refinancing loans over the term of all commitments and liabilities arising from these loans. The principal payments will start 18 months later, starting from 1 April 2015 and will be paid every six months. The loan agreements include financial covenants.

(viii) Straton Maden entered into a loan agreement with interest rates of 1,34% and %3-3,25% to finance investing activities. The remaining principal amount of the loan as at 31 December 2016 is EURO 10.999.345.

(ix) The loans used by Port of Bar to finance investing activities.

9 FINANCIAL LIABILITIES (continued)

(x) On 27 August 2010, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 4 September 2015 and interest rate of 5,92% for the purchase of a port tugboat.On 23 December 2013, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 30 June 2017 and interest rate of 5,75% for the purchase of a port tugboat.
On 12 June 2014, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 16 July 2020 and interest rate of 7,35% for the purchase of a port tugboat.

On 27 June 2014, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 16 August 2019 and interest rate of 7,35 % for the purchase of a port of a port forklift.

(xi) Financial lease agreements signed by Naturelgaz with an interest rate of 6,04%-10,30% and expiry date of 2017-2019 for the purpose of leasing machinery and motor vehicles.

(xii) Finance lease agreements signed by Tres Enerji to finance investments.

(xiii) On 25 June 2014, Ege Liman has signed a finance lease agreement with an interest rate of 7,75% and expiry in 2020 to finance investments.

(xiv) Barcelona Port Investments (BPI) has entered into a syndication loan amounting to EURO 60.249.642 with a maturity date on 2023, an interest rate of Euribor+4% and EURO 9.000.000 with a maturity date on 2025, an interest rate of Euribor+1,75% for investing activities. The remaining principal amounts of the loans as at 31 December 2016 are EURO 35.670.377 and EURO 2.398.742 respectively. There is a pledge on BPI shares amounting to EURO 19.640.360 (TL 66.007.321) and Creuers shares amounting to Euro 1.863.138 (TL 6.261.634) related to this loan.

On 12 January 2010, Malaga Port has borrowed a loan from Unicaja amounted EURO 9.000.000 for a new terminal construction. The loan is a nonrecourse loan which has a 15 year maturity and 18 months non-refundable right effective from the term of the agreement related with Euribor conditions. Malaga Port has guaranteed repayment of principal and interest amounts of the loan by mortgaging its royalty right. The remaining principal amount of the loan as at 31 December 2016 is EURO 6.048.214.

(xv) Global Ticari Emlak has borrowed a total of USD 34.600.000 with an interest rate of Libor+6,20 % to finance construction over shopping mall in city of Van. Interest is paid every six months (in April and October).

(xvi) Global Ports Europe BV entered into a loan amounting to EURO 22.000.000, on 16 November 2015 with a 6-year maturity, 12 months grace period and an interest rate of Euribor+4,60%. Principal and interest is paid twice, in May and November each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement.

(xvii) The loan used by Valetta Cruise Port to finance investing activities.

A summary of other guarantees with respect to the loans are presented in Note 20.

The details of the foreign currency risk with respect to financial liabilities are presented in Note 33.

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10 TRADE RECEIVABLES AND PAYABLES

Trade receivables - current

As at 31 December 2016 and 31 December 2015, current trade receivables other than due from related parties comprised the following:

	31 December 2016	31 December 2015
Receivables from customers	87.213.441	81.692.682
Doubtful receivables	9.251.994	7.332.113
Allowance for doubtful receivables	(9.251.994)	(7.332.113)
Other	1.314.343	234.810
Total	**88.527.784**	**81.927.492**

The movement of the allowance for doubtful trade receivables during the years ended 31 December 2016 and 31 December 2015 comprised the following:

	2016	2015
Balance at the beginning of the period (1 January)	(7.332.113)	(7.147.815)
Addition to scope of consolidation	-	(316.244)
Allowance for the period	(2.271.789)	(533.948)
Cancellation of allowances and collections	355.106	818.266
Exchange differences on translation	(3.198)	(152.372)
Balance at the end of the period (31 December)	**(9.251.994)**	**(7.332.113)**

The expenses related to the allowance for doubtful receivables are presented under general administrative expenses.

Short-term trade payables

As at 31 December 2016 and 31 December 2015, short-term trade payables other than due to related parties comprised the following:

	31 December 2016	31 December 2015
Payables to suppliers	94.175.135	74.151.475
Notes payable	715.121	9.255.272
Total	**94.890.256**	**83.406.747**

11 OTHER RECEIVABLES AND PAYABLES

Other receivables - current

As at 31 December 2016 and 31 December 2015, other current receivables other than due from related parties comprised the following:

	31 December 2016	31 December 2015
Deposits and advances given	4.610.022	3.487.396
Receivables from subsidiaries' and joint ventures' other shareholders	555.940	586.879
Tax returns	6.592.811	2.256.712
Other	3.895.806	1.199.610
Total	**15.654.579**	**7.530.597**

Other receivables non-current

As at 31 December 2016 and 31 December 2015, other non-current receivables other than due from related parties comprised the following:

	31 December 2016	31 December 2015
Reimbursement of payments related to Baskent Dogalgaz lawsuit (Note 19)	58.665.064	48.469.692
Deposits and advances given	3.206.057	3.947.344
Receivables from Ada Metal	4.312.365	4.312.365
Other	9.359.560	5.029.659
Total	**75.543.046**	**61.759.060**

Short-term other payables

At 31 December 2016 and 31 December 2015, short-term payables other than due to related parties comprised the following:

	31 December 2016	31 December 2015
Due to subsidiaries' and joint ventures' other shareholders	5.942.980	12.265.897
Taxes payable	9.108.065	8.430.137
Tax amnesty obligations	1.560.225	-
Other	7.993.339	8.370.473
Total	**24.604.609**	**29.066.507**

Other payables - long-term

At 31 December 2016 and 31 December 2015, other long-term payables other than due to related parties comprised the following:

	31 December 2016	31 December 2015
Consideration payable (*)	4.903.721	4.903.721
Deposits and advances given	6.030	771.340
Tax amnesty obligations	1.679.428	-
Other	7.688.054	5.496.759
Total	**14.277.233**	**11.171.820**

(*) The consideration payable amount TL 4.903.721 comprised the balance after deducting TL 4.596.279 that is paid for the property, plant and equipment and TL 1.500.000 that is given as the first advance from the acquisition value of TL 11.000.000 with regards to acquisition of Straton Maden.

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12 RECEIVABLES FROM AND LIABILITIES DUE TO OPERATIONS IN FINANCE SECTOR

Current receivables

As at 31 December 2016 and 31 December 2015, current receivables from operations in finance sector other than due from related parties comprised the following:

	31 December 2016	31 December 2015
Receivables from customers	29.594.698	41.543.216
Receivables from money market	16.269.000	17.316.000
Doubtful receivables	1.524.229	1.316.097
Allowance for doubtful receivables	(1.524.229)	(1.316.097)
Other trade receivables	312.418	1.988.112
Total	**46.176.116**	**60.847.328**

Short-term liabilities

As at 31 December 2016 and 31 December 2015, short-term liabilities due to operations in finance sector other than due to related parties comprised the following:

	31 December 2016	31 December 2015
Payables to money market	45.817.001	52.302.243
Payables to customers	3.082.450	2.293.374
Payables to suppliers	3.219.144	2.800.669
Other	797.426	2.709.600
Total	**52.916.021**	**60.105.886**

13 INVENTORIES

As at 31 December 2016 and 31 December 2015, inventories comprised the following:

	31 December 2016	31 December 2015
Trading properties	18.867.513	20.020.061
Raw materials (*)	60.158.873	37.137.173
Commercial goods (**)	10.885.277	10.532.408
Provision for inventories (**)	(10.131.158)	(10.131.158)
Other	2.283.585	1.925.183
Total	**82.064.090**	**59.483.667**

(*) Bulk of inventories for raw materials comprised of inventories held by the companies which operated in gas/ power/mining investments of the Group.
(**) As at 31 December 2016 and 31 December 2015 commercial goods and provision for inventories amounting to TL 9.435.881 consists of asphalite stocks of Geliş Madencilik.

13 INVENTORIES (continued)

The details of trading properties as follows:

	31 December 2016	31 December 2015
Balance at the beginning	20.020.061	23.469.541
Additions	7.636.400	5.879.961
Disposals	(8.788.948)	(9.329.441)
	18.867.513	**20.020.061**

As at 31 December 2016 and 31 December 2015, the Group's land classified as inventory composed of the land plots on which residential flats started to be built in 2011 in the scope of the residential project in Denizli. They were transferred from invesment property to inventories in 2011. The land is located in Denizli, Plot 6224, Parcel numbered 1.

For the year ended 31 December 2016 additions consist of expenses for office project amounting to TL 7.564.621 and fines paid with regards to 3rd Bloks amounting to TL 71.779.

For the year ended 31 December 2015 additions consist of expenses for office project amounting to TL 4.021.394 and fines paid with regards to 3rd Bloks amounting to TL 1.858.567.

As at 31 December 2016 and 31 December 2015, the mortgage or pledge on the inventory of the Group is explained in Note 20.

14 PREPAYMENTS AND DEFERRED INCOME

Prepayments-current

As at 31 December 2016 and 31 December 2015, current prepayments comprised the following:

	31 December 2016	31 December 2015
Prepaid expenses (*)	9.732.925	14.186.364
Other advances given(**)	25.609.335	24.851.767
Order advances given for inventories	828.419	5.065.255
Other	5.959.768	4.991.347
Total	**42.130.447**	**49.094.733**

Prepayments-non current

As at 31 December 2016 and 31 December 2015, non-current prepayments comprised the following:

	31 December 2016	31 December 2015
Advances given (**)	29.670.917	16.583.887
Prepaid expenses (*)	12.024.645	14.080.681
Other	1.383.693	1.598.056
Total	**43.079.255**	**32.262.624**

(*) As at 31 December 2016 and 31 December 2015, the major part of prepaid expenses comprises of prepaid expenses for energy, mining and port operation activities of the Group.
(**) As at 31 December 2016 and 31 December 2015, 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.

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14 PREPAYMENTS AND DEFERRED INCOME (continued)

Deferred income-short term

As at 31 December 2016 and 31 December 2015, short-term deferred income comprised the following:

	31 December 2016	31 December 2015
Advances received (*)	12.264.058	7.668.435
Deferred income	3.098.728	2.626.303
Other	99.487	57.390
Total	**15.462.273**	**10.352.128**

(*) The major part of advances recieved comprises of advances received for third block sales of residence project of Sümerpark Residences and sales of Sky City office project which constructions are still in progress.

Deferred income-long term

As at 31 December 2016 and 31 December 2015, long-term deferred income comprised the following:

	31 December 2016	31 December 2015
Deferred income	1.570.136	269.000
Total	**1.570.136**	**269.000**

15 INVESTMENT PROPERTY

Movements of investment property during the year ended 31 December 2016 and 2015 are as follows:

	1 January 2016	Additions	Valuation difference (Note 28.1)	Transfers	Foreign Currency translation differences	31 December 2016
Construction in progress	13.110.000	-	215.000	-	-	13.325.000
Operating investment property	361.802.000	-	1.159.719	-	38.036.531	400.998.250
Total	**374.912.000**	**-**	**1.374.719**	**-**	**38.036.531**	**414.323.250**

	1 January 2015	Additions	Valuation difference (Note 28.1)	Transfers	Foreign Currency translation differences	31 December 2015
Construction in progress	76.509.453	71.780.760	7.660.728	(142.840.941)	-	13.110.000
Operating investment property	169.765.000	-	45.902.277	131.346.861	14.787.862	361.802.000
Total	**246.274.453**	**71.780.760**	**53.563.005**	**(11.494.080)**	**14.787.862**	**374.912.000**

(*) Sky City office project has been constructing upon land in Denizli which includes also Sümerpark AVM. As at 31 December 2015, the fair value of office land is determined according to the share of offices and classified from investment property to inventories. 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, so classifed to operating investment property.

Investment property consists of Sümerpark AVM, Van AVM and school and lands in Denizli.

The project which is to be realized upon the land of the Group located in Denizli/Turkey includes a shopping mall, residential flats, a hotel and a hospital.

Operating investment property– Sümerpark Shopping Mall ("Sümerpark AVM")

15 INVESTMENT PROPERTY (continued)

As at 31 December 2016 and 31 December 2015, the fair values of the Sümerpark Shopping Mall are presented below:

	2016		2015	
	Valuation Report Date	**Fair Value**	**Valuation Report Date**	**Fair Value**
Denizli Sümerpark AVM	30 December 2016	159.978.000	31 December 2015	159.978.000
		159.978.000		**159.978.000**

Denizli Sümerpark AVM

Investment properties consist of Sumerpark Shopping Mall which has been officially opened on 12 March 2011.
As at 31 December 2016, there is an insurance amounting to TL 146.560.520 on investment properties of the Group (31 December 2015 : TL 146.560.520).

As at 31 December 2016 and 2015, Sumerpark Shopping Mall is pledged as collateral according refinance loans amounting to TL 35.000.000.

Within the scope of the project, there is a 1st degree pledge on independent plots of B,C,D blocks located Merkezefendi located in Denizli plot #6226, plot M22A22B2D, parcel #1 amounting to TL 36.000.000.

As of 31 December 2016 and 2015, the supermarket within the shopping center is registered as the lessee in the land registry records for 20 years.

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 31 December 2016, the fair value of the Sümerpark Shopping Mall has been determined as TL 159.978.000 by using the cost value approach method. The cost value approach method determined by the value of land and the current status of constructional investments on the value of land. In accordance with the valuation, the fair value of landhas been determining as TL 35.736.000 (31 December 2015: TL 35.736.000) and constructional investments on land has been determined as TL 124.242.000 (31 December 2015: TL 124.242.000).

As at 31 December 2016, the changes in fair value of Sumerpark Shopping Mall has been accounted under other operating expense.

Operating investment property– Van Shopping Mall ("Van AVM")

	2016		2015	
	Valuation Report Date	**Fair Value**	**Valuation Report Date**	**Fair Value**
Van Shopping Mall	9 January 2017	219.390.250	19 January 2016	180.829.000
		219.390.250		**180.829.000**

As at reporting date, the Group has 16.611 m² area of land in Van province of Turkey acquired for the purpose of capital appreciation, which completed construction and officially opened in 2015 and classified to investment property.

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15 INVESTMENT PROPERTY (continued)

The fair value of the Van Shopping Mall as at 31 December 2016 and as at 31 December 2015 the fair value of land where constructed of Van Shopping Mall has been determined according to the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB. In accordance with the expertise reports dated 9 January 2017, the fair value of Van Shopping Mall has been determined as TL 219.390.250 by using the weighted average of cost based and income capitalization method. In accordance with the expertise reports dated 19 January 2016, the fair value of the land has been determined as TL 180.829.000 by using the value based on the market approach method.

As explained in Note 19, a conciliation protocol was signed between the Group and Municipality with respect to withdrawing lawsuits and operating the project based on the decisions of Van City Council and related counciliation comission on 5 July 2014. According to the conciliation protocol, ownership of the property belongs to the Group and the project is started to actualize based on the fullfilment of the certain conditions specified in the protocol (Note 22). As at reporting date conractor companies progress payments has not been finalized regarding to construction of Van Shopping Mall and recognized accrued liabilities for contractor companies which explained in Note 22.

As at 31 December 2016 and 31 December 2015, on Van Shopping Mall there is a pledge amounting to USD 50.000.000 related with the loans. In addition there is a pledge on Global Ticari Emlak shares owned by the Group with a nominal value of TL 38.600.000.

As at 31 December 2016 and 31 December 2015 , the changes in fair value of Van Shopping Mall has been accounted under other operating expense.

School and Land

The fair values of the land plots of the Group are presented in the table below:

	2016		2015	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Denizli Land (Hotel and hospital)	9 February 2017	13.325.000	31 December 2015	13.110.000
Denizli Land (School)	9 February 2017	21.630.000	31 December 2015	20.995.000
		34.955.000		**34.105.000**

These land plots of the Group in Denizli include the plots on which the Group plans to build residential flats, a hospital and a hotel and is located in Denizli Sümer Mahallesi. The land plot, located in Denizli, Plot # 6224 Parcel # 1 is allocated to a residential flat project. This plot has been transferred to inventory in 2011 as the construction of the residential units project started in 2011. The land plots, located in Denizli, Plot #6227 Parcel 1 and Plot #6225 Parcel 1 will include the hospital and hotel projects.

As at 31 December 2016 , the fair values of these land plots have been determined according to the valuation reports dated 9 February 2017 (using the market approach method) prepared by an independent real estate apprasial company, which has the authorization licence of CMB.

As at 31 December 2015, the fair values of the aforementioned land plots have been determined according to the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB based on the report dated 31 December 2015 (using the market approach method).

The Group has made a lease agreement with Final Okulları to operate a school building on the land plot of the Group located in Denizli #6225 Parcel 1 with respect to Sümerpark Multicomponent Project which functions as a shopping mall, flats, a hospital, a hotel and a school and carried out by a subsidiary of the Group, PERA in Denizli. According to the agreement, Final Okulları has a right to operate on the land plot mentioned above as a school for fifteen years. The school has started operations in 2014-2015 education period, consist of 11.450 square meter long closed area with seventy-four classrooms, gym, swimming pool, dining hall, library, conference and meeting rooms.

As at 31 December 2016 the fair value of investment properties is in the scope of level 2 based on the methods used for valuation.

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16 PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the year ended 31 December 2016 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 2016										
Cost	12.706.122	27.881.354	78.732.240	185.857.787	77.430.729	104.658.055	204.925.912	386.811	50.188.276	742.767.286
Accumulated depreciation	-	(165.994)	(8.777.647)	(75.632.035)	(22.880.948)	(28.560.508)	(42.924.814)	(316.780)	-	(179.258.726)
Carrying value	**12.706.122**	**27.715.360**	**69.954.593**	**110.225.752**	**54.549.781**	**76.097.547**	**162.001.098**	**70.031**	**50.188.276**	**563.508.560**
Additions	386.616	454.767	2.078.032	19.245.238	18.818.922	12.945.720	5.581.023	14.219	110.209.307	169.733.844
Current period depreciation	-	(957.727)	(2.937.925)	(17.929.941)	(11.810.757)	(10.073.647)	(10.752.314)	(10.588)	-	(54.472.899)
Disposals	(677.115)	(36.029)	(945.159)	(1.372.939)	(2.562.115)	(1.453.780)	-	-	(280.208)	(7.327.345)
Transfer	265.223	269.307	3.802.739	23.983.590	-	12.865.922	3.497.892	-	(40.454.096)	4.230.577
Foreign currency translation differences	498.901	2.175.259	11.322.317	18.362.198	11.563.705	(305.803)	26.101.252	16.121	6.051.471	75.785.421
Addition to scope of consolidation (i)	-	-	-	106.620	4.354	46.104	690.899	-	2.193.986	3.041.963
Carrying value at the end of the period	**13.179.747**	**29.620.937**	**83.274.597**	**152.620.518**	**70.563.890**	**90.122.063**	**187.119.850**	**89.783**	**127.908.736**	**754.500.121**
31 December 2016										
Cost	13.179.747	30.744.658	94.990.169	246.182.494	105.255.595	128.756.218	240.796.978	417.151	127.908.736	988.231.746
Accumulated depreciation	-	(1.123.721)	(11.715.572)	(93.561.976)	(34.691.705)	(38.634.155)	(53.677.128)	(327.368)	-	(233.731.625)
Carrying value	**13.179.747**	**29.620.937**	**83.274.597**	**152.620.518**	**70.563.890**	**90.122.063**	**187.119.850**	**89.783**	**127.908.736**	**754.500.121**

(i) Includes the property, plant and equipments of Port Operation Holding S.r.l. included in the scope of consolidation by the Group.

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16 PROPERTY, PLANT AND EQUIPMENT (continued)

Movements of property, plant and equipment for the year ended 31 December 2015 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 2015										
Cost	12.387.274	25.032.382	69.968.275	151.546.401	64.508.397	88.493.161	101.189.099	372.010	12.534.635	526.031.634
Accumulated depreciation	-	(106.323)	(5.384.242)	(61.693.340)	(14.395.937)	(19.378.544)	(36.029.412)	(2.503)	-	(136.990.301)
Carrying value	**12.387.274**	**24.926.059**	**64.584.033**	**89.853.061**	**50.112.460**	**69.114.617**	**65.159.687**	**369.507**	**12.534.635**	**389.041.333**
Additions	-	41.504	667.089	16.996.816	5.080.890	6.227.223	4.105.880	6.980	53.366.553	86.492.935
Current period depreciation	-	(59.671)	(3.393.405)	(13.938.695)	(8.485.011)	(9.181.964)	(6.895.402)	(314.277)	-	(42.268.425)
Disposals	-	-	-	(596.206)	(429.121)	(1.182.203)	-	-	(64.383)	(2.271.913)
Transfer	-	24.720	1.806.678	7.578.256	(5.925)	6.105.604	3.901.838	-	(20.291.285)	(880.114)
Foreign currency translation differences	318.848	2.782.748	6.290.198	9.961.564	8.250.766	1.207.858	14.131.409	7.821	2.204.384	45.155.596
Acquisition through business combination (i)	-	-	-	370.956	25.722	3.806.412	81.597.686	-	2.438.372	88.239.148
Carrying value at the end of the period	**12.706.122**	**27.715.360**	**69.954.593**	**110.225.752**	**54.549.781**	**76.097.547**	**162.001.098**	**70.031**	**50.188.276**	**563.508.560**
31 December 2015										
Cost	12.706.122	27.881.354	78.732.240	185.857.787	77.430.729	104.658.055	204.925.912	386.811	50.188.276	742.767.286
Accumulated depreciation	-	(165.994)	(8.777.647)	(75.632.035)	(22.880.948)	(28.560.508)	(42.924.814)	(316.780)	-	(179.258.726)
Carrying value	**12.706.122**	**27.715.360**	**69.954.593**	**110.225.752**	**54.549.781**	**76.097.547**	**162.001.098**	**70.031**	**50.188.276**	**563.508.560**

(i) Includes the property, plant and equipments of Global Europe BV and its subsidiaries and Eczacıbaşı Portföy Yönetimi A.Ş included in the scope of consolidation by the Group.

16 PROPERTY, PLANT AND EQUIPMENT (continued)

According to the transfer of operational rights agreements ("TOORA") of Ege Liman, Port of Bar, Barcelona Port, VCP and Ortadoğu Liman, subsidiaries of the Group and the Build-Operate-Transfer ("BOT") tender agreement of Bodrum Liman, at the end of the agreement periods, fixed assets with their capital improvements will be returned as running, clean, free of any liability and free of charge.

Pledges on the property, plant and equipment related to loans are presented in Note 9.

Other mortgage and pledges related to property plant and equipment are presented in Note 20.

As at 31 December 2016 and 31 December 2015, the carrying values of the leased assets in property, plant and equipment are as follows:

	31 December 2016	**31 December 2015**
Furniture and fixtures	19.212.389	37.310.368
Motor vehicles	17.844.510	53.510.157
Machinery, plant and equipments	54.559.917	8.181.541
Land improvements	8.810.349	8.545.125
	100.427.165	**107.547.191**

The depreciation expenses related to the Group's property, plant and equipment are accounted for under the cost of sales and general administrative expenses in the consolidated statement of profit or loss and other comprehensive income (Note 25.2).

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17 INTANGIBLE ASSETS AND GOODWILL

a) Intangible assets:

Movements of intangible assets for the year ended 31 December 2016 is as follows:

	Rights	Software	Port operation rights (i)	Customer relationships	Royalty rights	HEPP License	Naturel gas licenses	Other intangible assets	Total
1 January 2016									
Cost	12.479.700	1.658.990	1.615.914.099	9.706.654	113.767.589	50.672.736	78.201.341	847.567	1.883.248.676
Accumulated amortization	(8.209.230)	(1.202.855)	(276.593.184)	(5.389.763)	(27.432.125)	-	(7.351.120)	(10.603)	(326.188.880)
Carrying value	**4.270.470**	**456.135**	**1.339.320.915**	**4.316.891**	**86.335.464**	**50.672.736**	**70.850.221**	**836.964**	**1.557.059.796**
Additions	3.131.997	1.425.016	-	-	-	-	-	43.367	4.600.380
Current period amortization	(922.720)	(488.923)	(90.415.452)	(958.794)	(10.536.181)	-	(3.090.774)	(273.260)	(106.686.104)
Transfers	(3.364.767)	-	-	-	-	-	-	(865.810)	(4.230.577)
Diposals	(702.825)	-	-	-	-	-	-	(1.386)	(704.211)
Addition to scope of consolidation (i)	1.870	-	414.169	-	-	-	-	14.019	430.058
Foreign currency translation differences	394.050	1.581.829	243.549.642	618.172	13.297.980	-	-	223	259.441.896
Carrying value at the end of the period	**2.808.075**	**2.974.057**	**1.492.869.274**	**3.976.269**	**89.097.263**	**50.672.736**	**67.759.447**	**(245.883)**	**1.709.911.238**
31 December 2016									
Cost	11.940.025	4.665.835	2.016.357.313	10.324.826	127.065.569	50.672.736	78.201.341	37.980	2.299.265.625
Accumulated amortization	(9.131.950)	(1.691.778)	(523.488.038)	(6.348.557)	(37.968.306)	-	(10.441.894)	(283.863)	(589.354.386)
Carrying value	**2.808.075**	**2.974.057**	**1.492.869.274**	**3.976.269**	**89.097.263**	**50.672.736**	**67.759.447**	**(245.883)**	**1.709.911.238**

(i) Includes the intangible assets of Port Operation Holding S.r.l. included in the scope of consolidation by the Group.

17 INTANGIBLE ASSETS AND GOODWILL (continued)

a) Intangible assets (continued):

Movements of intangible assets for the year ended 31 December 2015 is as follows:

	Rights	Software	Port operation rights (i)	Customer relationships	Royalty rights	HEPP License	Naturel gas licenses	Other intangible assets	Total
1 January 2015									
Cost	9.308.745	1.286.953	1.242.159.995	8.706.517	107.387.233	50.672.736	71.430.575	-	1.490.952.754
Accumulated amortization	(7.285.800)	(660.561)	(198.501.553)	(4.534.641)	(15.861.500)	-	(4.239.779)	-	(231.083.834)
Carrying value	**2.022.945**	**626.392**	**1.043.658.442**	**4.171.876**	**91.525.733**	**50.672.736**	**67.190.796**	**-**	**1.259.868.920**
Additions	2.730.498	465.251	-	-	-	-	6.770.766	10.151	9.976.666
Current period amortization	(923.430)	(542.294)	(78.091.631)	(855.122)	(11.570.625)	-	(3.111.341)	(10.603)	(95.105.046)
Transfers	72.361	-	-	-	-	-	-	807.753	880.114
Addition to scope of consolidation (i)	279.049	-	183.581.260	-	-	-	-	15.341	183.875.650
Foreign currency translation differences	89.047	(93.214)	190.172.844	1.000.137	6.380.356	-	-	14.322	197.563.492
Carrying value at the end of the period	**4.270.470**	**456.135**	**1.339.320.915**	**4.316.891**	**86.335.464**	**50.672.736**	**70.850.221**	**836.964**	**1.557.059.796**
31 December 2015									
Cost	12.479.700	1.658.990	1.615.914.099	9.706.654	113.767.589	50.672.736	78.201.341	847.567	1.883.248.676
Accumulated amortization	(8.209.230)	(1.202.855)	(276.593.184)	(5.389.763)	(27.432.125)	-	(7.351.120)	(10.603)	(326.188.880)
Carrying value	**4.270.470**	**456.135**	**1.339.320.915**	**4.316.891**	**86.335.464**	**50.672.736**	**70.850.221**	**836.964**	**1.557.059.796**

(i) Includes the intangible assets of Global Europe BV and its subsidiaries and Eczacıbaşı Portföy Yönetimi A.Ş included in the scope of consolidation by the Group.

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17 INTANGIBLE ASSETS AND GOODWILL (continued)

b) Goodwill:

During the years ended 31 December 2016 and 31 December 2015, movement of goodwill is as follows:

	2016	2015
Carrying value as at 1 January	**56.242.758**	**46.553.027**
Additions (*)	7.425.528	2.118.800
Currency translation differences	7.865.436	7.570.931
Carrying value as at 31 December	**71.533.722**	**56.242.758**

(*) As at 31 December 2016 additions comprise of goodwill arise from acquisition of Port Operation Holding S.r.l. As at 31 December 2015 additions comprise of goodwill arise from acquisition of Actus Portföy Yönetimi A.Ş. (formerly named was Polsan Portföy Yönetimi A.Ş.).

The distribution of the goodwill according to the segments as at 31 December 2016 and 31 December 2015 is as follows:

Distribution by segments	31 December 2016	31 December 2015
Port Operations	52.683.934	29.822.040
Finance	12.137.491	10.018.691
Real Estate	6.712.297	6.712.296
Total	**71.533.722**	**46.553.027**

Basic assumptions used in each segment for the purpose of impairment testing are as following:

Port operations:

As at 31 December 2016, the Group has carried USD 12.860.425 (TL 45.258.408) goodwill related to the acquisition of Ege Liman in its consolidated financial statements (31 December 2015: TL 37.392.972).

As at 31 December 2016 and 2015, the Group tested impairment by comparing the goodwill from the acquisition of Ege Liman with the values in use of the cash generating units and concluded that no impairment exists. Cash flow forecasts based on financial budgets of the subsidiary are prepared up to the end of the port usage rights, which is 2033. The basic assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value in use are prepared in USD. As at 31 December 2016 and 2015, interest rates of 11% is used for discounting future cash flows, respectively. 9,7 % considered as average EBIDTA growth rate.

Finance operations:

The Group tested impairment of assets of Global Menkul in order to test the goodwill amounting to TL 10.018.691 as at 31 December 2016 and 2015 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. 13% discounted rate is used for discounting future cash flows.

17 INTANGIBLE ASSETS AND GOODWILL (continued)

b) Goodwill:(continued)

Real estate operations:

The Group tested the impairment of the goodwill related to the acquisition of Maya amounting to TL 6.712.296 as at 31 December 2016 and 2015. In such work, the Group compared the amount of goodwill carried in the consolidated financial statements, with Maya's fair value and has concluded that there is no impairment. Maya leased land in Tatlısu Magosa , from the Government of Northern Cyprus in order to build hotels, villas and apartments for the Holiday Village project on the leased land. As at the reporting date, the construction has not been started on leased land, because the expropriation studies have not been completed. As at 31 December 2016 and 2015, 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 12.750.000 (31 December 2015: TL 12.750.000) which is above the total investment of the Group in Maya recognized in the consolidated financial statements.

18 EQU ITY ACCOUNTED INVESTEES

As at 31 December 2016 and 31 December 2015, the details of financial statements related to equity accounted investees are as follows:

			Carrying value	
	Effective voting power	Effective ownership held	31 December 2016	31 December 2015
Assets				
Port of Singapore	40,00%	22,11%	5.582.371	2.920.367
Port of Lisbon	50,00%	41,19%	23.898.054	16.348.036
Venezia(**)	25,00%	22,29%	30.807.943	-
Axel Corporation Grupo Hotelero SL (***)	15,00%	15,00%	7.376.514	-
La Spezia	30,00%	25,00%	129.990	-
Total Assets			**67.794.872**	**19.268.403**
Liabilities				
IEG (*)	50,00%	39,00%	(566.722)	(391.687)
Total Liabilities			**(566.722)**	**(391.687)**
			67.228.150	**18.876.716**

(*) Since the Group will compansate the liabilities of IEG based on the its shareholding rates, the Group recognized a loss on IEG's financial statements under liabilities related to the equity accounted investees.
(**) Venezia Investimenti Srl is an international consortium formed for investing in Venezia Terminal Passegeri S.p.A (VTP). The international consortium formed by Global Ports Holding (GPH), Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having 25% share of the Company.
(***) Aristaeus Limited, a subsidiary of the Group, has been acquired a 15% shares of Axel Corporation Grupo Hotelero SL, operating in Spain, on 15 July 2016. As at 30 September 2016, the Group started to consolidate its financial statements as equity accounted investment method.

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18 EQUITY ACCOUNTED INVESTEES (continued)

	2016	2015
Balance at the beginning of the period (1 January)	**18.876.716**	**4.232.506**
Net profit (loss)	7.279.347	2.594.661
Currency translation diffirences	2.757.640	726.204
Capital increase	-	13.902.000
Sale of equity accounted investee (Note 27)	-	(2.578.655)
Addition to scope of consolidation	38.314.447	-
Balance at the end of the period (31 December)	**67.228.150**	**18.876.716**

31 December 2016	Current Assets	Non Current Assets	Total Assets	Short Term Liabilities	Long Term Liabilities	Total Liabilities	Income	Expenses	Net Profit/ Loss for the period
IEG	507.529	8.875	516.404	(1.649.848)	-	(1.649.848)	127.201	(468.322)	(341.121)
Port of Lisbon	22.095.564	33.801.142	55.896.706	(8.100.598)	-	(8.100.598)	15.714.273	(9.869.723)	5.844.550
Port of Singapore	26.141.088	10.459.085	36.600.173	(14.502.467)	(8.141.779)	(22.644.246)	31.273.461	(26.653.591)	4.619.870
Venezia Investimenti	6.011.280	117.761.231	123.772.511	(540.741)	-	(540.741)	8.452.261	(713.925)	7.738.336
Axel Corporation Grupo Hotelero SL	20.852.669	40.187.180	61.039.849	(9.031.024)	(2.832.067)	(11.863.092)	53.618.131	(48.650.786)	4.967.345
La Spezia	433.304	-	433.304	-	-	-	-	-	-

31 December 2015	Current Assets	Non Current Assets	Total Assets	Short Term Liabilities	Long Term Liabilities	Total Liabilities	Income	Expense	Net Profit/ Loss for the period
IEG	737.171	6.830	744.001	(1.552.673)	-	(1.552.673)	2.201.250	(661.718)	1.539.532
Port of Lisbon	6.822.572	31.499.333	38.321.905	-	(5.625.833)	(5.625.833)	8.516.966	(6.005.014)	2.511.952
Port of Singapore	11.136.101	11.090.060	22.226.161	(8.425.133)	(6.500.108)	(14.925.242)	22.536.095	(21.113.798)	1.422.297

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

19.1 Other short term provisions

	31 December 2016	31 December 2015
Provision for lawsuits	5.460.285	5.358.449
Provision for consultancy expenses	3.818.716	1.016.620
	9.279.001	**6.375.069**

Other Long-term Provisions

	31 December 2016	31 December 2015
Replacement provisions for Creuers	47.464.473	33.762.103
Restructing provisions for Port of Bar	4.822.870	7.463.554
	52.287.343	**41.225.657**

(*) The Group have made a commitment amounting to TL 15.687.965 based on the share transfer agreement regarding with purchasing of Port of Bar and began to fulfill the commitments in 2014, as at 31 December 2016 the remaining amount related to commitment is TL 4.822.870. As at 31 December 2016 the Group has recognized provision amounting to TL 47.464.473 for renovations and widescale repairments in compliance with TOORA Contract related to the acquistion of Barcelona Port.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(continued)

19.2 Legal issues

There are lawsuits pending that have been filed against or by the Group. These lawsuits primarily include the labor and debt cases. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for those possible earnings and liabilities. The amount of provision that has been accounted for is stated in Note 19.1. The information related with the significant lawsuits that the Group is directly or indirectly a party is as follows:

(i) The Constitutional Court passed a decision on 6 June 2013 governing the cancellation of the phrase "…except for specific arrangements…" included in the Provisional Article 8 that has been added to the Law No: 4706 amending the contractual terms of agreements regarding easement rights or utilization rights concerning the immovable that are fully owned by the state or private properties of the Treasury, the terms of which are shorter than 49 years, to be extended to 49 years starting from the validity of the relevant agreements.

Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Port Akdeniz"), Ege Liman İşletmeleri A.Ş. ("Ege Ports") and Bodrum Yolcu Limanı İşletmeleri A.Ş. ("Bodrum Cruise Port") filed their applications regarding extension of the operation periods of the ports in accordance with the cancellation decision of the Constitutional Court and the applicable legislation, to the relevant authorities. However, each application was rejected by the authorities. Port Akdeniz, Ege Ports and Bodrum Cruise Port filed lawsuits at the competent administrative courts.

The cases taken to the courts by Ege Liman and Port Akdeniz had been rejected and the Group lawyers appealed the rejection decisions. On appeal, the Council of State reversed the lower court's judgement and allowed the extension of the concession agreement related to Ege Liman. The Privatization Administration applied to the Council of State for reversal of this judgement and the case is pending. Port Akdeniz's lawsuits were rejected at first instance court and were appealed by the Group. The case is pending before the Council of State.

On the other hand, Bodrum Cruise Port's objection was approved by the court and rejection decision of the Ministry of Transportation, Maritime Affairs and Communication had been cancelled in favor of Bodrum Cruise Port. The Ministry had appealed the court of first instance's decision with a stay of execution request which was rejected. The case is still pending before the Council of State.

(ii) The employees of Bar Port in Montenegro have filed number of cases with the local courts for the purposes of their claims arising from the Collective Agreement that was signed in 2009, that are related to (i) the period (2011 - 2014) before the handover of the port to Global Ports and (ii) alleged underpaid wages and other rights as of beginning of 2014. In one of these cases, the Basic Court, with its decision resolved that the Collective Agreement is not valid, which is in favor of Global Ports; and rejected the case and the decision became final. In another case, despite this final decision, the court resolved that the Collective Agreement is valid, which was then appealed by the Company in the Higher Court level. Remainder of the cases is still pending.

(iii) The former owner of the shares of a subsidiary of the Group filed a lawsuit against the Group for the restitution of the shares. On 4 January 2008 a trustee had been appointed for the subsidiary's management and the subsidiary was therefore excluded from the consolidated accounts. On 2 March 2010, the court decided on return of shares on a free of charge basis to the former owners and that the trustee, previously appointed by the Court, shall remain in charge until the final decision. The Group lawyers appealed the decision on 28 April 2010 upon the notification of the justified decision. Although the decision was overruled the first instance court decision was against the Group and the judgment became final on 03 March 2016. The shares that are subject matter of the case was transferred to a foreign company in the course of court hearings and examinations in 2015. On the other hand, the Group has filed counter claims in order to collect the expenditure made for the purposes of the project against the partners on 21 April 2016 and the cases are still pending

(iv) In the lawsuits filed with Adana Court of First Instance, plaintiffs stated that in the period the Company operated as a brokerage house (2003) their money and stocks were transferred to other accounts by the ex-worker of Global Menkul and claimed a compensation regarding money stocks and interest from Global Menkul (recently Global Yatırım Holding as the title changed). The Group has performed a risk assessment regarding the cases and allocated a provision amounting to TL 554.134 for the cases.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues(continued)

(v) GYH and Global Liman were part of a consortium which participated in the tender process relating to the privatization of İzmir Port. The joint venture in which the Group also attended placed as the highest bid for the tender regarding the privatization of the operating rights of TCDD İzmir Ports via transferring method conducted by the Privatization Administration on 3 July 2007. The High Council of Privatization Administration approved the tender. Liman-İş and Kamu İşletmeciliğini Geliştirme Merkezi Vakfı separately filed lawsuits for the cancellation of the tender. These lawsuits were rejected by the Council of State. Plaintiffs appealed the verdicts. 1st Department of Council of State has approved the Privatization of Operating Rights without waiting for the approval of the 13th Department of Council of State. High Council of Privatization has invited the Joint Venture to sign the Agreement with a declaration dated 23 September 2009.

The Group, on behalf of the joint venture partnership participating in the tender, requested an extension from the PA to complete the privatization by 15 April 2010. The PA granted a 45-day extension on 10 November 2009, permitting the joint venture to complete the privatization by 24 December 2009. Pursuant to the terms of the tender, on 7 January 2010 the PA cancelled the tender and called the USD 15 million bid bond provided by GYH and its joint venture partners during the bid process. On 8 January 2010, the Group deposited USD 6.900.000 in escrow, its portion of the bid bond, and on 12 January 2010 the PA received the bid bond in full from all joint venture partners. Following forfeiture of the bid bond, the Group and its joint venture partners fulfilled all of their obligations to the PA in connection with the tender.

The Group initiated a pilot debt recovery procedure of USD 10.000 against the PA with the Ankara Enforcement Authority (which then is to be followed by the actual procedure) claiming the repayment of the Bid Bond issued by Bank Asya numbered 308099 and dated 29 March 2007 with a total amount of USD 12.750.000 which was liquidated on unjustifiable grounds. However, the proceeding was suspended upon defendant's objection. The cancellation of the defendant's claim and a penalty amounting to 40% of the total amount were requested from Ankara Commercial Court on the ground that defendant's claim was unjustifiable. The expert, in the report, has the opinion that Group's request was rightful. The defendant, Privatization Administration, made an objection to the Report. Although the latter expert report has also represented in favor of the Group, the Group has requested for correction of the expert report due to insufficient examination. The Court dismissed the lawsuit and the lawsuit has been appealed by the Group.

(vi) On 14 March 2008 the joint venture ("JV") consisting of Energaz 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. 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 from Asya Katılım Bankası A.Ş by the Consortium, submitted to the Municipality as a requirement under specifications by GYH, the 51,66 % participant of the JV.

The Group filed a lawsuit before the Ankara Administrative Court against the Municipality, requesting cancellation of the Municipality Council's resolution dated 22 January 2009, numbered 86/325 regarding the forfeiture of the letter of guarantee given by JV according to Article 10/c of the tender specification. The Group also requested an injunction on 15 January 2010. Ankara Administrative Court decided incompetence and the case has been taken over by the Thirteenth Chamber of Council of State. The Thirteenth Chamber of Council of State rejected the request for a stay for execution. The Group appealed and the Administrative Division of the High Council of the State overturned the rejection on 8 July 2010. At this point, 13th Chamber of Council of State completed the parts which were missed before. Afterwards, 13th Chamber of Council of State dismissed the case and the judgement of dismissal received on 4 August 2014. The decision has been appealed in due of time by the Group lawyers on 2 September 2014. The Chamber of Council of State approved the decision and it was notified on 28 July 2016. Request of rectification has been submitted in due of time by the Group lawyers and currently it is being waited to be sent by Pleanary Session of the Administative Law Chamber.

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.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 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 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 50.000.000.00 has been paid by the Group. The decision has been appealed. As a result of the appeal, the Supreme Court of Appeals acknowledged all objections and reversed the decision in favor of the Group. The defendant Municipality requested for the revision of decision and such revision request has rejected by the Supreme Court. The file has been sent to Ankara 4th Chamber Commercial Court with the file number 2016/37 and been approved the remittitur and ruled an interim decision to wait the decision of the Chamber of Council of State. Following that the Group lawyers submitted a revocation petition in relation to that there is no reasoning to wait for the decision of the Chamber of Council of State. There is no ruling with regards to this submission of the Group lawyers so far. Next hearing will be held on 31 May 2017.

Brielfy as at 31 December 2012, the Group allocated provision amounting to USD 50.000.000 (TL 89.130.000) under "provisions" in its consolidated financial statements. The reimbursement of the provisions is accounted for under "other receivables" as "reimbursement of provisions" amounting to USD 24.170.000 (TL 43.085.422) and a net amount of provision and reimbursement of the provision amounting to USD 25.830.000 (TL 46.044.558) is accounted for as provision expense under "finance costs" in the consolidated financial statements. As of 31 December 2013, since the liability have been paid, the receivables amounting to TL 51.586.031 (31 December 2014: TL 38.656.063) (Note 11) accounted as "reimbursement of payments" in the other receivables. As at 31 December 2014, the Group has come to agreement with the other partners of the Consortium, Enerya and STFA, and the related amount has been collected. The difference between the receivable arising from the recourse and the agreed amount, has been written off and expensed under finance costs in the amount of TL 9.379.317. (Note 30) As of 31 December 2015, USD 16.670.000 (TL 48.469.692) is accounted for under "other receivables" as "reimbursement of provisions" (31 December 2016 : TL 58,665,064).

On the other hand, the Municipality filed a lawsuit against the Company and Energaz before 4th Ankara Commercial Court on the date of 26 Mach 2013 in request for the compensation for unlawful preliminary injunction. The requested compensation amount is USD 10.000.000, save for the rights to surplus related to lawsuit, request and other damages especially interest income loss of the municipality and damages arising from forced loan, with accruing commercial interest as from 31 December 2008. The lawsuit petition and interim decision related to the lawsuit have been received on 7 May 2013. In the rebuttal petition dated 15 May 2013, the Group's lawyers claimed for nonsuit and requested for awaiting the finalization of the decision of the superior court by reason of the fact that the compensation lawsuit was filed before giving ruling on the primal lawsuits conducted before 4th Ankara Commercial Court numbered 2010/308 E. and the Thirteenth Chamber of Council of State numbered 2010/920 E. Besides, the Group's lawyers requested for evidencing of tangible damages of plaintiff and determining of the scope of compensation in accordance with the Code of Obligation Article 51. The Court has decided to pend the filing until the decision of the file before the same Court with the file number of 2016/37 detailed above. Next hearing will be held on 31 May 2017.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

(vii) The Company filed a lawsuit of USD 15.000 against ABN Amro Infrastructure Capital Management Ltd. before Beyoğlu Commercial Court claiming that the defendant, with regards to the related articles of the JV Agreement signed between the Parties after the Tender of the Privatization of Başkent Doğalgaz Dağıtım A.Ş. arranging to share jointly all the financial, accounting, legal, tax, commercial and insurance expenses, has not paid its share of USD 236.918, reserving the right to claim the whole amount. The expert report and the additional report has been received and the parties has raised objections to such reports. In the hearing held on 3 March 2014, it has been decided to be pended the filing until the decision of the file numbered 2010/920 before 13th Council of State. Since the lawsuit with the file numbered 2010/920 before 13th Council of State which is regarding the forfeiture of the letter of guarantee has been decided to be pended, interrelation with and the differences from the lawsuit have been indicated in the most recent petition. In the said petition, it has been stated that the decision taken by the Administrative Court has no defect evaluation for Global; and only has an defect evaluation for the JV, and therefore it has been defended that the interrelation of the parties are different and lawsuit must be approved without making it a pending issue. During the hearing held on 24 February 2016, the Court has removed the pending decision and rejected the lawsuit.The decision of the first instance court is appealed by the Group on 27 May 2016. The file number which is 2016/14130 has been obtained by the 3rd Chamber of Supreme Court of Appeals.

(viii) Dağören, one of GYH's subsidiaries made an application to the General Directorate of State Hydraulic Works (the "Administration") to obtain a generation licence for the Dağören Hydroelectric Power Plant ("HEPP").

According to correspondence sent by the Administration dated 18 July 2008, the Administration accepted the application with one condition-the generation licence had to be granted by the Energy Market Regulatory Authority ("EMRA"). Subsequently, Dağören completed its licences application to EMRA and EMRA approved the application for a 46 year generation licence on 27 November 2008. Consequently, the Right of Water Usage Agreement was signed and sent to Dağören by the Administration.

Dağören responded stating that the draft agreement was acceptable and the final Right of Water Usage Agreement could be signed. On the grounds that the Bilateral Cooperation Agreement ("Agreement") between Turkey and USA is abrogated, which includes the development of Hakkari Dam and Hydroelectric Power Plant ("HEPP") Project located on the upper level of Dağören Regulator and HEPP Project, the Administration refrained from signing the water utilization rights agreement and subsequently notified Dağören, that Dağören Regulator and HEPP Project is also cancelled.

Dağören lawyers filed a lawsuit in the Sixteenth Administrative Court of Ankara to cancel the administrative decision given by the Administration on grounds that EMRA is the only body entitled to give or cancel any production licence; that the Administration has no authorization to cancel a project which is already approved by EMRA; that the Administration has no right to refrain from signing the water utilization rights agreement of any project that is approved by EMRA and the cancellation of Hakkari Dam and HEPP Project is not automatically a reason for the cancellation of the Dağören Regulator and HEPP Project.

The Sixteenth Administrative Court of Ankara decided against Dağören as a matter of public interest and not considering any contradiction against the law. Dağören appealed the verdict to the Council of State and requested an injunction declaring that the process conducted by the Administration cannot be lawful as a matter of public interest where it contradicts the express provisions of the law. The lawyers also requested that the appeal process shall be carried on through court hearings. Since the Thirteenth Chamber of the Council of State which will carry on the appeal process is the specialized court in such processes, the Group lawyers believe that the decision by the Sixteenth Administrative Court of Ankara will be reversed and a judgement made in favour of the Group.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

On the other hand, a lawsuit has been filed at Ankara Intellectual and Industrial Property Rights Court No. 3 by the Group on the grounds that Dağören Regulator and HEPP Project is a product and is a property of Dağören and that the rights of the owner of the product cannot be interfered and the possession of the product cannot be taken by solely changing the name of the Project. The first expert decided against Dağören by majority of votes in their report although the technical expert represented their report in favor of Dağören. At this statement, Dağören made an objection to the court regarding the report. Within the second expert report prepared upon objections, it was stated that the transfer of the intellectual property rights regarding the Dağören Project from the Dağören to the General Directorate of State Hydraulic Works under the related regulations is an issue open to criticism, and these rights are actually owned by the Dağören, and the use of the projects which were prepared by the Dağören by the Administration is a matter considered to be professionally unethical, and the decision related to the product needs to be decided under the court's discretion. Although the Court approved that the Group's Project is a creation, it also dismissed the lawsuit claiming that the similarities between the Group's Project and the Hakkari HEPP Project announced by the defendant DSI have originated from several technical requirements; therefore the DSI's Project is also deemed as another creation. The decision which is contrary to law have been made against the Technical Expert's opinions and convictions. Therefore, the Group lawyers appealed the decision.

The Group lawyers believe that the court's fault decision shall be reversed in favor of the Group by the Appeal Court upon further review at the appeal stage, since the Court erroneously concluded the lawsuit, although it confirmed that the Group's Project is a creation and there are similarities between two creations. However, the Supreme Court of Appeals approved the decision of the court of first instance. Therefore, the Group applied for the revision of the decision, this application is also rejected and the decision is now final.

Finally, the Group filed a lawsuit at Second Administrative Court of Ankara, claiming that the administrative order regarding the application announcement by the Administration related to the Hakkari Hydro Electric Project which is a combination of Dağören Regulator and HEPP with the Hakkari Dam Construction Project and HEPP under this name must be cancelled. Although, such lawsuit which has been filed before Ankara Intellectual and Industrial Property Rights Court No. 3 should be decided as a prejudicial question, the Court rejected the case. The Group lawyers appealed the decision.

(ix) 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. The Company made provision in its financial statements in the amount of TL 4.082.204 in 2014. 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 will appeal the decision before the Provincial High Court.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

(ix) On the other hand, Global Enerji Hizmetleri ve İşletmeciliği A.Ş. which is a subsidiary of the Group filed a lawsuit before 2nd Commercial Court of First Instance claiming that the compensation of its damages stemming from the share purchase agreement signed with the former shareholders of Geliş Madencilik Enerji İnşaat A.Ş. The value of the claim was USD 7.958.000 (TL 21.760.355) which was the amount of the advance payment in accordance with the shareholders agreement. The defendants have submitted their rebuttal petition and filed a counter lawsuit for the purpose of compensation of USD 19.000.000 which was an unpaid part of share transfer price USD 26.958.500. This counter lawsuit has been filed as partial therefore in the first phase; the defendants requested USD 20.000 for share transfer price, TL 25.000 for expenses and lost profit damages, TL 50.000 for the compensation of positive damages stemming from decreasing of share price and USD 40.000 for penal clause. The Group lawyers have submitted the entire petitions to the first lawsuit and counter lawsuit. In the hearing dated 24 December 2015, the Court granted time to parties for submitting their evidence list and decided to inquire the consequence of the case numbered 2015/194. The evidence list has been submitted by the Group lawyers on 7 January 2015. In the hearing held on 14 April 2016, the Court decided to pend the filing until the decision of the file numbered 2015/195 before Civil Court of Şırnak. However, the Group Lawyers objected to this interim decision in the hearing held on 13 October 2016 and requested the Court to reverse this decision. Thereupon, the Court accepted the Group lawyers' request on 15 December 2016 and appointed a commission of expert. The next hearing will be held on 13 April 2017.

19.3 Contingent assets

As at 7 December 2008, Company has acquired 50,80% of shares of GY Elyaf ve İplik Sanayi ve Dış Ticaret A.Ş. (GY Elyaf) which held at the rate of 49,20% in previous, owned 100% of the Company and sold the shares to Koninklijke Vopak NV'ye (Vopak) with a cost value TL 50.000 . In accordance with the article of Share Purchase and Sale Agreement numbered 9, Vopak will pay "goodwill" amounting to USD 9.750.000 on condition that 50 % of goodwill amount is its other shareholders'right in a period of 24 months from the date of the agreement signed. In the year of 2013 in November, Vopak applied the Company and stated that Vopak couldn't fulfill the obligation stated by the article of the agreement numbered 9 in a reasonable time. In accordance with the article of the same agreement numbered 11, Vopak requested sale of the land in a joint time of related parties. According to this article, with sale of the land after deducting the cost of debt over the remaining value of 50% -50% will be shared between the Company and Vopak. Vopak has been reported that to the Company, sale of the land has not been covered the goodwill amount and as at 31 December 2015 goodwill impairment recognized amounting to USD 4.875.000 (TL 14.174.550) which carried other non-current assets in consolidated financial statements.(Note 27.2)

19.4 Contingent liabilities

The details related to the Group's guarantees, pledges and mortgages given are presented in Note 20. Moreover, the Group has the following contingent liabilities:

Ege Liman

The details of the Transfer of Operational Rights Agreement("TOORA") dated 2 July 2003, executed by and between Ege Liman and Privatization Authority ("PA") together with Turkish Maritime Organization ("TDI") are stated below:

Ege Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Kuşadası Cruise Port for an operational period of 30 years. Ege Liman is liable for the maintenance of Kuşadası Cruise Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ege Liman.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.4 Contingent liabilities (continued)

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.

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 December 2013 after a subsidiary of Group, Global Liman, offered the tender comprised the repair and maintenance of the Port, financing, construction and operating the Port for 30 years and initiated by Ministry of Transportation and Maritime and Port Administration of Montenegro at best, approvals and procedures related to sales transaction was completed on 30 December 2013 which is the Group obtained management and control of the company.

Barcelona Cruise Port

The details of the TOORA Contract dated 29 July 1999, executed by and between Creuers del Port de Barcelona and the Barcelona Port authority are stated below:

Creuers del Port de Barcelona, S.A. ("Creuers") will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in World Trade Center Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of World Trade Center Wharf terminals North and South together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

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19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.4 Contingent liabilities (continued)

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.

Group as lessee

The Group entered into various operating lease agreements. As at 31 December 2016 and 2015, operating lease rentals are payable as follows:

	2016	**2015**
Less than one year	6.493.621	4.921.605
Between one and five years	19.906.037	16.512.240
More than five years	253.766.498	218.902.208
	280.166.156	**240.336.053**

The Company's main operating lease agreements as lessee are the port rent agreement of Bodrum Liman until 2019, VCP until 2066, Port of Bar until 2043 and the rent agreement signed by Pera with the General Directorate of Foundations with respect to the rental of 6.Vakıf Han for 15 years and other operating lease agreements of Naturelgaz.

For the year ended 31 December 2016, payments recognized as rent expense are TL 1.498.305 (2015: TL 3.105.672).

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.4 Contingent liabilities (continued)

Group as lessor

As at 31 December 2016 and 2015, the future lease receivables under operating leases are as follows:

	2016	2015
Less than one year	20.570.556	14.026.231
Between one and five years	42.452.950	32.851.583
More than five years	19.767.136	21.035.703
	82.790.642	**67.913.517**

The Group's main operating lease agreements as lessor are the rent agreements of Pera with the lessees of Sümerpark AVM and 6. Vakıf Han, the marina lease agreement of Ortadoğu Liman until 2028 and various shopping center rent agreements of Ege Liman and Bodrum Liman up to 5 years.

During the year ended 31 December 2016, TL 26.692.138 (2015: TL 18.871.525) have been recognized as rent income in the consolidated financial statements.

20 COMMITMENTS

As at 31 December 2016 and 2015 guarantees, pledges and mortgages (GPMs) given by the Group are presented below:

31 December 2016

		Original Amount		
	TL Equivalent	**TL**	**USD**	**EURO**
A Total amount of GPMs given in the name of its own legal personality	382.285.571	212.833.331	10.200.000	36.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and				
joint ventures	947.241.324	195.181.598	138.733.459	71.114.838
C Total amount of GPMs given to be able to conduct ordinary business transactions				
to secure payables of third parties	-	-	-	-
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
Total	**1.329.526.895**	**408.014.929**	**148.933.459**	**107.114.838**

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20 COMMITMENTS (continued)

31 December 2015

		Original Amount		
	TL Equivalent	**TL**	**USD**	**EURO**
A Total amount of GPMs given in the name of its own legal personality	300.383.283	156.332.163	10.200.000	36.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and				
joint ventures	676.320.758	204.656.128	89.880.797	66.190.592
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	**976.704.041**	**360.988.291**	**100.080.797**	**102.190.592**

As at 31 December 2016 the ratio of other GPMs given to the Group's equity is 0% (31 December 2015: 0%).

As at 31 December 2016 and 2015 guarantees and the details of the GPMs given by the Group are presented below:

	31 December 2016	**31 December 2015**
Given to Energy Market Regulatory Authority (1)	417.500	3.035.640
Given for tenders	1.446.207	7.341.970
Given as a guarantee for commercial contracts	22.259.400	19.065.600
Given to Borsa Istanbul	9.362.500	11.362.500
Given to Takasbank	30.525.000	38.625.000
Given to Privatization Administration	9.000.099	13.258.684
Given to supply for natural gas	23.952.611	24.928.143
Given to courts, ministries, Tax Administration	1.876.684	846.812
Given to Capital Markets Board	4.576	2.776
Other	36.294.543	29.688.662
Total letters of guarantee	135.139.120	148.155.787
Mortgages and pledges on inventory, property plant and equipment and investment property (2)	556.610.217	431.261.090
Pledges on equity securities (3)	200.480.494	183.787.916
Sureties given (4)	437.297.064	213.499.248
Total contingent liabilities	1.329.526.895	976.704.041

(1) The amounts include the letters of guarantee given by Group companies operating in energy sector to EMRA.
(2) Mortgages and pledges on inventory, property, plant and equipment and investment property:
As at 31 December 2016, there is a mortgage amounting to TL 120.000.000 and Euro 15.000.000 (TL 55.648.500) over one of the buildings of Global Yatırım Holding (which is classified as property, plant and equipment) with respect to the loans obtained (31 December 2015: TL 60.000.000 and Euro 15.000.000).

20 COMMITMENTS (continued)

As at 31 December 2016, there is mortgage on the land of the Group located in Denizli , which is classified as investment property, as collateral of the Group's bank loans amounting to TL 84.500.000 and Euro 15.000.000 (TL 55.648.500) (31 December 2015 : TL 84.500.000 and Euro 15.000.000). In additon as at 31 December 2016, there is a mortgage on the land of the Group located in Van ,classified as investment property, related with the loans used by Global Ticari Emlak amounting to USD 50.000.000 (TL 175.960.000) (31 December 2015 : USD 50.000.000 (TL 145.380.000)).

As at 31 December 2016, there is a pledge over the property, plant and equipment of Port of Bar amounting to Euro 1.000.000 (TL 3.709.900) with respect to the loans obtained by Port of Bar and there is a pledge over the property and equipment of Port of Barcelona amounting to Euro 13.493.042 (TL 50.057.837). As at 31 December 2016, there is a pledge over the property, plant and equipment of Ortadoğu Liman amounting to USD 3.150.000 (TL 11.085.480) with respect to the loans obtained by Ortadoğu Liman.

(3) Pledges on equity securities:

As at 31 December 2016, the Group gave marketable securities with a nominal value of USD 10.200.000 (TL 35.895.840) (31 December 2015: TL 29.657.520) and equity shares amounting to TL 9.400 (31 December 2015: TL 25.634) as collateral with respect to ongoing legal proceedings. There is a pledge on BPI shares amounting to Euro 19.640.3600 (TL 72.863.772) and on Creuers shares amounting to Euro 1.863.138 (TL 6.912.056) related to the loans used by BPI. As at 31 December 2016, there is a pledge on shares of Global Ticari Emlak amounting to TL 38.600.000 with respect to the loans obtained by Global Ticari Emlak. As at As at 31 December 2016, there is a pledge on shares with a nominal value of amounting to TL 7.300.000 respect to the loans obtained by the subsidiaries operating in energy generation.

As mentioned in Note 8, as at 31 December 2015, financial investments amounting to TL 2.919.278 given to BIST as collateral according to the blockage of brokerage transactions in return for the letters of guarantee obtained from banks (31 December 2016: None). As at 31 December 2015, government bonds amounting to TL 650.969 are given to Turkish Derivative Exchange ("VİOP") for transaction guarantee (31 December 2016: None). As at 31 December 2016, treasury shares amounting to TL 25.196.500 (31 December 2015: TL 30.005.000) as mentioned in Note 23.1 has been pledged for loans and debt securities. In addition, there is a pledge on shares with a nominal value of TL 13.600.000 on a subsidiary of the Group as at 31 December 2016 (31 December 2015: TL 13.600.000). As at 31 December 2016, financial investments with a registered value of TL 102.926 are pledged to the CMB.

(4) Securities given:

As at 31 December 2016, the Group provided guarantee amounting to TL 40.097.823 for the loans of Pera, a subsidiary of the Group (31 December 2015: TL 31.464.566). The Group provided guarantee amounting to Euro 11.000.000 (TL 40.808.900) with respect to loans used by Straton Maden, a subsidiary of the Group (31 December 2015: TL 34.953.600). The Group provided surety amounting to Euro 12.696.580 (TL 47.103.041) with respect to lease agreement of Tres Enerji and amounting to Euro 1.844.536 (TL 6.843.045) with respect to lease agreement of Mavi Bayrak Enerji and amounting to USD 11.924.000 (TL 41.962.941) with respect to loan agreement of Mavi Bayrak Enerji. The Group provided surety amounting to USD 1.643.565 (TL 5.784.034) with respect to lease agreement of Ortadoğu Liman. In addition, the Group provided surety amounting to TL 132.792.193 with respect to loan and lease agreements of, Naturelgaz, a subsidiary of the Group. The Group provided surety amounting to USD 34.640.000 (TL 121.905.087) with respect to loan agreement of Global Ticari Emlak.

Royalty agreements

The port operation rights, which belongs to Creuers, recognized under intangible assets includes fixed asset elements built or acquired from third parties to adapt Sea Stations North and South of the World Trade Center and A and B of the Adossat Wharf of Port of Barcelona, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The fixed assets model are applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Creuers are annually reviewed and approved by the Port Authorities of Barcelona.

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20 COMMITMENTS (continued)

Creuers pays an occupancy and utilization royalty to the Port Authorities of Barcelona on the basis of surfaces occupied and the value of fixtures made available. Additionally, an activity rate is accrued on the basis of the turnover generated by the activity.

On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions is allocated (Note 19).

In accordance with the administrative concession contracts signed between the Port Authorities of Barcelona and Creuers, described below:

- Contract to adapt the Sea Station and render the tourist cruise port service of North and South terminals of the World Trade Center, signed for a 27-year period from its granting date, in October 1999.
- Contract to adapt the Sea Station A of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.
- Contract to adapt the Sea Station B of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.
- The Creuers' main actions in relation to the adaptation of the Sea Station refer to the construction of a building, fixed fixtures and equipment of terminals for their exploitation under the terms contemplated on concession agreements.
- Under the syndicated loan agreement signed on 23 May 2008 the Company had undertaken a mortgage commitment on the concessions in favour of the lenders. In 2014, after settling all the amounts outstanding, the Company cancelled the guarantees extended to secure compliance with the obligations arising from this loan. On 26 September 2014 the Company arranged new guarantees in accordance with the new syndicated loan arranged (Note 9), for which it pledged the receivables from the concession arrangements in favour of the lenders.

Due to the syndicated loan agreement signed on May 23, 2008, the Group's policy is to formalize insurance policies to cover possible risks to which certain elements related to administrative concessions are subject .

21 EMPLOYEE BENEFITS

Payables related to employee benefits

As at 31 December 2016 and 31 December 2015, payables related to employee benefits comprised the following:

	31 December 2016	31 December 2015
Payables to personnel	2.462.075	4.279.106
Social security premiums payable	4.560.247	1.435.638
Other	2.985.146	2.438
Total	**10.007.468**	**5.717.182**

Provisions for employee benefits

As at 31 December 2016 and 31 December 2015, provisions for employee benefits comprised the following:

Short term provisions

	31 December 2016	31 December 2015
Provision for notice pay and vacations	3.079.790	2.257.551
Provision for personnel premium	185.906	221.189
	3.265.696	**2.478.740**

21 EMPLOYEE BENEFITS (continued)

Long term provisions

Long term provisions included provision for employment termination indemnities. The details of the long term provisions are as follows:

The assumptions used to recognize provision for employment termination benefits are explained below:

Under the Turkish Labor Law, the Group is required to pay employement termination benefits to each employee who has qualified for such benefits as the employment ended. The amount payable consists of one month's salary limited to a maximum of TL 4.426 for each period of service as of 31 December 2016 (31 December 2015: TL 3.828).

Provision for employment termination indemnity are not subject to any statutory funding.

For the year ended 31 December 2016 and 2015, the movement of the provision for employement termination indemnity as follows:

	2016	**2015**
Balance at 1 January	7.497.354	5.589.649
Interest for the period	354.624	51.231
Current service costs	1.256.024	918.290
Paid during the period	(2.396.296)	(425.295)
Currency translation differences	1.100.311	535.370
Addition to scope of consolidation	49.219	145.981
Actuarial gain/losses	2.099.094	682.128
Balance at 31 December	**9.960.330**	**7.497.354**

22 OTHER ASSETS AND LIABILITIES

a) Other current assets

As at 31 December 2016 and 31 December 2015, other current assets comprised the following:

	31 December 2016	**31 December 2015**
Deferred value added tax (*)	30.533.621	29.193.276
Job and salary advances given to personnel	5.274.661	9.187.363
Income accruals	3.977.054	1.592.592
Other	1.957.648	2.745.322
Total	**41.742.984**	**42.718.553**

(*) The Group has classified deferred VAT assets as current or non-current assets on basis of future realizable projections.

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22 OTHER ASSETS AND LIABILITIES (continued)

b) Other non current assets

As at 31 December 2016 and 31 December 2015, other non-current assets comprised the following:

	31 December 2016	31 December 2015
Deferred value added tax (*)	4.428.595	4.277.564
Job and salary advances given to personnel (**)	10.080.373	8.980.685
Total	**14.508.968**	**13.258.249**

(*) The Group has classified deferred VAT assets as current or non current assets on basis of future realizable projections.
(**) Includes long term personnel and job advances given by a subsidiary of the Group which is operating abroad.

c) Other short-term liabilities

As at 31 December 2016 and 31 December 2015, other short-term liabilities comprised the following:

	31 December 2016	31 December 2015
Liability accruals for contracting firms	8.574.831	18.927.664
Liabilities related with real estate (*)	4.168.000	6.168.000
Expense accruals	6.663.687	1.254.912
Other	732.195	1.081.631
Total	**20.138.713**	**27.432.207**

(**) Includes payables based on the protocol between the Group and Van Municipality.

d) Current income tax assets

As at 31 December 2016 and 31 December 2015, current income tax assets comprised the following:

	31 December 2016	31 December 2015
Prepaid taxes and funds	7.679.536	2.306.088
Others	5.733.747	-
Total	**13.413.283**	**2.306.088**

23 CAPITAL AND RESERVES

23.1 Share capital / treasury shares

Share capital:

As at 31 December 2016, the Company's statutory nominal value of paid-in share capital consists of 193.500.000 registered shares with a par value of TL 1 each. As at 31 December 2015, the Company's statutory nominal value of paid-in share capital consists of 193.500.000 registered shares with a par value of TL 1 each. Number of shares is presented in lots in the consolidated financial statements and the accompanying notes (1 lot= 100 shares).

As at 31 December 2016, The issued capital of the Company is TL 193.500.000 and the authorized capital ceiling is TL 650.000.000. The shareholder structure of the Company is as follows:

	31 December 2016		31 December 2015	
	Proportion of share %	**Value of share**	**Proportion of share %**	**Value of share**
Mehmet Kutman (*)	35,66%	69.006.595	33,75%	65.310.594
Erol Göker	0,25%	488.707	0,25%	488.707
Publicly traded other shares	64,09%	124.004.698	66,00%	127.700.699
Total	**100%**	**193.500.000**	**100%**	**193.500.000**
Inflation accounting adjustment		34.659.630		34.659.630
Inflation adjusted capital		**228.159.630**		**228.159.630**

(*) Disclosed together with the shares of Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş which is owned by Mehmet Kutman.

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.

Treasury shares:

The Company and some of the subsidiaries of the Company repurchase 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 2016, the Company held 16.017.730 shares of Global Yatırım Holding A.Ş. (31 December 2015: 18.017.730 shares), with the cost of TL 19.909.777 (31 December 2015: TL 22.143.104).

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23 CAPITAL AND RESERVES (continued)

23.1 Share capital / treasury shares (continued)

As at 31 December 2016, the shares with the cost value of TL 19.909.777 (31 December 2015: TL 22.143.104), 16.017.730 nominal lot (31 December 2015: 18.017.730 nominal lot) and amounts related to these transactions are reclassified under "Treasury shares owned by the Company" under equity. For the period ended 31 December 2016, the profit before tax of the Group companies from the sale of the shares of the Company amounted to TL 1.026.674 (31 December 2015: TL 7.297.697) and has been recognized in equity in the consolidated financial statements.

GIH's Ordinary General Assembly which took place on 30 September 2015, has approved the Board's decision dated 8 July 2015 to cancel part of shares corresponding to 5,24% of the current issued share capital through a capital reduction process, in consequence of The Company holds 14,69% of the total issued shares of the Company itself, to comply with the 10% limit promulgated by the Turkish Commercial Code and CMB's Communiqués. With the capital decrease, shares with a nominal value of TL 10.711.922,45 has been cancelled and the issued share capital of the Company is decreased from TL 204.211.922,45 to TL 193.500.000, resulting in the remaining shares held by the Company to represent 9,97% of the new issued share capital. General Assembly has approved the capital reduction on 30 September 2015 and registered on 23 October 2015.

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 2016, the Group made provision for the shares owned by the Company amounting to TL 19.909.777 (31 December 2015 : TL 22.143.104) accounted under restricted reserves in the consolidated financial statements.

23.2 Share premium/discounts

Share premium represents the inflow of cash arising from the sales of shares at market value. The premium amount is included in equity and cannot be distributed. It can only be used for the future capital increases.

23.3 Other comprehensive income/expense not to be reclassified to profit or loss

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and in no case transferred directly in equity through profit or loss such as following:

a) Gain/loss on revaluation and remeasurement

- Actuarial gain/(loss) on employee benefits

b) Other gain/loss

Special funds

The application filed by Pera, a subsidiary of the Group operating in the real estate segment, to the CMB in relation to permission for a share capital decrease by TL 35.900.000 and simultaneous share capital increase (in cash) by TL 29.000.000, was approved by the CMB on 24 January 2011 in the decision numbered 86-928. The amendment to Article 8 of the Association of Pera was approved by the Extraordinary General Assembly Meeting on 15 February 2011, and the share capital of Pera was decreased to TL 60.100.000. The pre-emptive rights of the existing shareholders were used between 1 March and 15 March 2011 and after that the remaining shares were offered to investors between 1 April and 15 April 2011. Finally, the portion of the new shares, for which the pre-emptive rights were not used, has been purchased by Global Yatırım Holding A.Ş. and the capital increase to TL 89.100.000 was completed. The process was approved by the CMB on 3 May 2011. As a result of the capital increase, a total of TL 29.000.000 has been accounted for as "Special Reserve" by Pera, of which TL 14.357.900 has been reflected in the consolidated financial statements of the Group.

23 CAPITAL AND RESERVES (continued)

23.3 Other comprehensive income/expense to be reclassified to profit or loss (continued)

Actuarial Losses on Employee Benefits

Effective from 1 January 2012 and based on temporary clauses of the TAS 19 (2011), accumulated actuarial gain and losses are recognized in those accounts in accordance with Capital Market Board's ("CMB") Communique "Principles of Financial Reporting in Capital Markets" ("Communique") which was published in the Official Gazette dated 13 June 2013 and numbered 28676 Series II, No. 14.1.

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and subsequently transferred directly in equity through profit or loss such as following:

a) Currency translation differences

Currency translation differences comprise the foreign exchange differences arising from the translation of the financial statements of subsidiaries and joint ventures from their functional currencies to the presentation currency (TL) recognized in the equity.

b) Gain/loss on revaluation and remeasurement

- Gain/loss on revaluation and remeasurement of available-for-sale financial assets

Gain/loss on revaluation and remeasurement comprises from the change in fair value of available for sale financial assets.

c) Gain or loss on net investment hedge

A subsidiary of the Group, Global Liman's foreign exchange differences arising from foreign currency loans into currency of the related subsidiary's functional currency other than TL which are part of net investments made to its subsidiaries have been considered as hedging instruments and effective portion of them has been recognised in other comprehensive income in the consolidated financial statements. The accounting method mentioned above has been applying since 1 October 2013. The Group has recognised loss amounting to TL 143.976.945 in other comprehensive income within other comprehensive income and equity for the year ended 31 December 2016 (31 December 2015: TL 140.632.870). As at 31 December 2016, related loss balance is TL 333.083.300 (31 December 2015: TL 189.106.355)

23.4 Restricted reserves

As at 31 December 2016, the Group's restricted reserves are total of TL 95.445.951 (31 December 2015: TL 76.915.357).

As explained in Note 23.1, in accordance with Article 520 of the Turkish Commercial Code no 6102, reserve provision is made for the treasury shares owned by the Company as the amount allocated to meet the acquisition value. As at 31 December 2016, the Group made provision for the shares owned by the Company amounting to TL 19.909.777 (31 December 2015 : TL 22.143.104) accounted under restricted reserves in the consolidated financial statements.

23.5 Retained earnings / accumulated losses and non-controlling interests

The retained earnings/accumulated losses excluding the net income/loss for the period, and the general reserves which have retained earnings/accumulated losses nature are included in retained earnings/accumulated loss account.

The net assets of the subsidiaries attributable to the shares not controlled directly or indirectly by the parent company are presented as "Non-controlling interests" in the consolidated balance sheet.

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23 CAPITAL AND RESERVES (continued)

23.6 Dividend Distribution

Publicly held companies distribute dividends according to "Dividend Distribution Announcement" numbered II-19.1 and issued by CMB at 1 February 2014. Dividends of companies are distributed based on dividend distribution policy and related regulations approved by General Assembly There is not any minimum rate for distribution in the announcement mentioned-above. Companies distribute dividends according to their prime contracts or dividend distribution policy. In addition, it is possible to pay dividends in equal or different instalments and distribute dividend advance in cash for profit in interim financial statements.

The Group recognized net profit amounting to TL 6.826.140 for the period 1 January-31 December 2016 (1 January-31 December 2015: TL TL 96.884.186 net profit) in its stand-alone statutory financial statements prepared in accordance with Tax regulation and TCC.

23.7 Transactions with owners of the Company, recognized directly in equity

The transaction regarding allocation of the issued shares corresponding to 10,84% of the increased capital of Global Liman, by increasing Global Liman's existing capital from TL 66.253.100 to TL 74.307.399 in the name of European Bank of Reconstruction and Development ("EBRD"), has been finalized on 12 November 2015. As a result of this allocation, EBRD becomes the owner of 10,84% of Global Liman's new share capital, through a payment of Euro 53.400.000. Accordingly, GIH's stake in Global Liman decreased from 100% to 89,16%. TL 8.054.299 of the aforementioned Euro 53.400.000 is the subscription price to the increased capital of Global Liman, and the rest of the amount is share premium.

The result of transaction is recognized under equity and is shown as "changes in non-controlling interest without loss in control" in the consolidated changes in shareholder's equity. The transaction has been accounted for in accordance with the paragraphs 30 and 31 of TAS 27 "Consolidated and Separate Financial Statements", which require the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

24 REVENUE AND COST OF SALES

For the years ended 31 December 2016 and 2015, the Group's gross profit on the basis of operations comprised the following:

Revenue	**1 January-31 December 2016**	**1 January-31 December 2015**
Natural gas revenues	172.190.936	180.074.846
Port operating revenues	347.042.442	286.907.103
Mining revenues	36.165.076	30.975.365
Real estate rent and service revenues	25.802.784	12.052.614
Other	18.252.702	9.146.966
Total	**599.453.940**	**519.156.894**
Cost of sales		
Cost of natural gas sales and services	(133.400.317)	(143.601.094)
Cost of port operations	(217.909.195)	(182.945.666)
Cost of mining operations	(34.282.371)	(27.009.601)
Cost of real estate service	(3.694.159)	(6.023.899)
Other	(16.428.992)	(12.593.182)
Total	**(405.715.034)**	**(372.173.442)**
Gross Profit from Non-finance Operations	**193.738.906**	**146.983.452**

Revenues from Finance Operations	**1 January-31 December 2016**	**1 January-31 December 2015**
Agency commissions	16.106.913	17.326.268
Interest received from customers	7.979.100	7.739.125
Portfolio management fees	3.604.119	2.289.938
Gain on sale of marketable securities, net	597.375	985.324
Other revenue	2.248.908	4.703.703
Total	**30.536.415**	**33.044.358**
Cost of Revenues from Finance operations (-)		
Commission charges	(22.606)	(1.164.564)
Interest charges from loans delivered to customers	(4.180.122)	(3.937.274)
Other cost revenues	-	(737.459)
Total	**(4.202.728)**	**(5.839.297)**
Gross Profit from Finance Operations	**26.333.687**	**27.205.061**
GROSS PROFIT	**220.072.593**	**174.188.513**

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25 GENERAL AND ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

25.1 Marketing expenses

For the years ended 31 December 2016 and 2015, marketing expenses comprised the following:

	1 January-31 December 2016	**1 January-31 December 2015**
Personnel expenses	8.790.135	8.142.785
Depreciation and amortization expenses (Note 16-17)	5.597.924	4.070.994
Export expenses of mining operations	8.678.528	8.525.636
Advertising and promotion expenses	2.935.364	2.399.031
Rent expenses	1.531.047	1.377.106
Taxes and duties	2.051.152	2.732.954
Commission expenses of derivative exchange market	543.030	506.853
Representation expenses	403.237	501.163
Stock market participation share	1.077.715	1.194.323
Money market settlement and custody expenses	1.231.671	354.078
Vehicle expenses	374.302	1.396.171
Repair and maintenance expenses	809.539	368.168
Building management expenses	788.962	667.973
Insurance expenes	673.773	462.624
Travelling expenes	481.313	354.078
Other	1.613.771	1.807.411
	37.581.463	**34.861.348**

25.2 General and administrative expenses

For the years ended 31 December 2016 and 2015, general and administrative expenses comprised the following:

	1 January-31 December 2016	**1 January-31 December 2015**
Personnel expenses	73.808.154	58.250.565
Consultancy expenses	15.682.601	9.274.260
Travelling expenses	13.773.754	7.944.509
Taxes and duties other than on income	4.983.198	5.517.607
Depreciation and amortization expenses (Note 16-17)	12.134.324	6.662.544
IT expenses	5.128.931	4.298.322
Communication expenses	1.960.573	2.058.088
Building management expenses	2.142.615	1.994.980
Vehicle expenses	2.108.577	1.950.026
Representation expenses	4.230.326	3.574.358
Repair and maintenance expenses	1.980.889	827.359
Other expenses	12.664.717	11.423.298
	150.598.659	**113.775.916**

26 EXPENSES BY NATURE

For the years ended 31 December 2016 and 2015, the breakdown of personnel, depreciation and amortization expenses comprised the following:

Personnel expenses	1 January- 31 December 2016	1 January- 31 December 2015
Cost of sales	38.550.104	33.965.204
Marketing expenses	8.790.135	8.142.785
General administrative expenses	73.808.154	58.250.565
	121.148.393	**100.358.554**

Depreciation and amortization expenses	1 January- 31 December 2016	1 January- 31 December 2015
Cost of sales	143.426.755	126.639.933
Marketing expenses	5.597.924	4.070.994
General administrative expenses	12.134.324	6.662.544
	161.159.003	**137.373.471**

27 OTHER OPERATING INCOME / EXPENSES

27.1 Other operating income

For the years ended 31 December 2016 and 2015, other operating income comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
Dividend income (*)	577.475	429.473
Rental income	644.341	919.126
Bargain purchase gain (Note 3)	-	16.566.729
Foreign currency exchange gain on trade operations, net	3.866.600	12.402.085
Reversal gain of provisions	1.272.397	-
Gain on sales of equity accounted investee (**)	-	3.435.203
Legacy income	1.314.275	-
Other miscalleneous income	6.703.709	4.518.753
Total	**14.378.797**	**38.271.369**

(*) Includes dividend income from Global Menkul's investment in Takasbank which is in the main operation scope of Global Menkul.
(**) Includes sales of Global Portföy Yönetimi A.Ş, accounted as equity accounted investee.

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27 OTHER OPERATING INCOME / EXPENSES (continued)

27.2 Other operating expenses

For the years ended 31 December 2016 and 2015, other operating expense comprised the following:

	1 January-31 December 2016	1 January-31 December 2015
Donations	373.431	177.523
Project expenses (*)	10.421.553	19.078.016
Impairment loss (**)	-	22.180.083
Tax amnesty expenses	3.176.922	-
Penalty expenses	2.442.588	1.137
Concession fee expense	1.502.910	1.358.235
Other miscalleneous expenses	6.360.740	5.292.121
Total	**24.278.144**	**48.087.115**

(*) The major part of project expenses comprises of uncapitalized project expenses for port investments of the Group.
(**) As at and for the year ended 31 December 2015, impairment losses recognized with regards to Geliş Madencilik asphalite inventory amounting to TL 8.005.533. In addition, as at 31 December 2015, the Group recognized impairment loss amounting to TL 14.174.550 with other non-current assets related to Vopak as explained in Note 19.3. As at and for the year ended 31 December 2015, impairment losses recognized with regards to Galata Enerji and Geliş Madencilik.

28 INCOME AND EXPENSE FROM INVESTING ACTIVITIES

28.1 Income from investing activities

For the years ended 31 December 2016 and 2015, income from investing activities comprised the following:

	1 January-31 December 2016	1 January-31 December 2015
Investment property valuation gain (Note 15)	1.347.719	53.563.005
Gain on sale of financial assets	1.527.811	360.142
Gain on sale of fixed assets	-	1.054.371
Other	659.207	142.445
Total	**3.534.737**	**55.119.963**

28.2 Expense from investing activities

For the years ended 31 December 2016 and 2015, expense from investing activities comprised the following:

	1 January-31 December 2016	1 January-31 December 2015
"Valuation differences on financial assets	33.842	534.912
Loss on sale of financial assets	3.438	45
Loss on sale of fixed assets	1.189.856	-
Other	475.227	-
Total	**1.702.363**	**534.957**

29 FINANCE INCOME

For the years ended 31 December 2016 and 2015, finance income of the Group comprised the following:

	1 January- 31 December 2016	1 January- 31 December 2015
Foreign currency exchange gain	23.433.232	26.928.599
Interest income	9.566.093	6.213.269
Other	1.737.161	1.848.328
Total	**34.736.486**	**34.990.196**

30 FINANCE EXPENSES

For the years ended 31 December 2016 and 2015, finance expense of the Group comprised the following:

Recognized in profit or loss	1 January- 31 December 2016	1 January- 31 December 2015
Foreign currency exchange loss	44.853.314	48.007.746
Interest expense on borrowings	152.043.812	124.428.952
Letter of guarantee commissions	1.810.691	2.019.780
Comission expenses	3.559.868	3.586.906
Other	5.329.066	4.288.785
Total	**207.596.751**	**182.332.169**

Recognized in other comprehensive income	1 January- 31 December 2016	1 January- 31 December 2015
Gain/(losses) from net investment hedges (Note 23)	(143.976.945)	(140.632.870)
	(143.976.945)	**(140.632.870)**

31 TAX ASSETS AND LIABILITIES

Corporate tax:

Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are measured and accrued on a quarterly basis. The advance corporate income tax rate for each quarter and as at 31 December 2016 is 20% (31 December 2015: 20%).

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April (between private accounting period with the period in which the fourth month following the closing date 1-25) following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The corporate tax rate in Spain for the 2016 year is determined at 25% (2015: 28%). The corporate tax rates in Netherlands,Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively.

Losses can be carried forward for offsetting against future taxable income for up to 5 years while it is for up to 18 years in Spain.

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31 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:

5 th Article of Tax Law, numbered 6009 and dated 23 July 2010, and temporary 69th and 61th Articles of tax law, numbered 193 were changed and declared in Official Gazette on 1 August 2010. Accordingly, to be applied onto the 2010 calendar year income, investment incentives that will be subject to the deducted amount shall not exceed 25% of income for the year of interest, while determining the tax base.

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 September 2006. After the resolution, declared in Official Gazette on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilised in a share capital increase within five years from the date of the sale and the sale amount is collected within two years following the year in which the sale is realized.

Current tax income assets

As at 31 December 2016 and 2015, current tax income assets of the Group comprised the following:

	31 December 2016	31 December 2015
Prepaid taxes and funds	7.679.536	2.306.088
Others	5.733.747	-
Total	**13.413.283**	**2.306.088**

31 TAX ASSETS AND LIABILITIES (continued)

Tax expenses:

For the years ended 31 December 2016 and 2015, tax income/(expense) comprised the following:

	2016	2015
Current tax charge	(17.969.652)	(18.201.803)
Deferred tax benefit	23.719.075	44.099.153
Total	**5.749.423**	**25.897.350**

As at 31 December 2016 and 2015, current tax liability for the period comprised the following:

	2016	2015
Current tax charge	(17.969.652)	(18.201.803)
Taxes paid during period	13.391.131	21.801.588
Total	**(4.578.521)**	**3.599.785**
Payment of previous year tax liability	5.525.114	4.697.304
Change in prepaid taxes	5.373.448	(2.771.975)
Income tax payable	**6.320.041**	**5.525.114**

The tax reconciliation for the years ended 31 December 2016 and 2015 is as follows:

	%	2016	%	2015
Profit/(loss) before income tax		(141.755.420)		(74.426.803)
Corporate tax using domestic rate	20,00	28.351.084	20,00	14.885.361
Disallowable expenses	(3,90)	(5.533.471)	(9,76)	(7.261.020)
Effect of unrecognized tax losses	(13,74)	(19.477.450)	(0,71)	(527.023)
Effect of tax exemption on maritime operations	3,89	5.511.141	6,68	4.972.018
Effect of change in tax rates	-	-	20,52	15.269.263
Other	(2,19)	(3.101.881)	(1,94)	(1.441.249)
		5.749.423		**25.897.350**

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.

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31 TAX ASSETS AND LIABILITIES (continued)

As at 31 December 2016 and 31 December 2015, the deferred tax assets and liabilities reflected to the consolidated financial statements are as follows:

	31 December 2016	31 December 2015
Deferred tax assets	90.248.691	81.901.326
Deferred tax liabilities	(385.910.906)	(350.097.753)
Total	**(295.662.215)**	**(268.196.427)**

For the years ending 31 December 2016 and 31 December 2015, the movement of deferred tax assets and liabilities is as follows:

	2016	2015
Balance at the beginning of the year	(268.196.427)	(213.760.290)
Deferred tax income	23.719.075	44.099.153
Foreign currency translation differences	(51.709.638)	(42.974.532)
Recognized in equity	524.774	186.657
Addition to scope of consolidation	-	(55.747.415)
	(295.662.216)	**(268.196.427)**

Deferred tax assets and deferred tax liabilities as at 31 December 2016 and 31 December 2015 are attributable to the items presented in the table below:

	2016		2015	
	Temporary differences	Deferred tax assets / liabilities	Temporary differences	Deferred tax assets / liabilities
Accumulated tax losses	173.982.310	34.796.462	144.315.280	28.863.056
Receivables	21.634.920	4.326.984	20.621.055	4.124.211
Valuation differences of marketable securities	24.410.360	4.882.072	4.911.075	982.215
Provisions	(6.043.545)	(1.208.709)	(3.270.545)	(654.109)
Provision for employement termination indemnity	7.518.450	1.503.690	4.918.785	983.757
Valuation of derivative instruments	4.976.480	995.296	3.464.015	692.803
Property, plant and equipment, intangible assets and concession intangible assets	(1.715.562.460)	(343.112.492)	(1.556.598.435)	(311.319.687)
Loans and prepaid commissions of the loans	(742.275)	(148.455)	1.371.320	274.264
Valuation of investment property	(1.374.720)	(274.944)	(53.561.805)	(10.712.361)
Other	12.889.405	2.577.881	92.847.120	18.569.424
		(295.662.215)		**(268.196.427)**

31 TAX ASSETS AND LIABILITIES (continued)

As at 31 December 2016 and 31 December 2015, the breakdown of the accumulated tax losses carried forward in terms of their final years of utilization is as follows:

	31 December 2016		31 December 2015	
Expiry years of the tax losses carried forward	**Recognized**	**Unrecognized**	**Recognized**	**Unrecognized**
2016	-	-	1.713.723	17.452.514
2017	-	8.291.738	12.500.081	7.493.549
2018	-	2.453.103	2.182.112	10.834.137
2019	7.037.689	18.099.662	5.368.020	23.515.324
2020	7.857.526	8.797.998	7.099.120	8.385.505
2021	19.901.247	7.267.309	-	-
	34.796.462	**44.909.810**	**28.863.056**	**67.681.029**

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 2021. Deferred tax assets have not been recognized in respect of some portion of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

32 EARNINGS PER SHARE

For the years ended 31 December 2016 and 2015, earnings per share are calculated by dividing the net profit attributable to owners of the Company by the weighted average number of shares outstanding.

	1 January-31 December 2016	1 January-31 December 2015
Net loss for the period	(130.299.491)	(48.035.543)
Net loss from continuing operations for the period	(130.299.491)	(48.035.543)
Weighted average number of shares	193.500.000	193.500.000
Weighted average number of ordinary shares	193.500.000	193.500.000
Number of shares held by the Group (Note 23.1)	(16.017.730)	(18.017.730)
Weighted average number of shares	177.482.270	175.482.270
Earnings per share with par value of TL 1 (TL full)	(0,7342)	(0,2737)
Earnings per share of continuing operations with par value of TL 1 (TL full)	(0,7342)	(0,2737)

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33 DERIVATIVE INSTRUMENTS

The Group uses foreign exchange derivatives to hedge its future significant transactions and cash flows from financial risks. The Group is party to various forward foreign exchange contracts, depending on the management of currency fluctuations. Derivative instruments purchased are principally denominated in the currency of the market in which the Group operates.

	31 December 2016		31 December 2015	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward currency agreement				
Short Term	1.346.268	1.409.612	-	-
Long Term	-	3.981.186	-	2.771.205
	1.346.268	**5.390.798**	**-**	**2.771.205**

As at 31 December 2016, the fair value of the Group's foreign currency derivatives is estimated at approximately (4.044.530) (2015: 2.771.205). The valuation of this amount, which consists of 1.346.268 assets (2015: None) and 5.390.799 liabilities (2015: 2.771.215), is based on quoted market prices for similar instruments at reporting date.

34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposure to the various risks from its use of financial instruments. These are credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The responsibility of setting up and following up of risk management processes belongs to management of the Group. The risk management policies of the Group were set up according to ascertaining and measuring the risk faced, determining adequate risk limits and monitoring the fluctuations. Risk management policies and systems are reviewed to cover the operations of the Group and changes in market conditions.

34.1 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 2016 and 2015, 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 2016 and 2015 maximum credit risk exposure is as follows:

31 December 2016	Trade receivables (*)	Receivables from related parties	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Short-term financial investments	Advances given	Total
Maximum credit risk exposure at the reporting date	**88.527.784**	**75.779.107**	**46.176.116**	**91.197.625**	**205.888.378**	**3.296.972**	**60.554.913**	**571.420.895**
Portion of maximum risk covered by guarantee	10.083.364	-	-	-	-	-	-	10.083.364
A. Net book value of financial assets neither past due nor impaired	**80.523.914**	**75.779.107**	**46.176.116**	**91.197.625**	**205.888.378**	**3.296.972**	**60.554.913**	**563.417.025**
B. Financial assets that would otherwise be past due or impaired whose terms have been renegotiated	**8.003.870**	**-**	**-**	**-**	**-**	**-**	**-**	**8.003.870**
Portion of maximum risk covered by guarantee	702.393	-	-	-	-	-	-	702.393
c. Net book value of assets past due but not impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-Past due (gross book value)	9.251.994	-	1.524.229	-	-	-	-	10.776.223
-Impairment (-)	(9.251.994)	-	(1.524.229)	-	-	-	-	(10.776.223)
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-
-Not past due (gross book value)	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-
-Portion of the net book value covered by guarantee	9.380.970	-	-	-	-	-	-	9.380.970
D. Off-balance sheet items exposed to credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties".

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

34.1 Credit risk (continued)

impaired	**68.331.821**	**59.966.084**	**60.847.328**	**64.259.998**	**283.099.466**	**13.547.911**	**46.260.717**	**596.313.325**
B. Financial assets that would otherwise be past due or impaired whose terms have been renegotiated	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Net book value of financial assets past due but not impaired whose terms have been renegotiated	**13.595.671**	**-**	**-**	**-**	**-**	**-**	**-**	**13.595.671**
Portion of maximum risk covered by guarantee	57.632	-	-	-	-	-	-	57.632
D. Net book value of assets past due but not impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-Past due (gross book value)	7.332.113	-	1.316.097	-	-	-	-	8.648.210
-Impairment (-)	(7.332.113)	-	(1.316.097)	-	-	-	-	(8.648.210)
-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	3.049.203	-	-	-	-	-	-	3.049.203
E. 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.

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 2016	31 December 2015
	Trade Receivables	**Trade Receivables**
1 to 30 days overdue	2.841.581	7.199.524
1 to 3 months overdue	1.083.172	5.254.592
3 to 12 months overdue	3.534.687	1.084.122
1 to 5 years overdue	544.431	57.433
Total	**8.003.871**	**13.595.671**
Portion of assets secured by guarantee etc.	702.393	57.632

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 2016

Contractual Maturities	Carrying Value	Total cash outflows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-Derivative Financial Liabilities						
Bank loans	927.517.102	1.005.444.121	267.694.725	169.416.547	433.520.387	134.812.462
Debt securities issued	1.235.689.468	1.583.959.878	10.213.993	350.341.428	1.223.404.457	-
Liabilities due to operations in finance sector	45.817.001	45.817.001	-	45.817.001	-	-
Finance lease obligations	96.042.265	97.435.446	10.361.440	19.861.540	67.212.466	-

Expected Maturities	Carrying Value	Total expected cash outflows	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-derivative Financial Liabilities						
Trade payables	94.890.256	94.890.256	13.539.938	81.350.318	-	-
Other payables	39.016.936	39.016.936	24.504.495	6.824.387	7.688.054	-
Liabilities due to operations in finance sector	7.099.020	7.099.020	-	7.099.020	-	-
Liabilities due to operations in finance sector	52.302.243	52.302.243	-	52.302.243	-	-
Finance lease obligations	86.434.346	87.669.761	7.394.600	15.248.818	65.026.343	-

Expected 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						
Trade payables	83.406.747	83.406.747	10.050.710	73.356.037	-	-
Other payables	40.555.999	40.555.999	20.279.799	7.620.853	12.655.347	-
Liabilities due to operations in finance sector	7.803.643	7.803.643	-	7.803.643	-	-

34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk for all subsidiaries is monitored and managed by the Company's centralized Treasury and Fund Management Department. Treasury and Fund Management Department uses forward transactions and option contracts to minimize possible losses from money market fluctuations.

i) Foreign currency risk

The Group is exposed to currency risk through transactions (such as borrowings) in foreign currencies, especially in USD and Euro. As the currency in which the Group presents its consolidated financial statements is TL, the consolidated financial statements are affected by movements in the exchange rates against TL. For the subsidiaries, whose functional currency is USD, main foreign currency is TL.

Regarding the port operations, the Group has limited exposure to currency risk since port tariff currency, which is the base of functional currency, and material transactions such as revenues and loans are denominated by the same currency.

The Group uses interest swaps and options in order to limit exposure to currency risk mainly arising from financial liabilities.

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

34.3 Market risk (continued)

i) Foreign currency risk (continued)

As at 31 December 2016 and 31 December 2015, foreign currency risk exposures of the Group comprised the following:

31 December 2016

	TL Equivalent	USD	EURO	GBP	TL
1.Trade Receivables	16.158.557	3.225.158	93.743	-	4.460.807
2.a Monetary Financial Assets	205.644.102	18.498.843	23.438.096	-	53.589.982
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**221.802.659**	**21.724.001**	**23.531.839**	**-**	**58.050.789**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	84.418.121	20.901.355	-	-	10.862.075
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**84.418.121**	**20.901.355**	**-**	**-**	**10.862.075**
9. Total Assets (4+8)	**306.220.780**	**42.625.356**	**23.531.839**	**-**	**68.912.864**
10. Trade Payables	36.882.870	2.569.822	2.888.498	1.160	17.118.103
11. Financial Liabilities	244.206.169	49.237.535	18.785.313	-	1.237.803
12.a. Monetary Financial Liabilities	8.505.541	-	-	-	8.505.541
12.b. Non-monetary financial Liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**289.594.580**	**51.807.357**	**21.673.811**	**1.160**	**26.861.447**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	970.454.720	257.020.257	16.429.631	-	4.996.745
16.a. Other Monetary Liabilities	4.544.056	74.227	-	-	4.282.837
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Long-term Liabilities (14+15+16)	**974.998.776**	**257.094.484**	**16.429.631**	**-**	**9.279.582**
18. Total Liabilities (13+17)	**1.264.593.356**	**308.901.841**	**38.103.442**	**1.160**	**36.141.029**
19.Off-balance Sheet Foreign Currency Derivative Instruments Net Position (19a-19b)	**80.417.713**	**-**	**21.676.518**	**-**	**-**
19a. Foreign currency derivative assets	80.417.713	-	21.676.518	-	-
19b. Foreign currency derivative liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/Liability Position (9-18+19)	**(877.954.863)**	**(266.276.485)**	**7.104.915**	**(1.160)**	**32.771.835**
21. Net Foreign Currency Position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	**(958.372.576)**	**(266.276.485)**	**(14.571.603)**	**(1.160)**	**32.771.835**
22. Fair Value of Derivative Instruments Held for Hedging	**888.948.340**	**252.599.551**	**-**	**-**	**-**
23. Derivative Assets Held for Hedging	**-**	**-**	**-**	**-**	**-**
24. Derivative Liabilities Held for Hedging	**888.948.340**	**252.599.551**	**-**	**-**	**-**
Export	**-**	**-**	**-**	**-**	**-**
Import	**-**	**-**	**-**	**-**	**-**

TL foreign currency risk of subsidiaries and joint ventures whose functional currency is other than TL, is shown in TL line in the foreign currency risk table.

34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

34.3 Market risk (continued)

i) Foreign currency risk (continued)

31 December 2015

	TL Equivalent	USD	EURO	GBP	TL
1.Trade Receivables	11.133.420	2.233.187	146.483	-	4.174.742
2.a Monetary Financial Assets	193.640.715	14.157.024	38.250.522	879	30.929.113
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**204.774.135**	**16.390.211**	**38.397.005**	**879**	**35.103.855**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	70.692.019	21.273.731	-	-	8.836.517
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**70.692.019**	**21.273.731**	**-**	**-**	**8.836.517**
9. Total Assets (4+8)	**275.466.154**	**37.663.942**	**38.397.005**	**879**	**43.940.372**
10. Trade Payables	31.465.176	1.275.808	3.289.800	-	17.301.969
11. Financial Liabilities	135.049.288	35.213.542	10.212.592	-	154.777
12.a. Monetary Financial Liabilities	33.194.620	48.975	33.167	27.527	32.828.441
12.b. Non-monetary financial Liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**199.709.084**	**36.538.325**	**13.535.559**	**27.527**	**50.285.187**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	886.376.515	271.195.304	30.791.461	-	6.103
16.a. Other Monetary Liabilities	2.403.548	-	-	-	2.403.548
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Long-term Liabilities (14+15+16)	**888.780.063**	**271.195.304**	**30.791.461**	**-**	**2.409.651**
18. Total Liabilities (13+17)	**1.088.489.147**	**307.733.629**	**44.327.020**	**27.527**	**52.694.838**
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)	**(813.022.993)**	**(270.069.687)**	**(5.930.015)**	**(26.648)**	**(8.754.466)**
21. Net Foreign Currency Position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	**(813.022.993)**	**(270.069.687)**	**(5.930.015)**	**(26.648)**	**(8.754.466)**
22. Fair Value of Derivative Instruments Held for Hedging	**726.900.000**	**250.000.000**	**-**	**-**	**-**
23. Derivative Assets Held for Hedging	**-**	**-**	**-**	**-**	**-**
24. Derivative Liabilities Held for Hedging	**726.900.000**	**250.000.000**	**-**	**-**	**-**
Export	**-**	**-**	**-**	**-**	**-**
Import	**-**	**-**	**-**	**-**	**-**

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34 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

34.3 Market risk (continued)

i) Foreign currency risk (continued)

Sensitivity Analysis – Foreign currency risk

A 10 percent strengthening or depreciation of the Turkish Lira against the following currencies as at 31 December 2016 and 31 December 2015 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 2016	**PROFIT/LOSS**		**EQUITY (*)**	
	Strengthening of foreign currency	**Depreciation of foreign currency**	**Strengthening of foreign currency**	**Depreciation of foreign curreny**
	A 10 percent change in USD against Turkish Lira:			
1-Net USD asset/liability			(4.813.187)	4.813.187
			-	-
2- Hedged portion against USD risk (-)	-	-	(88.894.834)	88.894.834
3- Net effect of USD (1+2)	**(4.813.187)**	**4.813.187**	**(88.894.834)**	**88.894.834**
	A 10 percent change in Euro against Turkish Lira:			
4- Net Euro asset/liability	(5.405.919)	5.405.919	-	-
5- Hedged portion against Euro risk (-)	-	-	(8.041.771)	8.041.771
6- Net effect of Euro (4+5)	**(5.405.919)**	**5.405.919**	**(8.041.771)**	**8.041.771**
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	(501)	501	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	**(501)**	**501**	**-**	**-**
TOTAL (3+6+9)	**(10.219.607)**	**10.219.607**	**(96.936.605)**	**96.936.605**

(*) Profit and loss excluded.

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 2015	PROFIT/LOSS		EQUITY (*)	
	Strengthening of foreign currency	Depreciation of foreign currency	Strengthening of foreign currency	Depreciation of foreign curreny
	A 10 percent change in USD against Turkish Lira:			
1-Net USD asset/liability	(4.960.016)	4.960.016	-	-
2- Hedged portion against USD risk (-)	-	-	(72.690.000)	72.690.000
3- Net effect of USD (1+2)	**(4.960.016)**	**4.960.016**	**(72.690.000)**	**72.690.000**
	A 10 percent change in Euro against Turkish Lira:			
4- Net Euro asset/liability	(1.884.322)	1.884.322	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	**(1.884.322)**	**1.884.322**	**-**	**-**
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	(11.461)	11.461	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	**(11.461)**	**11.461**	**-**	**-**
TOTAL (3+6+9)	**(6.855.799)**	**6.855.799**	**(72.690.000)**	**72.690.000**

(*) 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 2016	**31 December 2015**
Financial Instruments with fixed Interest		**(1.174.641.373)**	**(797.462.955)**
Financial Assets	Financial assets held for trading	1.093.957	13.026.037
	Due from related parties	12.351.714	10.026.536
	Receivables from money markets	24.271.616	34.609.610
	Bank deposits	127.792.281	133.897.810
Financial Liabilities	Loans and borrowings	(1.310.602.940)	(954.036.705)
	Liabilities due to operations in finance sector	(29.548.001)	(34.986.243)
Financial Instruments with variable interest		**(910.437.638)**	**(835.313.028)**
Financial Assets	Loans granted to the key management	38.208.257	30.666.806
Financial Liabilities	Loans and borrowings	(948.645.895)	(865.979.834)

As at 31 December 2016 and 2015, the Group used interest rate derivatives (swap) to hedge interest rate risk (Note 33).

Sensivity analysis – interest rate risk

As at 31 December 2016, 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 9.486.459 (31 December 2015: profit before tax lower by TL 7.957.389), the net profit attributable to the owners of the Company would have been lower by TL 8.016.307 (31 December 2015: TL 6.365.911) and total equity attributable to equity holders of the Company would have been lower by TL 6.796.099 (31 December 2015: TL 5.999.367). 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 75% as of 31 December 2016 (2015: 61%).

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Group, and where it exists, using appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. While the management of the Group has used available market information in estimating the fair values, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Fair values of cash and cash equivalents and other monetary assets are assumed to approximate their carrying amounts. The carrying amounts of trade and other receivables less the related provisions for impairment are assumed to approximate their fair values. Carrying amounts of floating rate foreign currency liabilities, which are translated to Turkish Lira using the period-end rates, are assumed to reflect their fair values.

Carrying amounts and fair values of financial assets and liabilities are listed below:

		31 December 2016		31 December 2015	
Financial Assets	**Notes**	**Carrying Value**	**Fair value**	**Carrying Value**	**Fair value**
Cash and Cash Equivalents	7	209.040.990	209.040.990	296.169.494	296.169.494
Financial Investments	8	16.362.585	16.362.585	22.775.301	22.775.301
Trade Receivables	10	88.527.784	88.527.784	81.927.492	81.927.492
Receivables from Operations in Finance Sector	12, 6	58.498.050	58.498.050	70.792.190	70.792.190
Other Receivables	11, 6	154.654.798	154.654.798	114.281.220	114.281.220
Other Current and Non-current assets	22	56.251.952	56.251.952	60.339.102	60.339.102
Total		**583.336.159**	**583.336.159**	**646.284.799**	**646.284.799**
Financial Liabilities					
Borrowings	9	2.259.248.835	2.259.248.835	1.820.016.539	1.820.016.539
Trade Payables	10	94.890.256	94.890.256	83.406.747	83.406.747
Liabilities due to Operations in Finance Sector	12, 6	52.916.021	52.916.021	60.105.886	60.105.886
Other Payables	11, 6	39.016.936	39.016.936	40.555.999	40.555.999
Other Liabilities	22	17.039.985	17.039.985	24.805.904	24.805.904
Total		**2.463.112.033**	**2.463.112.033**	**2.028.891.075**	**2.028.891.075**

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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 asset or liability that are not based on observable market data (unobservable inputs).

31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets held for trading	10.892.959	-	-	10.892.959
Financial assets available for sale	-	-	4.276.621	4.276.621
Derivative financial liabilities	-	4.044.530	-	4.044.530
	10.892.959	**4.044.530**	**4.276.621**	**19.214.110**

31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets held for trading	14.791.212	-	-	14.791.212
Financial assets available for sale	-	-	7.234.573	7.234.573
Derivative financial liabilities	-	-	-	-
	14.791.212	**-**	**7.234.573**	**22.025.785**

36 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2016 and 2015, the detail of assets held for sale is as below:

	31 December 2016	31 December 2015
Real Estates	862.751	862.751
	862.751	**862.751**

The Group's real estates held for sale amounting to TL 862.751 (31 December 2015: TL 862.751) can be summarized as land in the Bozüyük district of the Bilecik province, with a total area of 29.500 m2 and land in the Bodrum district of the Muğla province, with a total area of 3.000 m2 which is owned by Global Yatırım Holding A.Ş.

37 GOVERNMENT GRANTS

As explained in detail in Note 31, the Group benefits from investment allowance and miscellaneous tax exemptions.

38 EVENTS AFTER THE REPORTING PERIOD

In accordance with the authorization given in article 3/D/ii of the Company's Articles of Association, on 22 February 2017, the Company's Board of Directors decided to apply for the issuance of one of more debt instruments to sell to qualified domestic investors with a nominal value of up to TL 250.000.000 which is denominated in Turkish Liras and has a maturity of 6 months to 4 years and to complete the legal process after obtaining necessary permissions.

39 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR MAKE THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

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