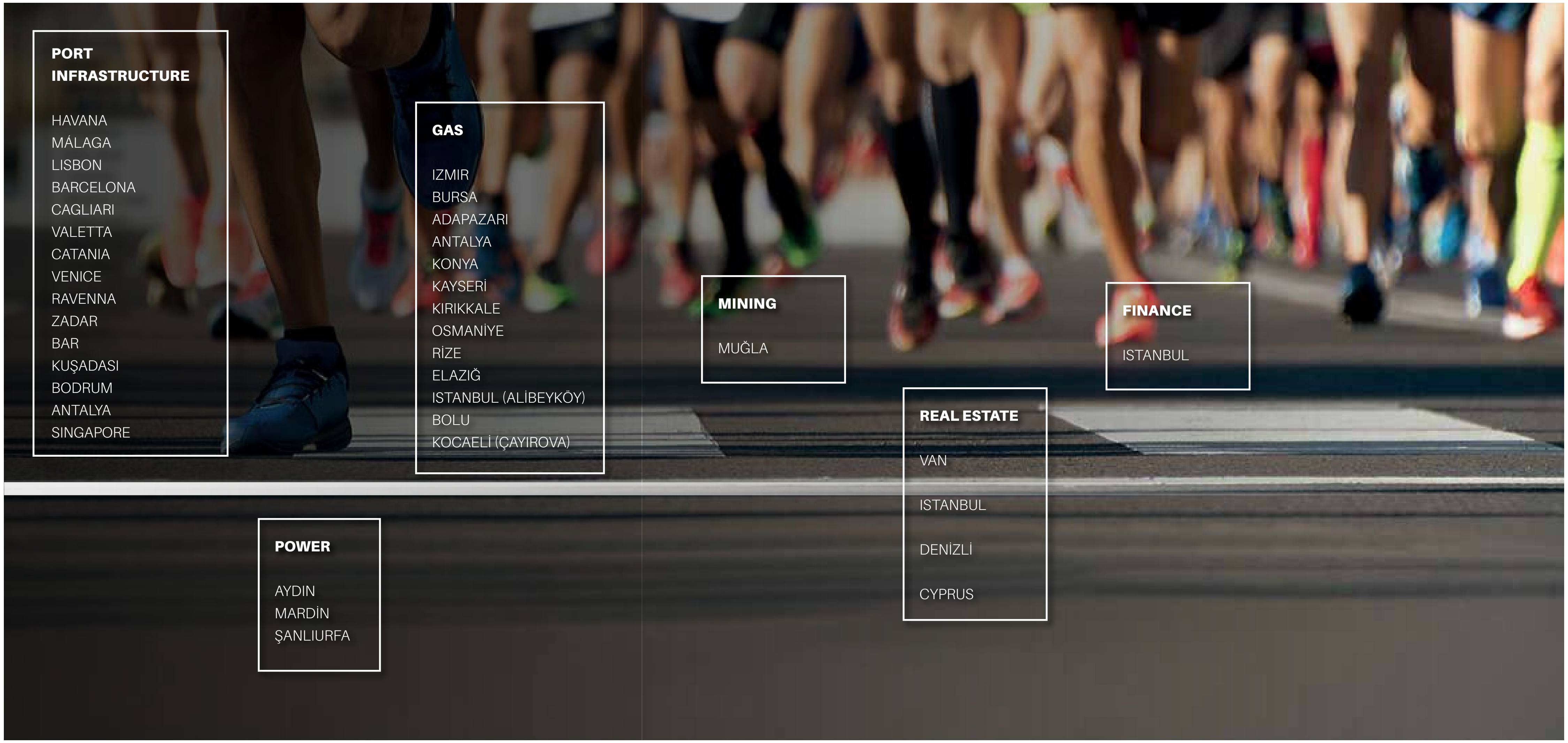
INVESTING IS LIKE A LONG DISTANCE RUN

And the winners are those who train the most…

GLOBAL
INVESTMENT HOLDINGS

GLOBAL INVESTMENT HOLDINGS
ANNUAL REPORT 2018



Investing is like a long distance run.

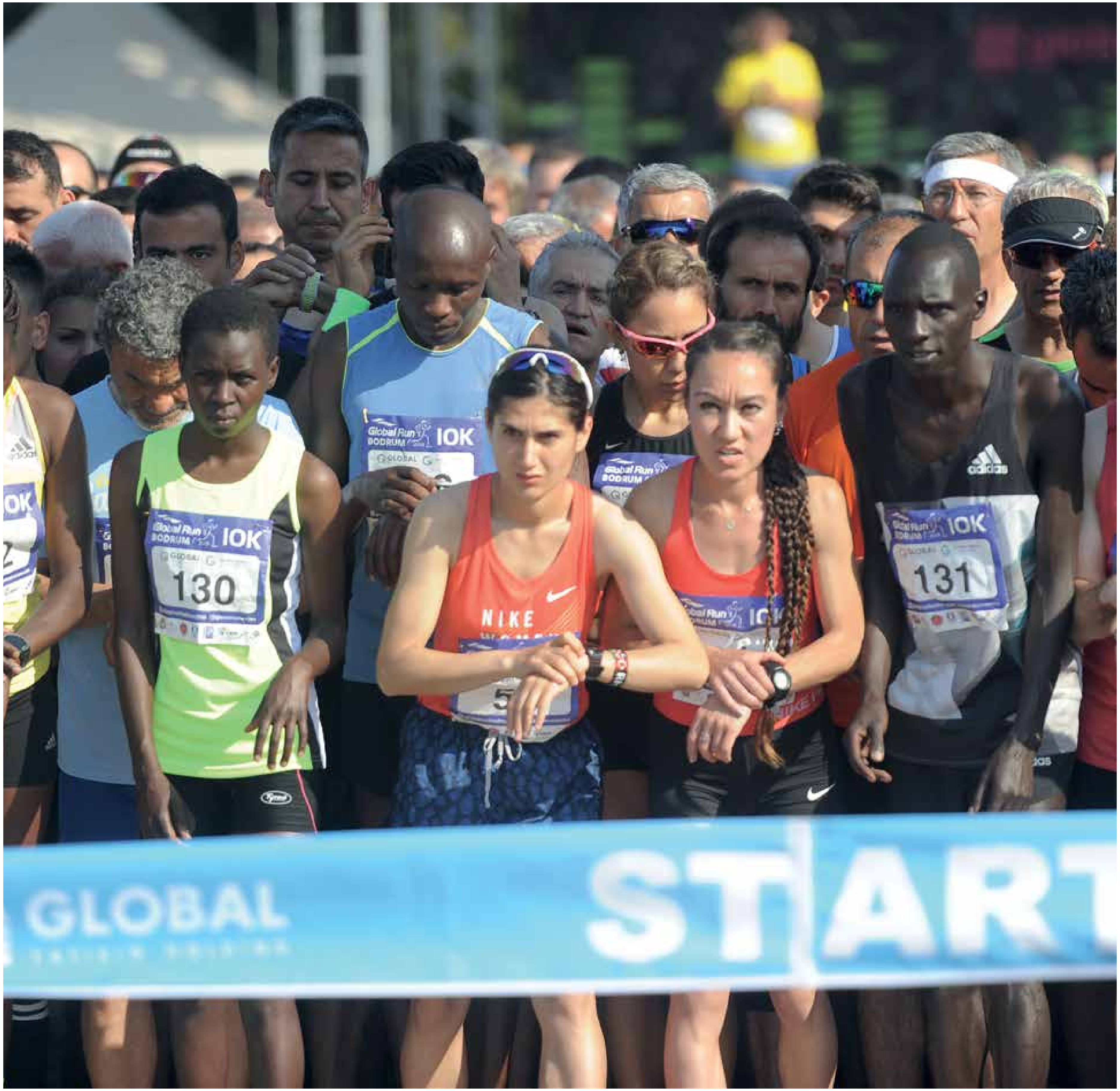
Power, strategy, endurance and determination are key to adding value to investments.

Global Investment Holdings continues to move forward to achieve its goals in diverse sectors, especially port management. Our route takes us through different cities in Turkey and abroad.

As we leave 2018 behind with highly successful results, we continue working hard to beat our own records

SPECIAL TRAINING TO REACH THE FINISH LINE

At Global Investment Holdings, we strategically diversify our investment portfolio of commercial and cruise ports, energy, real estate and financial services sectors. We develop strategies to achieve our goals in these business areas, preparing ourselves for a productive future.



A STRONG START

Our first priority is to secure an advantageous position for our investors. Our current asset portfolio has great growth potential. With our first-mover advantage, we have a leading position to convert this potential into earnings growth.

REFRESHING OURSELVES

We work constantly to refresh ourselves and our strategies on the path to long-term profitable growth. Thanks to our extensive experience, we know what to do, when and where to do it, depending on the particular time or circumstances. With this approach, we take advantage of new market opportunities in the best possible way.

SUCCESSFUL FINISH

Thanks to years of training and performing strongly, we register the best results on the most challenging courses and maintain a progressive overall track record. Over the past 13 years, our total assets increased 23-fold while shareholders' equity grew 12-fold, confirming our commitment to success.

CHAIRMAN'S MESSAGE

In 2019, Global Investment Holdings will continue to focus on its core businesses, grow sustainably and expand its investments into new markets.

UNBOUND BY SECTOR OR GEOGRAPHIC LIMITATIONS, WE HAVE DEMONSTRATED CONTINUED LEADERSHIP IN THE INTERNATIONAL ARENA, EXTENDING OUR GLOBAL FOOTPRINT EACH YEAR.

Esteemed Stakeholders,

Despite the economic and political turmoil that reverberated around the world in 2018, this was a year of significant progress for Global Investment Holdings. Organically, our Group companies experienced another strong year overall. As with every enterprise based in Turkey, we encountered a negative operating environment in the second half of the year. However, we overcame these unexpected challenges without much difficulty.

As Global Investment Holdings generates most of its income in foreign currency, we were largely shielded from Turkish lira weakness in 2018. Thanks to our solid finances and prudent risk management, we continue to move forward confidently, emerging relatively unscathed by the economic volatility that marks the world today.

In 2018, Global Investment Holdings posted Consolidated Net Revenues of TL 1,128mn and Operating EBITDA of TL 465mn, which indicate a striking 40% and 67% growth compared to 2017, respectively. In the coming year, we expect the robust growth trend to continue.

How do we do it, delivering solid results year after year across our Group? We focus.

During the reporting year, we focused primarily on our core businesses: ports, clean energy, and asset management.

Our ports arm and flagship company – Global Ports Holding Plc ("GPH"), the world's largest independent cruise port operator – continued to rack up successes throughout the year. After the well-received IPO in 2017, GPH Plc opened its London office. In addition, GPH continued its expansion drive with zeal, adding Zadar in Croatia and Havana in Cuba to our growing constellation of ports in major cruise markets around the globe.

During the year, GPH signed a 15-year management agreement with Cuban company Aries S.A., to operate the cruise port in Havana, Cuba. Our first agreement in the Caribbean is in line with the strategy to expand into the highly attractive Americas cruise port market. This major step forward in GPH's corporate development is also a unique opportunity in a new high-growth cruise area.

In our latest move into the increasingly popular Adriatic market, we signed a 20-year concession agreement with Zadar International Port Operations and Port Authority of Zadar for the operating rights of Gazenica cruise port in Zadar, Croatia.

Continuing our push into the Caribbean, the world's largest cruise market, Global Ports Holding Plc signed a 30-year concession agreement with the Government of Antigua and Barbuda for cruise port operations in Antigua on an exclusive basis (as of the publishing date of this report). The concession will also include specified retail outlets in the project area. The agreement marks an important step in GPH's strategy to gain further exposure to the exotic Caribbean region.

Closer to home, GPH signed an extension agreement for Bodrum Cruise Port. The original concession contract was due to expire in December 2019. Following this new agreement, the concession will now expire in December 2067.

Going forward, we are especially eyeing opportunities in the world's fast growing tourism market: Asia. Currently, Global Ports Holding is closely monitoring three potential projects in Thailand and Malaysia, as well as four others in Japan. Our experience, track record of success, commitment to excellence and inclusive instrument strategy in all we do gives us confidence that Global Ports Holding will soon enter the fast-expanding Asian cruise market with its billions of potential tourists.

We are not content to be extremely competitive in physical ports: Global Ports Holding is targeting the online world as well. This reporting year, we entered into an exclusive partnership with, and simultaneously made an investment in, Dreamlines GmbH ("Dreamlines") – the only online cruise portal with a global footprint.

"During the reporting year, we focused primarily on our core businesses: ports, clean energy, and asset management."

TL 5.6 BILLION
TOTAL ASSETS

BY THE END OF 2018 OUR TURNOVER REACHED TL 1,128 MILLION.

MEHMET KUTMAN | CHAIRMAN

CHAIRMAN'S MESSAGE

Despite the economic and political turmoil that reverberated around the world in 2018, this was a year of significant progress for Global Investment Holdings.

THANKS TO OUR SOLID FINANCES AND PRUDENT RISK MANAGEMENT, WE CONTINUE TO MOVE FORWARD CONFIDENTLY, EMERGING RELATIVELY UNSCATHED BY THE ECONOMIC VOLATILITY THAT MARKS THE WORLD TODAY.

Dreamlines is one of the world's leading cruise portals. Its attractive digital and sales force capabilities will strengthen GPH's know-how and expertise within the fast-growing global cruise market. Over time, the partnership will allow GPH to further boost its ancillary revenue streams by developing new cruise passenger products and services – one of GPH's strategic priorities. GPH and Dreamlines hold unique and complementary positions within the global cruise market. Both companies stand out in their respective markets thanks to their broad-based international reach. We are a natural fit.

Looking forward, Global Ports Holding plans to grow its ports both organically and inorganically. We hope to welcome at least four new ports, starting with the Bahamas during 2019. Global Ports Holding and its partners have just been chosen as the preferred bidder for the Nassau Cruise Port concession (as of the publishing date of this report). Nassau Cruise Port is one of the largest cruise ports in the world, and is expected to expand our passenger base by approximately 50%, increasing our passenger number to 12 million, if/when materialized.

How can we do this? There is a simple explanation: we focus. Global Ports Holding is now one of a kind and number one in the world.

Another key reason for our success in the ports industry is the diverse people who run, operate and work in our ever-expanding family of ports. I would like to extend my gratitude to this committed group of professionals while welcoming new members to the Global family.

Global Investment Holdings' second area of focus is clean energy: natural gas and renewables. 2018 saw a decisive turnaround in our energy portfolio. I am pleased to report that Naturelgaz – our compressed natural gas (CNG) business, and Europe's largest supplier and distributor in terms of mother stations and bulk sales – is on the upswing both operationally and financially. We are delighted that rational, focused, hard work has had such a positive impact in a short span of time.

Similarly, we have overcome technical challenges in our electricity generation business. With the biomass plant in Şanlıurfa now largely operational, and the facility in Mardin due to begin production in 2019, capacity expansion in Aydin – Söke plant along with solar generation forecast to start later in the year, we are about to turn an important corner. In fact, we expect to record significant growth for our renewable portfolio in the coming year.

"Over the past few years, we have learned a great deal about setting up renewable energy plants and the practicalities of running this emerging business."

Over the past few years, we have learned a great deal about setting up renewable energy plants and the practicalities of running this emerging business. Our experience has positioned us for future success in renewable energy – an increasingly important area for the sustainability of our environment and of human life.

During the year, Naturelgaz – a 95.5% subsidiary of GIH and Europe's largest CNG supplier and distributor in terms of mother station infrastructure and bulk sales volume – entered into an exclusive agreement to partner with Gaz du Cameroun S.A. (GDC). Gaz du Cameroun is a wholly-owned subsidiary of Victoria Oil & Gas Plc, a Cameroon-based gas and condensate producer and distributor, listed on the AIM market of London Stock Exchange under the ticker VOG. This agreement raises Naturelgaz's international reach and corporate reputation.

2019 looks especially bright for Naturelgaz. Since the company's results are now so consistently strong, we are considering an IPO for Naturelgaz, if market conditions prove favorable. This is an exciting prospect for us.

After commissioning its first two biomass power plants a year earlier, Global Investment Holdings commissioned its third facility in Mardin/Derik with 12 MW installed capacity on October 31. With the completion of this facility, we increased our total biomass based installed capacity to 29.2 MW.

The Mardin/Derik facility is subject to the Renewable Energy Resources Support Mechanism (YEKDEM) starting in 2019, selling electricity at USD 0.133/kWh for 10 years. Using agricultural residues in power generation, our Mardin/Derik plant is expected to meet the electricity requirements of more than 30 thousand households with clean energy. Additionally, the 12 MW capacity expansion of Aydın Plant is in progress and is planned to become operational in 2019, again subject to YEKDEM.

In 2018, Ra Solar – our solar energy subsidiary – commenced construction of the 9 MW solar farm in Mardin. GIH aims to finalize investment and start power generation in 2019.

TL 1.7 BILLION
SHAREHOLDERS' EQUITY

THANKS TO OUR STRONG MANAGEMENT, SKILLED AND HARDWORKING EMPLOYEES, PRUDENT RISK MANAGEMENT AND ROBUST FINANCIAL STRUCTURE, GLOBAL INVESTMENT HOLDINGS RECORDED ANOTHER EXEMPLARY YEAR.

CHAIRMAN'S MESSAGE

Global Investment Holdings has reached its financial targets in spite of tough conditions in 2018.

ANOTHER KEY REASON FOR OUR SUCCESS IN THE PORTS INDUSTRY IS THE DIVERSE PEOPLE WHO RUN, OPERATE AND WORK IN OUR EVER-EXPANDING FAMILY OF PORTS.

Additionally, Global Investment Holdings signed a term sheet with NASDAQ-listed Canadian Solar – one of the world's top five largest solar panel producers and operators – to develop and operate a pipeline of solar power projects with total capacity of up to 300 MW. This effort will give our solar operations a significant boost going forward.

Our focus on clean energy is starting to pay off and our investors will be rewarded for their patience.

Our third area of focus, asset management, is the business most exposed to economic developments in Turkey. Despite a year marked by tremendous economic volatility, Actus Asset Management successfully navigated the tumult and outperformed the market. Thanks to strong growth in market share, Actus's assets under management rose about 10% in real terms in 2018, well outpacing the competition. We continue to expect Actus to become Turkey's largest independent portfolio management company.

Actus's strong performance will translate into a greatly increased contribution to Global Investment Holdings' net asset value.

We recorded yet another remarkable turnaround in our brokerage business. Currently under the new leadership, Global Securities made its mark with what is likely to be record earnings.

Our real estate business – represented by Ardus Real Estate Investments, our sub-holding established in 2016 to consolidate GIH's real estate portfolio – endured an extremely challenging year in 2018. However, by adopting a laser-like focus, Ardus successfully contained costs while hitting its performance targets.

That said, Global Investment Holdings has decided to focus on our core business lines – ports, clean energy and asset management – and explore exiting real estate. In the coming years, we may explore a foreign buyer for Ardus so that we can focus on what we do best.

At the macro level, Global Investment Holdings focused on improving our operations in various ways. Our Corporate Governance Rating was upgraded to 9.06 (out of 10.00), up from 9.05. This rating indicates that GIH has achieved significant compliance with CMB's Corporate Governance Principles. Additionally, JCR Eurasia Rating affirmed the ratings of Global Investment Holdings as 'BBB+ (Trk)' and 'A-2 (Trk)' on the long-term and short-term national scale, with a 'Stable' outlook. We are pleased to retain our investment-grade rating. JCR also affirmed GIH's Long-Term International Foreign and Local Currency Ratings as 'BBB-'.

One area we all work hard to embrace, across the Group, is sustainability. To demonstrate that sustainability is an integral part of our business operations and long-term strategic perspective, Global Investment Holdings issued its first GRI (Global Reporting Initiative) approved Sustainability Report at international standards in 2018. This effort helps us understand where to focus our activity, to make GIH a more sustainable entity in all its operations. Partly related to this, I am happy to announce that as of January 4, 2019 following successful completion of independent audits, Global Investment Holdings earned the right to receive an integrated ISO 9001:2015 Quality Management System Certification and ISO 14001:2015 Environmental Management System Certification.

In recognition of our commitment to this area, Global Investment Holdings (GLYHO) was included on the BIST Sustainability Index; along with other Borsa Istanbul listed companies that demonstrate high performance in sustainability. Listing in the index provides companies with reputational and competitive advantages as well. GLYHO is also included in the BIST Corporate Governance Index.

We also focus on our shareholders. On March 1, 2018, Global Investment Holdings' Board of Directors resolved on a share buyback program up to TL 150 million, in addition to its stock repurchase drive in previous years. Once completed, this effort will reap shareholders total proceeds of TL 234 million inclusive of previous share buybacks. This amount is in line with Group policy to maintain a steady stream of dividend yield equivalent of above 5%. If/when fully materialized, this stock repurchase will pay TL 0.51 per share dividend equivalent to investors. As of December 31, 2018, we completed almost c.70% of the program, having bought more than 21million shares on BIST.

2018 was a particularly memorable year for many across the world, but not always for good reasons. Thanks to our strong management, skilled and hardworking employees, prudent risk management and robust financial structure, Global Investment Holdings recorded another exemplary year. After decades of success, during boom periods and through challenging times, we know what we are good at and how to do it best. Our true measure of success is the value we create over the long term and the strength of our market leadership. We are especially grateful to our shareholders, for their ongoing support and encouragement, and to the rest of the Global Family, for their hard work and commitment to excellence.

MEHMET KUTMAN
CHAIRMAN

TL 465 MILLION
OPERATIONAL EBITDA

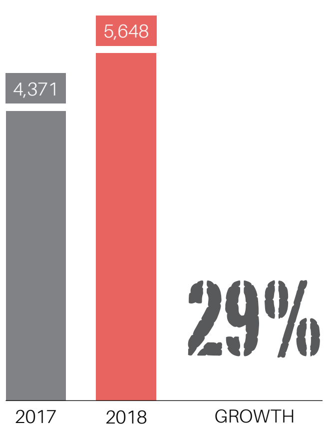
ONE AREA WE ALL WORK HARD TO EMBRACE, ACROSS THE GROUP, IS SUSTAINABILITY. TO DEMONSTRATE THAT SUSTAINABILITY IS AN INTEGRAL PART OF OUR BUSINESS OPERATIONS AND LONG-TERM STRATEGIC PERSPECTIVE, WE ISSUED OUR FIRST GRI APPROVED SUSTAINABILITY REPORT IN 2018.

GLOBAL INVESTMENT HOLDINGS GROUP IN SUMMARY

GIH focuses on maximizing shareholder value by diversifying investments in its operational areas and through agile investment strategies.

WITH INTERESTS IN A RANGE OF BURGEONING BUSINESS SECTORS AND TRADITIONAL NON-BANK FINANCIAL SERVICE PROVIDERS, GLOBAL INVESTMENT HOLDINGS HAS EVOLVED INTO A DYNAMIC INVESTMENT VEHICLE.

TOTAL ASSETS
(TL MILLION)



GIH AT A GLANCE

Global Investment Holdings (GIH) is a diversified conglomerate with investments in a number of businesses; including ports infrastructure, energy generation, compressed natural gas distribution, mining, real estate development and brokerage & asset management. GIH focuses on maximizing shareholder value by diversifying investments in its operational areas and through agile investment strategies. Since 1990, the year the Group was established as a brokerage firm, it has transformed into a dynamic investment vehicle by focusing on a variety of nascent business sectors and traditional non-banking financial service providers that offer high growth potential with 'first mover' advantages.

Within the last 13 years, GIH has been able to grow its total assets by 23 times and total equity by 12 times, and as such accomplished its transformation from a brokerage firm into a diversified conglomerate. As of the end of 2018, its total assets were valued at TL 5.6 billion with total equity of TL 1.7 billion.

Global Investment Holdings trades on the Borsa Istanbul under the ticker symbol GLYHO.

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

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

STRATEGIC FOCUS: INFRASTRUCTURE, CLEAN ENERGY & ASSET MANAGEMENT

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

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

GIH INTENDS TO STAY FOCUSED ON ITS STRATEGIC SECTORS, WHILE IN THE MEANTIME SELECTIVELY PURSUING NEW SECTORS

CAPABILITIES

FAST MOVER

- Effective recognition of attractive investment opportunities in rapidly growing sectors
- No specific geographic or sector-bound limits
- Proven track record of successful exits

FIRST ENTRANT

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

DYNAMIC

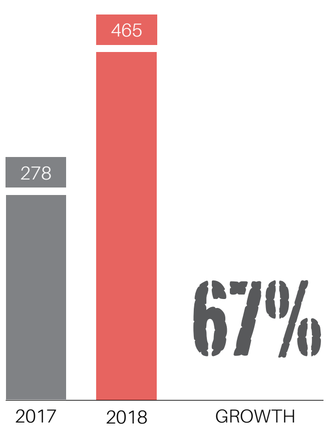
- Investment portfolio unlike any other traditional holding company
- A dynamic investment vehicle with interests across a variety of budding business sectors
- Immediately responding to a continuously changing business environment and achieving operational efficiency
- Significant operational value-added capabilities to improve underlying business fundamentals

GLOBAL INVESTMENT HOLDINGS GROUP IN SUMMARY

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

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

EBITDA (TL MILLION)



Our Key Investment Principles

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

Our Strategy

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

SHAREHOLDING STRUCTURE OF GLOBAL INVESTMENT HOLDING

As at December 31, 2018 the Company's statutory nominal value paid-in share capital consists of 325,888,410 registered shares with a par value of TL 0.01 each. The issued capital of the Company is TL 325,888,410 and the authorized capital ceiling is TL 650,000,000. The shareholder structure of the Company is as follows:

99.99% of the Company shares are listed on the BIST.

Strong and Committed Shareholder Structure

	31 December 2018	
	Shares (TL)	(%)
Centricus Holdings Malta Limited	101,826,967	31.2%
Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş.*	79,301,914	24.3%
Treasury Shares	46,322,505	14.2%
Lansdowne European Equity Master Fund Limited	21,158,867	6.5%
Publicly Traded Other Shares	77.278.157	23.7%
TOTAL	**325,888,410**	**100.0%**

* Fully owned by Mehmet Kutman

GLOBAL INVESTMENT HOLDINGS GROUP

PORT INFRASTRUCTURE

The largest independent cruise port operator in the world, operating 15 cruise ports in 9 countries, and the operator of 2 strategically-located commercial ports.

Serves ca. 8.4 million passengers annually, with a dominant position in the Mediterranean, and a foothold in the Caribbean and Asia

Listed on the London Stock Exchange

Expansion to the Caribbean cruise port market, the world's largest

Caribbean
Havana Cruise Port

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

Adriatic
Bar Cruise Port*
Ravenna Cruise Port
Venice Cruise Port
Zadar Cruise Port

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

Asia
Singapore Cruise Port

* Mainly commercial ports with some minor cruise activities.

POWER

Co/Tri-generation with 54.1 MW installed capacity

Biomass power plants with an installed capacity of 41.2 MW by the end of 2019 of which 29.2 MW already in operation at three separate facilities.

2 Solar power plant projects with 14 MW under development, of which 9 MW will be operational in 2019.

Aydın:
12 MW biomass power plant

Şanlıurfa:
5.2 MW biomass power plant

Mardin:
12 MW biomass power plant

Co/Tri generation:
54.1 MW at 8 different locations in Turkey

GAS

Compressed Natural Gas Sales and Distribution

Turkey's & Europe's largest CNG (Compressed Natural Gas) distributor in terms of station infrastructure and bulk sales volume. Controls around c.20% market share in total non-piped gas market in Turkey (c.70% market share in CNG market)

13 CNG plants and stations, 3 co-operation plants, 50,200 CNG cylinders and 47 industrial scale compressors.

- **CNG Plants:** Izmir, Bursa, Adapazarı, Antalya, Konya, Kayseri, Kırıkkale, Osmaniye, Rize, Elazığ

- **Co-operation Plants:** Erzurum, Bandırma, Yatağan

- **Auto CNG Stations:** Istanbul (Alibeyköy), Bolu, Kocaeli (Çayırova)

MINING

One of Turkey's leading players in industrial minerals with ~ 1,500 thousand tons feldspar annual production capacity.

Total feldspar sales: 496,400 tons
Export volume: 428,395 tons

REAL ESTATE

Developing and operating real estate projects

Consolidated total gross leasable area: 141,000 m^2

Retail sector gross leasable area: 93,500 m^2

Other leasable areas: 47,500 m^2

- **Sümerpark Shopping Center:** Denizli's 3rd largest shopping center with 34,790 m^2 Gross Leaseable Area (GLA)
- **Van Shopping Center:** Van's first shopping center with 26,047 m^2 GLA
- **Denizli SkyCity Office Project:** Denizli's first and the largest modern office project with a construction area of 33,055 m^2
Sümerpark Residences: The first modern mass-housing project in Denizli with 8 blocks over 105,000 m^2 construction area
-**Vakıfhan No:6:** 1,619 m^2 Rent Operate Transfer (ROT) type office re-development
-**Salıpazarı Global Building:** 2nd degree listed building with 5,230 m^2 area.
-**Denizli Hospital Land:** 10,745 m^2
-**Denizli Final Schools:** 11,565 m^2 GLA
-**Cyprus Aqua Dolce Hotel Project:** 260,177 m^2 land with 48,756 m^2 hotel and residential project area
-**Bilecik Industrial Zone Land:** 19,000 m^2

FINANCE

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

Brokerage
Among Turkey's leading independent brokerage firms that offer securities and derivatives trading and portfolio management services to international and Turkish corporate investors

Global Securities:
Trading volume of TL 64.3bn

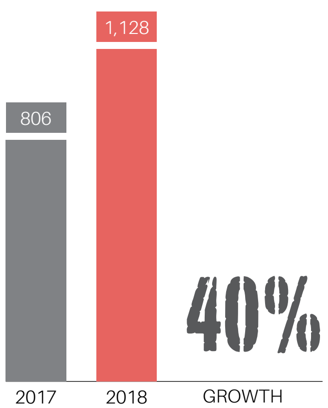
Actus Asset Management
Assets Under Management: TL 821mn

Global MD Portfolio Management
Assets Under Management: TL161mn

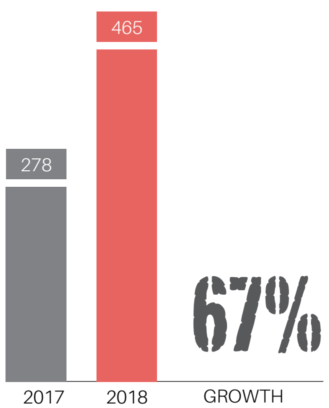
CONSOLIDATED FINANCIAL HIGHLIGHTS

Global Investment Holdings reported consolidated revenues of TL 1,128mn for 2018, representing a robust growth of 40% compared to 2017; while consolidated operating EBITDA surged by 67% during the same period, reaching TL 465.0mn.

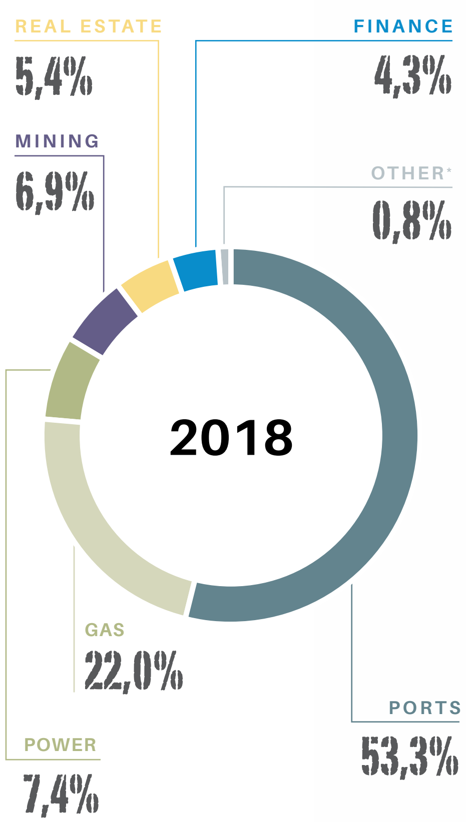
TURNOVER (TL MILLION)



EBITDA (TL MILLION)

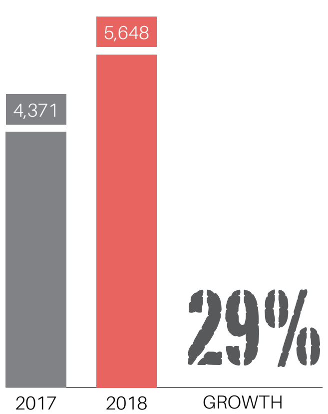


GROSS TURNOVER (%)

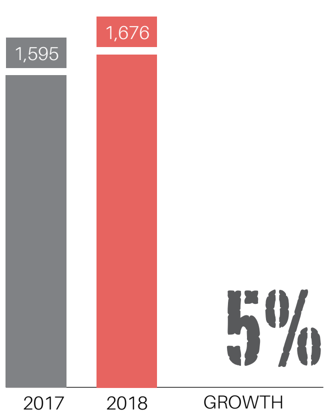


*Includes Global Investment Holdings' solo operations

TOTAL ASSETS (TL MILLION)



EQUITY (TL MILLION)



KEY FINANCIAL INDICATORS

Consolidated Balance Sheet (TL million)	2017	2018
Current Assets	920	1,104
Non-Current Assets	3,451	4,544
Total Assets	4,371	5,648
Short-Term Liabilities	729	1,203
Long-Term Liabilities	2,047	2,769
Total Shareholders' Equity	1,595	1,676
Total Liabilities and Shareholders' Equity	4,371	5,648

Consolidated Income Statement (TL million)	2017	2018
Turnover	806	1,128
Gross Profit	242	380
Operating EBITDA	278	465
Profit/(Loss) Before Tax	(404)	(86)
Net Profit/(Loss) for the Period	(329)	(90)

MILESTONES

Since 1990, GIH has transformed into a dynamic investment vehicle by focusing on a variety of nascent business sectors.

1990
- GIH was established (as Global Securities)

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

2006
- Acquired 40% stake in Port Akdeniz, Antalya

2007
- Acquired Yeşil Energy at USD 33.7 mn valuation

2008
- Acquired 60% stake in Bodrum Cruise Port

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

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

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

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

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

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

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

2016
- Acquired 44.5% stake in Venice Cruise Port as part of a strong consortium together with Costa Crociere, MSC Cruises and Royal Caribbean Cruises
- Acquired 53.7% indirect stake in Ravenna Cruise Port
- Acquired 62.2% indirect stake in Catania Cruise Port
- Acquired 70.9% indirect stake in Cagliari Cruise Port

2017
- IPO of GPH on the London Stock Exchange @ GBP 465m market cap
- Centricus invesment into GIH (31% share sale)
- Greenfield investments for 2 biomass pp's with 17.2 MW installed capacity completed
- SkyCity (Sümerpark Office) project phase I completed

2018
- Global Investment Holdings is included in BIST Sustainability Index assessment
- Awarded management contract for Havana Cruise Port
-Signed a concession agreement for Zadar Gazenica Cruise Port, Croatia
- Extended Bodrum Cruise Port concession to 2067
- Operational biomass portfolio increased to 29.2MW
- Construction of 9MW solar power plant started (Mardin / Turkey)
- GIH reported record revenue and EBITDA

A brokerage firm that transformed into a diversified conglomerate in 13 years, increasing total assets 23x and total equity 12x along the way

GLOBAL INVESTMENT HOLDINGS

PORT INFRASTRUCTURE
GLOBAL PORTS HOLDING AT A GLANCE

Global Ports Holding Plc (GPH) is the world's largest cruise port operator with an established presence in the Caribbean, Mediterranean and Asia-Pacific regions.

A TRULY GLOBAL NETWORK

15 PORTS IN 9 COUNTRIES

GPH serves the needs of the world's cruise lines, ferries and mega yachts through a strategically located network of 15 cruise ports in 9 countries.

WHO WE ARE

Global Ports Holding (GPH) is the largest independent cruise port operator in the world, operating 15 cruise ports in 9 countries, as well as being the operator of 2 strategically located commercial ports.

The Company was established in 2004 as the infrastructure investment vehicle of Global Investment Holdings (GIH). Over the intervening years, we have expanded to become the world's leading cruise port operator, with a pronounced presence in the Mediterranean, Atlantic, Caribbean and Asia Pacific. In 2017, we successfully IPO'd on the London Stock Exchange, becoming GPH PLC. Then in 2018 this was followed by our first expansion of cruise operations into the Americas with the signing of a management agreement for Havana Cruise Port, Cuba, while we also signed a concession agreement for Zadar Gazenica Cruise Port in Croatia.

WHAT WE DO

Our Cruise Port Business

GPH serves the needs of the world's cruise lines, ferries and mega yachts through a strategically located network of 15 cruise ports in 9 countries. We offer our customers and their passengers top quality service that address specific requirements, and that are delivered with premium standards of safety, security and performance worldwide.

We welcomed 4.4m cruise passengers to our consolidated and managed portfolio in 2018, a growth rate of 8.8%. While at all ports including Venice, Lisbon and Singapore, our equity accounted associate ports we welcomed 8.4m passengers, a very pleasing growth rate of 20%. Over the year, our Cruise ports business generated 44% of the Company's revenue and 41% of our segmental EBITDA.

Our Commercial Business

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

These two ports together handled around 236.7k TEU and 1,478 tons of throughput in 2018. They generated 56% of the Company's revenue and 59% of its segmental EBITDA in the reporting year.

WHERE WE OPERATE

Since the Group's establishment in 2004, we have steadily expanded our portfolio of cruise and commercial ports. Today, we operate 15 cruise ports and two commercial ports in 9 countries, having created a unique port network.

During 2018, we received the management contract for Havana Cruise Port, among the most exciting and fastest growing ports in the world. We also won a cruise port concession for the Zadar Gazenica Cruise Port in Croatia. Both ports have now been on boarded into GPH's systems and approach, and we look forward to increasing both the quality of the passenger experience and quantity of passenger numbers over the years to come.

PORT INFRASTRUCTURE

GLOBAL PORTS HOLDING AT A GLANCE

OWNERSHIP

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

ITALY	11.1%*	VENICE CRUISE PORT
ITALY	62.2%	CATANIA CRUISE PORT
ITALY	70.9%	CAGLIARI CRUISE PORT
ITALY	53.7%	RAVENNA CRUISE PORT
SPAIN	62.0%	BARCELONA CRUISE PORT
SPAIN	49.6%	MÁLAGA CRUISE PORT
TURKEY	72.5%	EGE PORT, KUŞADASI
TURKEY	99.9%	PORT AKDENIZ, ANTALYA
TURKEY	60.0%	BODRUM CRUISE PORT
TURKEY	99.9%	ANTALYA CRUISE PORT
PORTUGAL	46.2%*	LISBON CRUISE PORT
MALTA	55.6%	VALLETTA CRUISE PORT
SINGAPORE	24.8%*	SINGAPORE CRUISE PORT, SATS CREURS
MONTENEGRO	63.8%	PORT OF ADRIA, BAR
MONTENEGRO	63.8%	BAR CRUISE PORT
CROATIA	100%	ZADAR CRUISE PORT
CUBA	MANAGEMENT AGREEMENT	HAVANA CRUISE PORT

CRUISE PORT

COMMERCIAL PORT

* EQUITY ACCOUNTED INVESTEE

2018: HIGHLIGHTS

The year marked significant progress by the Group. Our underlying business performed robustly, further strengthening our leadership position in the Mediterranean cruise market. With our first steps into the Americas, we also delivered on our stated aim of seeking additional opportunities in largest cruise market.

Group highlights

- Total consolidated revenues were USD 124.8 million up 7.2% yoy
- Record full year Segmental EBITDA - up 12.7% to USD 90.7 million, full year Adjusted EBITDA up 11.2% to USD 83.7 million
- On a statutory (IFRS) basis operating profit improved by 229.4% to USD 35.9 million which was primarily driven by the 7.2% increase in revenue, a partial reversal of replacement provisions for Spanish cruise ports (USD 12.2 million) and the positive effect of our Turkish Lira based cost structure at our operations located in Turkey. Share of profit of equity-accounted investees grew strongly in the period, up 124% to USD 5.6 million, with Net Finance Cost rising to USD 32.9 million driven principally by a negative foreign exchange effect on the Group's Eurobond debt. There was therefore an overall rise in profit before tax of 181.8% to USD 8.6 million

Cruise highlights

- Record full year Cruise revenue up 9.2% to USD 54.9 million and record Cruise Segmental EBITDA up 16.8% to USD 37.6 million
- Strong performance primarily driven by Creuers (Barcelona and Málaga Cruise Ports) reflecting a beneficial PAX mix in the year and a strong contribution from the equity accounted associate ports (Lisbon, Singapore and Venice), offset by the previously highlighted weaker performance from Valletta in the year
- Significant progress on the strategic goal of delivering inorganic growth. Signed a management agreement for Havana Cruise Port and a concession agreement for Zadar Gazenica Cruise Port
- Further significant and potentially transformational progress made by the Group since year end, with a concession agreement signed in Antigua and Barbuda and preferred bidder status awarded in Nassau, The Bahamas
- Consolidated and managed portfolio passenger volumes increased by 8.8% in the year. While passenger volumes remained subdued for our Turkish cruise ports in 2018, we expect to welcome a significant increase in passengers at Ege Port in 2019

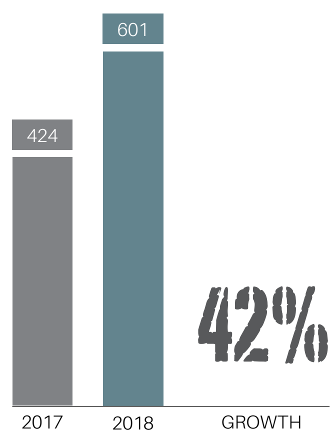
Commercial highlights

- Commercial Revenue up 5.8% to USD 69.9 million and Commercial Segmental EBITDA up 10.0% to USD 53.1 million
- General & Bulk Cargo volumes fell 9.2% and TEU throughput fell by 5.1%
- Volumes in traditional cargo categories were notably weak towards the end of the year but this impact was largely offset by the positive benefits of the continued drive to diversify and grow revenues in new areas
- New services introduced in the year or planned for 2019 include a new storage facility, Ro-Ro service, hazardous liquid handling and a further expansion of our oil drilling support services capabilities

Our underlying business performed robustly, further strengthening our leadership position in the Mediterranean cruise market.

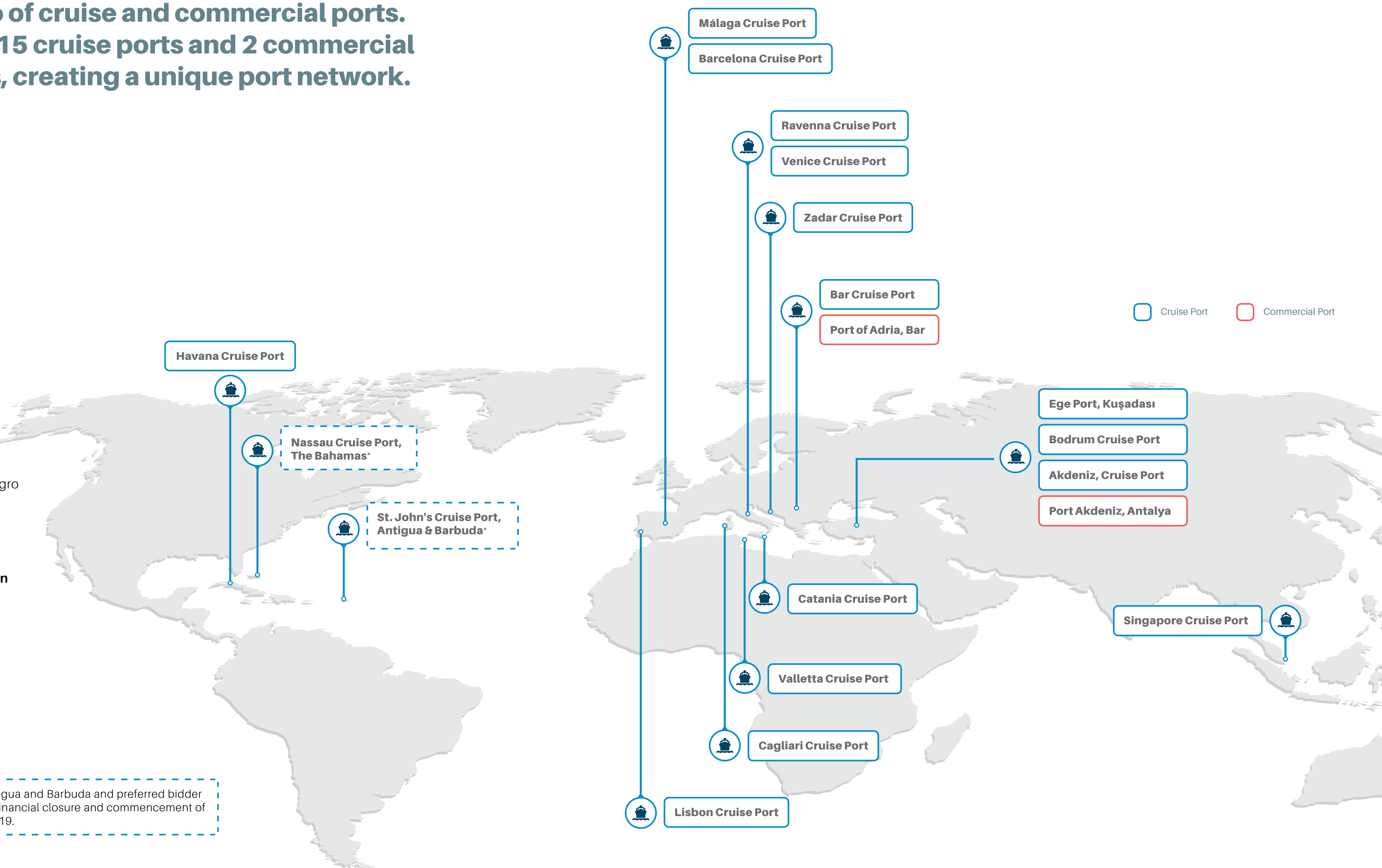
WITH OUR FIRST STEPS INTO THE AMERICAS, WE ALSO DELIVERED ON OUR STATED AIM OF SEEKING ADDITIONAL OPPORTUNITIES IN LARGEST CRUISE MARKET.

TURNOVER (GPH)
(TL MILLION)



PORT INFRASTRUCTURE
A PORTFOLIO MAPPED FOR SUCCESS

Since the Group was founded in 2004, we have steadily grown our portfolio of cruise and commercial ports. Today, we operate 15 cruise ports and 2 commercial ports in 9 countries, creating a unique port network.



Caribbean
- Havana
- Nassau Cruise Port, The Bahamas*
- St. John's Cruise Porti Antigua & Barbuda*

Western Mediterranean
- Lisbon
- Málaga
- Barcelona
- Valletta
- Catania
- Cagliari

Adriatic
- Bar, Montenegro
- Ravenna
- Venice
- Zadar

Eastern Mediterranean
- Kuşadası
- Bodrum
- Antalya

Asia
- Singapore

*In 2019, concession agreement signed in Antigua and Barbuda and preferred bidder status awarded in Nassau, The Bahamas. Full financial closure and commencement of the concessions is expected to occur in H2 2019.

PORT INFRASTRUCTURE
INDUSTRY SECTOR REPORT AND OUTLOOK

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

GLOBAL PASSENGER CAPACITY 27 MILLION

In 2018, global passenger capacity was at 27 million. The ship order book for the coming decade tells us that by 2027 passenger capacity will have reached 40 million.

THE CRUISE SECTOR

Cruise lines and cruise brands

Despite today's presence of 75 cruise companies with 90 brands and 379 ships around the world, the global cruise industry remains dominated by just four major groups: Carnival Corporation (42% of passengers worldwide), Royal Caribbean Cruise (23%), Norwegian Cruise Lines (9%) and MSC (8%).

All four major groups operate a portfolio of differentiated cruise brands worldwide. A strategy that has enabled them to target passengers across different source markets, be it by demographic, life stage, or geography.

While these groups constitute the majority of the market, strong fundamentals and consistent rates of return have led to a growing number of new players entering the market. Existing smaller players have taken steps to accelerate their growth through increased fleet numbers and geographical expansion.

By way of an example, while the Genting Hong Kong brand had a global market share of 4.6% in 2018, its planned fleet expansion over the coming few years will increase passenger capacity by 67% by 2022. Meanwhile, Viking Cruises continues to expand, and new entrants such as Virgin Cruises are scheduled to enter the industry shortly.

Resilient growth in cruise tourism

Cruise tourism has seen sterling growth over the past decade or so, made more impressive due to its steadiness and relatively consistency. Indeed, its rise has continued unabated, regardless of numerous downturns suffered by more traditional land-based tourism during the period.

This is also true of the longer-term, with cruising proving able to withstand global macro headwinds as well as wars in the Gulf, SARS, Asian Flu, the financial crisis and the rise of global terrorism.

As to the next decade or so for the industry, cruise ship order books have scaled record highs globally, and are set to register substantially in terms of cruise passenger volumes.

In 2018, global passenger capacity was at 27 million. The ship order book for the coming decade tells us that by 2027 passenger capacity will have reached 40 million, with cruise ships virtually always sailing full thanks to long booking patterns, global source markets, strong distribution and, when required, dynamic pricing. The order book points to average global passenger number growth of around 4-5% per annum for the next decade.

This structural growth, driven by committed orders, approximates the model seen in the global aviation market. Yet aviation's passenger numbers have seen far greater volatility when faced by macro headwinds.

Global Ports Holding is well positioned not only to benefit from this growth, but also to facilitate it. By combining significant investment with global expertise, we not only maximize passenger capacity at ports, but also of equal importance, aim to drive up passenger satisfaction with each trip.

The changing face of the industry

North America remains by far the largest source market for cruise tourism, with 11.9 million passengers in 2017. This equates to just under half (44.6%) of all global cruise passengers.

While growth in this market has undeniably slowed, the industry remains confident of North America's long-term outlook. This is due to the low penetration rates of cruises at around just 4% of the population, and with a rapidly-evolving industry introducing new passenger experiences (such as Disney for families) and the scheduled introduction of new ships to the American market.

This evolving product offering is not unique to North America. Worldwide, the industry is focusing on a much wider demographic range. New ships, brands, concepts, food, design and a transformation in on-board entertainment together attract a new passenger demographic, be that by age or income. With product and brand segmentation playing a vital part in the process, cruise holidays are no longer a homogenous product.

Size of ships

While this trend is set to deliver strong levels of growth over the medium-term, it also spells new challenges for the cruise lines, cruise ports and destinations. While many destinations are capable of meeting a wider range of cruise passenger needs, others have much work ahead of them in terms of providing the diversity of attractions, excursions and services demanded by this evolving customer base.

At Global Ports Holding, we are well positioned to help both the cruise lines and their destinations to successfully realize this transition. We are investing in our infrastructure and, through close cooperation with all our stakeholders, are creating fresh and dynamic services to enhance the passenger experience.

Cruise Market Source Penetration

	Cruise pax %	Cruise pax (m)	Population (m)	Penetration
United States	44.6%	11.9	326	3.7%
China	9.0%	2.4	1386	0.2%
Germany	8.2%	2.2	83	2.6%
United Kingdom	7.2%	1.9	66	2.9%
Australia	5.0%	1.3	25	5.4%
Canada	3.4%	0.9	37	2.5%
Italy	2.9%	0.8	61	1.3%
Spain	1.9%	0.5	47	1.1%
France	1.9%	0.5	67	0.7%
Brazil	1.7%	0.5	209	0.2%

Source: GDP Per Capita: World Bank databank, BREA the Global Economic Contribution of Cruise Tourism 2017 for CLIA

Going forward, North America's dominance as the leading source market is forecast to remain unchallenged for years to come. Yet substantial industry growth is expected to derive from Europe and Asia.

Penetration in these markets is significantly below that of North America, implying considerable growth potential. A key enabler is the rise of global aviation and the trend towards lower air fares, which is opening up cruise regions and destinations to a wider pool of source market passengers.

A cruise holiday also offers remarkable variety and the opportunity of discovery. A consumer from Asia can visit six or seven European countries in just seven days, while travelling in relaxed comfort between each destination. No other form of tourism can offer such an itinerary or experience.

NUMBER OF CRUISE COMPANIES IN THE WORLD

75

WE ARE INVESTING IN OUR INFRASTRUCTURE AND, BY THROUGH CLOSE COOPERATION WITH ALL OUR STAKEHOLDERS, ARE CREATING FRESH AND DYNAMIC SERVICES TO ENHANCE THE PASSENGER EXPERIENCE.

PORT INFRASTRUCTURE

INDUSTRY SECTOR REPORT AND OUTLOOK

We anticipate attractive organic and inorganic opportunities for our existing cruise ports to increase our ancillary revenues in 2019.

WE WORK WITH LOCAL AIRPORT OWNERS AND AIRLINES TO DELIVER FLIGHT SCHEDULES THAT MAXIMIZE A PORT'S ABILITY TO SERVE AS A HOMEPORT.

Cruise destinations

The market share of any cruise region is driven by a range of factors. These include its perceived attractiveness– often simply driven by a hit TV show or movie – and also the practical issues of seasonality, weather, proximity and direct flights to homeports.

While the weather itself is out of our hands, Global Ports Holding can, and does, help cruise destinations to drive new demand. Our local teams and global marketing function actively enliven the interest of cruise lines and passengers. Meanwhile, our work with local stakeholders also helps to boost the attractiveness of their destinations. For example, we work with local airport owners and airlines to deliver flight schedules that maximize a port's ability to serve as a homeport.

Among the core strengths of the cruise lines' business model is that their assets, unlike hotels, are mobile. They can be deployed to almost anywhere in the world, react to demand and generate the best long-term returns. Returning customers may take the same ship, but with a different itinerary; or a different one with the same itinerary; or indeed, enjoy a totally new experience in each direction. This model offers cruise lines and their customers tempting flexibility, but also means that ports and destinations must redouble their efforts to meet and exceed expectations.

Each market contends with such factors as the near-term deployment decisions of cruise lines, as well as those of a macro-economic and geo-political nature. However, the strength of the order book and growing demand from new source markets suggests that each region should continue to experience growth in passenger volumes.

With the industry's range of growth indicators – in numbers, regions, fleets and demographics - destinations must take a hard look at their cruise port infrastructure. Ports need to know they are able to both meet, and profit from these rising passenger numbers and expectations, both today and over the coming decade.

Governments and local authorities unable to do so risk not only passenger volumes and vital local income, but also the loss of passengers who might otherwise return for future stays. And passengers are receptive: 90% consider a cruise a good way to sample a destination, while 57% have returned to a place visited on a cruise. A full 72% of millennials say they have returned to a destination.

Therefore, with this high propensity to return, and with new and discerning customers coming aboard each season, it takes highly professional port operators to effectively build on this growth. Smooth passenger flows and great experiences demand close collaboration between all stakeholders.

As the largest cruise port operator, Global Ports Holding has a pivotal role in this process.

Cruise infrastructure

Just as passenger expectations of airports have risen continuously since the 1980s, so too must the cruise port experience deliver more.

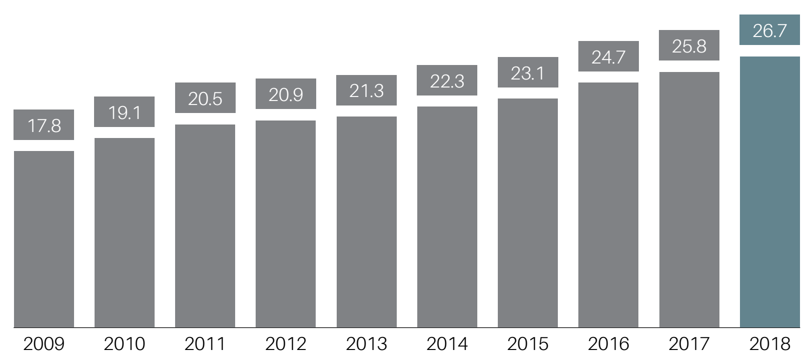
Ports today are so much more than facilities for embarking or disembarking. Passengers increasingly expect to experience a well-designed cruise terminal, boasting tailored services, contemporary and locally focused food and drink, exciting retail outlets, and an effortless flow through the terminal. This level of offering is no longer a nice-to-have but viewed as a given, and as such is an integral part of a memorable, and repeatable, cruise experience.

GPH and cruising in 2019

GPH enters 2019 with continued confidence. We anticipate:

- current trading in our cruise ports to remain strong in 2019,
- the start of the recovery in passenger volumes at our Turkish cruise ports
- our strong pipeline of cruise port M&A opportunities to deliver further growth in 2019
- attractive organic and inorganic opportunities for our existing cruise ports to increase our ancillary revenues in 2019.

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



Source: CLIA - State of the Industry 2018

26.7 MILLION

GLOBAL OCEAN CRUISE PASSENGER

CRUISE TOURISM HAS SEEN STERLING GROWTH OVER THE PAST DECADE OR SO, MADE MORE IMPRESSIVE DUE TO ITS STEADINESS AND RELATIVELY CONSISTENCY.

PORT INFRASTRUCTURE

INDUSTRY SECTOR REPORT AND OUTLOOK

The orderbook points to average global passenger number growth of around 4-5% per annum for the next decade.

STRUCTURAL GROWTH TO CONTINUE FOR AT LEAST THE NEXT DECADE

47%

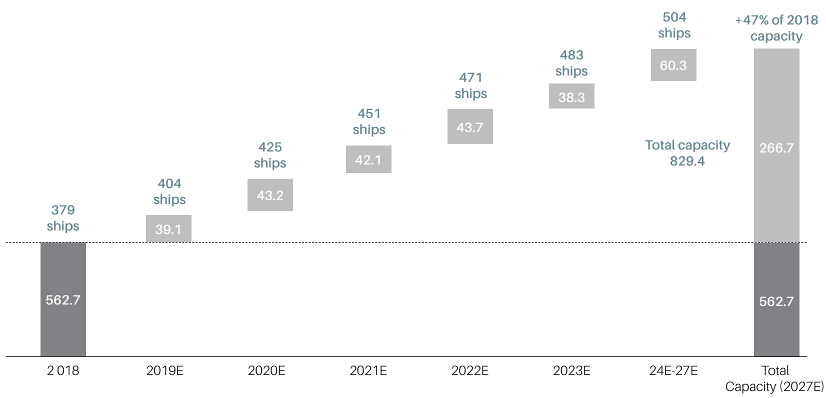
CAPACITY INCREASE IN 2027

125

NEW SHIPS TILL 2027

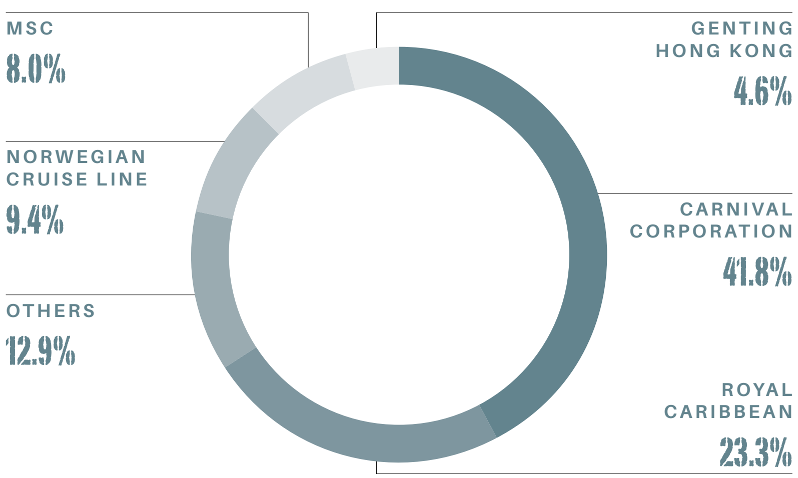
HIGHLY VISIBLE INDUSTRY EXPANSION

GLOBAL ORDERBOOK / TOTAL SHIP CAPACITY '000 PAX

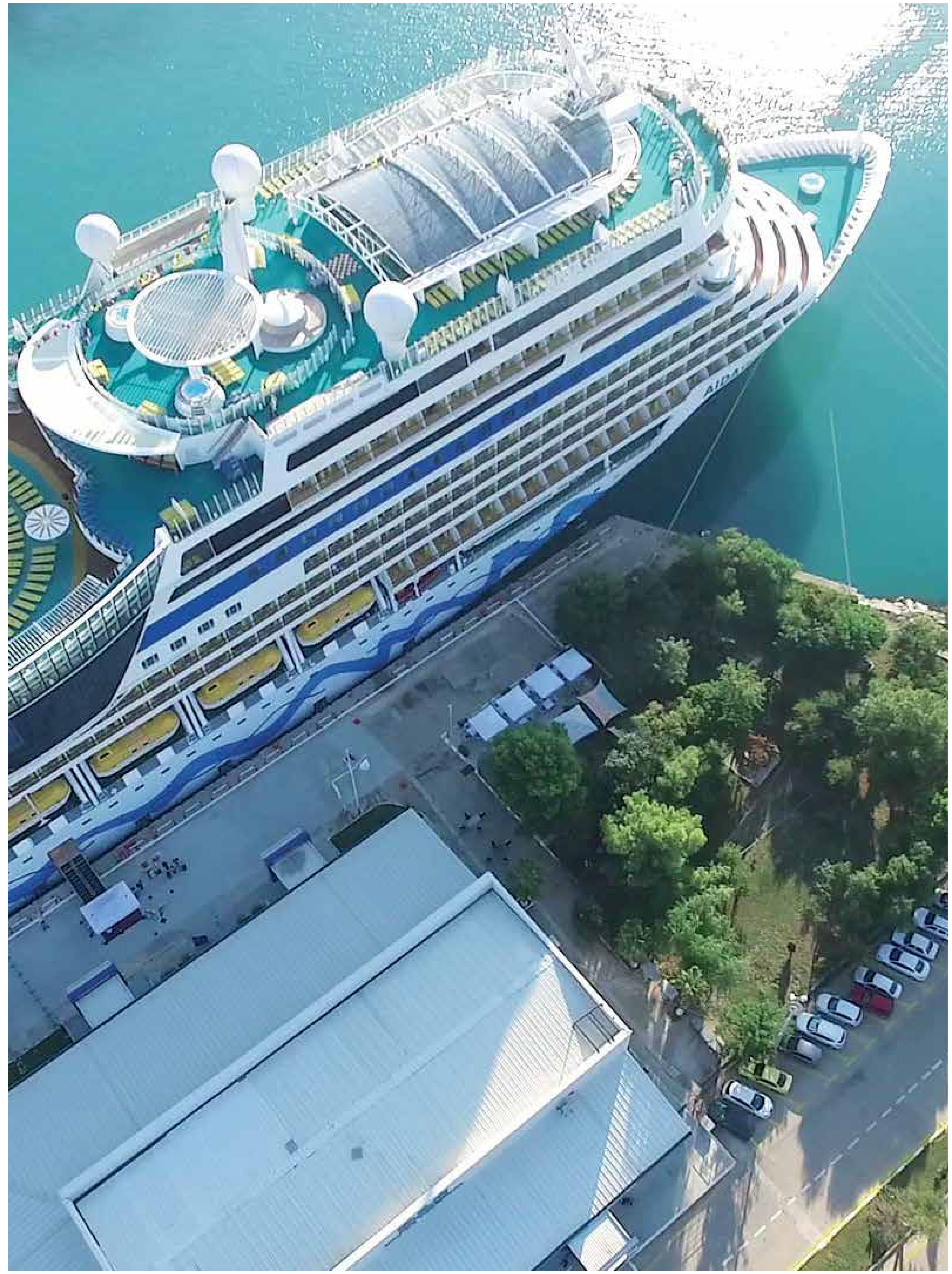


Source: 2019 State of the Industry Annual Report; Cruise Industry News

MARKET SHARE OF CRUISE LINES BY WORLDWIDE PASSENGERS 2018



Source: 2019 State of the Industry Annual Report; Cruise Industry News



PORT INFRASTRUCTURE
ANTALYA

A very popular tourist destination in Turkey

WE WILL CONTINUE OUR CLOSE WORK WITH THE TOURISM MINISTRY, AND WITH CRUISE LINES AND TOURISM AGENCIES TO RESTORE CONFIDENCE, DURING THE RETURN TO NORMAL SCHEDULES AND PASSENGER VOLUMES.

99.9%

GPH OWNERSHIP

DEVELOPMENTS IN 2018

Predictably, cruise port activity at Antalya remained subdued during 2018 as the port remained impacted by the geopolitical issues in the Eastern Mediterranean. Yet Antalya remains a very popular tourist destination and, encouragingly, land-based tourism rose strongly in the period. Cruise tourism tends to lag behind its land-based counterpart, both into and out of any downturn in volumes.

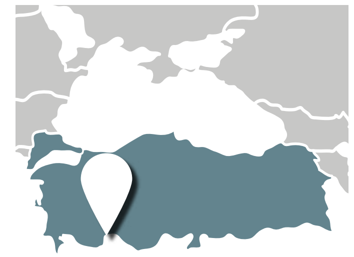
PLANS FOR 2019

We will continue our close work with the Tourism Ministry, and with cruise lines and tourism agencies to restore confidence, during the return to normal schedules and passenger volumes. That being said, scheduling to date suggests we will not see a recovery in 2019.

GPH AND ANTALYA CRUISE PORT

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

TURKEY | ANTALYA



MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: 350 m
Width: No limit
Draught: 9.5 m

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

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

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

ANTALYA CRUISE PORT
Acquisition Date: 2006
End of Concession*: 2028

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

PORT INFRASTRUCTURE
BAR

Building on early progress

WE FORESEE A FURTHER RISE IN PASSENGER NUMBERS AS OUR MARKETING TO THE CRUISE LINES, AND EXTENSIVE WORK WITH THE GOVERNMENT AND TOURISM AGENCIES TO PROMOTE THE CITY'S OFFERING, CONTINUE TO BEAR FRUIT.

63.8%
GPH OWNERSHIP

DEVELOPMENTS IN 2018

We note a satisfying performance by Bar, whose profile and status as a cruise port destination was elevated in 2018. Passenger numbers rose notably, and we welcomed a number of cruise lines, brands and ships that had not previously called at the port. This increase resulted from a concerted campaign to introduce cruise lines to Bar, including our presentations at key cruise fares and conferences worldwide. As planned, the port was also awarded ISPS certification during the year.

PLANS FOR 2019

We foresee a further rise in passenger numbers as our marketing to the cruise lines, and extensive work with the government and tourism agencies to promote the city's offering, continue to bear fruit. We plan to commence work on developing a modest terminal/retail area during the year.

GPH AND BAR CRUISE PORT

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

MONTENEGRO ADRIA | BAR

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

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

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

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

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

PORT INFRASTRUCTURE
BARCELONA

Record number of passengers

WE WILL CONTINUE THE ROLL OUT OF OUR INTEGRATED MODEL BY PROVIDING NEW SERVICES INCLUDING PORT AND GROUND AGENCY, AND STEVEDORING, IN-HOUSE IN 2019.

62.0%

GPH OWNERSHIP

DEVELOPMENTS IN 2018

A year to remember: We welcomed a record number of passengers at the port and were delighted to successfully handle the home-porting of Symphony of the Seas, the world's largest cruise ship. We also began to deliver on our plans for an integrated service model, introducing new services such as additional security measures, improvement of our Guest Information Centers, and modernization of our terminals by adding new signage, digital technology and improving the look and feel.

We also relocated offices within the port, taking the opportunity to introduce a new coffee shop concession (opening in 2019), while also finding tenants for vacant space within our concession.

PLANS FOR 2019

We will continue the roll out of our integrated model by providing new services including port and ground agency, and stevedoring, in-house in 2019. We also anticipate the refurbishment and relaunch of our new immersive and contemporary food and beverage and retail offerings at our terminals.

GPH AND BARCELONA CRUISE PORT

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

SPAIN | BARCELONA

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

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

DISTANCES/TRANSPORTATION
City centre: 2.5 km
Airport: 12 km

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

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

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

PORT INFRASTRUCTURE
BODRUM

Concession has been extended for another 49 years

BODRUM REMAINS A HUGELY POPULAR TOURIST DESTINATION, OFFERING BEACHES, HIGH-QUALITY DINING AND A RICH HERITAGE OF SITES OF SIGNIFICANT HISTORICAL INTEREST.

60.0%

GPH OWNERSHIP

DEVELOPMENTS IN 2018

As foreseen, Bodrum's cruise port activity remained subdued in 2018, with the continuing knock-on effects of prior geopolitical issues to have impacted the Eastern Mediterranean.

During the year the port successfully renewed several key certifications. These included our Green Port status, and our ISO Quality, Environmental and Occupational Health/Safety management standards. We also gained ISO 28000 for Supply Chain Security Management.

We were also successful in extending the concession by 49 more years out to 2067.

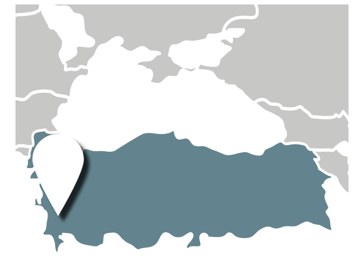
PLANS FOR 2019

Bodrum remains a hugely popular tourist destination, offering beaches, high-quality dining and a rich heritage of sites of significant historical interest. With a currently more stable geo-political environment in the region, we are hopeful of rebuilding passenger volumes at Bodrum. The port to be awarded EcoPort status in early 2019. However, we do not expect to see a recovery at the port until 2020 at the earliest.

GPH AND BODRUM CRUISE PORT

Bodrum Cruise Port was originally tendered by the State Railways, Ports and Airports Construction Administration in September 2003 through a build-operate transfer (BOT) agreement. In April 2007, GPH acquired a 60% stake in the port's operator. The other shareholders in Bodrum Cruise Port are Setur Turistik Servis A.Ş., a duty-free operator owned by the Koç Group of Turkey (10%), and Yüksel Çağlar, a local entrepreneur (30%).

TURKEY | BODRUM



MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: 350 m
Width: No limit
Draught: 9 m

QUAYS/BERTHS
Total: 4
Total berthing lines length: 680 m
Quays depth: 8-22 m

DISTANCES/TRANSPORTATION
City centre: 1.5 km
Airport: 36 km

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

BODRUM CRUISE PORT
GPH acquisition date: 2007
End of concession: 2067

PORT INFRASTRUCTURE
CAGLIARI

Passenger volumes and profitability continues to improve

DURING 2019 WE HOPE TO WORK WITH THE LOCAL GOVERNMENT AND LOCAL AGENCIES TO ORGANIZE FAMILIARIZATION ('FAM') TRIPS, TO BOTH SURPRISE AND EDUCATE THE CRUISE LINES ABOUT WHAT THE CITY AND REGION HAS TO OFFER THEM AND THEIR PASSENGERS.

DEVELOPMENTS IN 2018

In 2018, Cagliari continued to register a robust performance, and our planned tariff rises also helped to improve revenue for the year. We made some improvements to our Guest Information Centers, and introduced electric vehicles to the port, including electric bike hire for passengers.

Of greater strategic significance, we signed an MoU with the airport to create closer logistical links. We also entered into discussions with the Port Authority over a potential expansion of the cruise terminal.

PLANS FOR 2019

During 2019 we hope to work with the local government and local agencies to organize familiarization ('fam') trips, to both surprise with and educate the cruise lines about what the city and region has to offer them, and their passengers. We also hope to start work on enlarging and further developing the cruise terminal, and to install solar panels on the car park shelters.

GPH AND CAGLIARI CRUISE PORT

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

70.9%

GPH OWNERSHIP

ITALY | CAGLIARI

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

QUAYS/BERTHS
Total berths: 2
Total berthing lines length: 1,250 m
Quays depth: 8 m - 11 m

DISTANCES/TRANSPORTATION
City centre: 500 m
Airport: 7 km

GENERAL INFORMATION
Region: Western Mediterranean
Terminal: 1
Bus capacity: 40
Turnaround port: Yes

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

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

PORT INFRASTRUCTURE
CATANIA

An enhanced experience for passengers

WE PLAN TO PURSUE THE SAME STRATEGY IMPLEMENTED UPON ACQUIRING THE PORT, WITH A PRIMARY FOCUS ON DRIVING INCREASED PASSENGER VOLUMES.

62.2%
GPH OWNERSHIP

DEVELOPMENTS IN 2018

We worked diligently throughout the year to enhance passenger experience at our terminal, improving the general retail area, as well as passenger flows, while further enhancing our GIC offering.

PLANS FOR 2019

We plan to pursue the same strategy implemented upon acquiring the port, with a primary focus on driving increased passenger volumes. We also hope to commence the construction of a new cruise terminal, and to conclude the signing of an MoU with the airport to foster closer logistical links.

We also plan to introduce additional ancillary services to the port in 2019, and install solar panels on the car parking shelters.

GPH AND CATANIA CRUISE PORT

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

ITALY | CATANIA

MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: No limit
Width: No limit
Draught: 8m -10m

QUAYS/BERTHS
Total berths: 3
Total berthing lines length: 1,600 m
Quays depth: 10 m -13 m

DISTANCES/TRANSPORTATION
City centre: 500 m
Airport: 5.3 km

GENERAL INFORMATION
Region: Western Mediterranean
Terminal: 1
Bus capacity: 30
Turnaround port: Yes

CATANIA CRUISE PORT
GPH acquisition date: 2016
End of concession: 2026

PORT INFRASTRUCTURE
EGE PORT, KUŞADASI

Passengers volume subdued but outlook improving

KUŞADASI IS THE JEWEL IN CROWN OF TURKISH CRUISE PORTS, AND CONTINUES TO SCORE HIGHLY AMONG PASSENGERS WHO VISIT US.

72.5%

GPH OWNERSHIP

DEVELOPMENTS OF 2018

Cruise passenger numbers were again subdued in 2018, as the long lead-time of cruise programmes mean that we continue to feel the effects of previous geopolitical uncertainty in the region. During the year, we further improved the retail offering at the Scala Nuova Village and brought in-house certain portside services previously provided by a third party. The port renewed its Green Port status and its ISO quality, environmental and occupational health/safety management standards during the year.

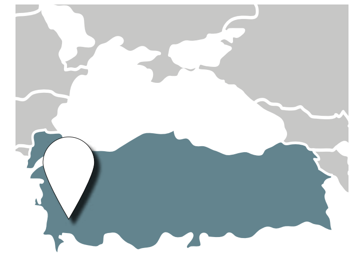
PLANS FOR 2019

Kuşadası is the jewel in crown of Turkish cruise ports, and continues to score highly among passengers who visit us. Over recent years we have taken the opportunity to invest in the facilities during the downturn, with the expectation that this would benefit the port as passenger volumes begin to recover. We expect the first signs of this upturn to be seen in 2019.

GPH AND EGE PORT, KUŞADASI

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

TURKEY | KUŞADASI



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

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

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

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

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

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

PORT INFRASTRUCTURE
HAVANA

Welcomed into the portfolio during 2018

DURING THE YEAR WE ANNOUNCED WE HAD SIGNED A 15-YEAR MANAGEMENT AGREEMENT FOR THE OPERATION OF THE CRUISE PORT IN HAVANA, CUBA. THIS REPRESENTS OUR FIRST AGREEMENT IN THE CARIBBEAN AND MARKS AN IMPORTANT STEP IN THE HISTORY OF GLOBAL PORTS HOLDING. WE LOOK FORWARD TO DELIVERING A WORLD CLASS CRUISE PORT AND A GREAT CRUISE EXPERIENCE FOR ALL CRUISE PASSENGERS VISITING HAVANA.

DEVELOPMENTS IN 2018

GPH assumed the operation of the cruise port in Havana in June 2018, with the remainder of the year spent on appraising the potential of the terminal and implementing our financial reporting procedures. Our new General Manager is now in place, as is the support team.

PLANS FOR 2019

Throughout the year we will work with our Cuban partners on the design and technical specification of the cruise port investment programme, including proposed new terminals. Meanwhile, we will roll out our global best-in-class operating procedures and processes.

CUBA | HAVANA

MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: B1 275 m - B2 220 m
Width: B1 no limit - B2 35 m
Draught: B1 9 m - B2 7 m

QUAYS/BERTHS
Total Number of Berths: 2
Total Berthing Line Length: 200 m
Quay Depth: 9 m

DISTANCES/TRANSPORTATION
City Center: 5 km
Airport: 25 km

GENERAL INFORMATION
Region: Caribbean
Terminal: 1
Bus Capacity: 40
Turnaround Port: Yes

HAVANA CRUISE PORT
GPH Acquisition Date: 2018
End of Concession: 2033

PORT INFRASTRUCTURE
LISBON

A year of discovery

LISBON CRUISE PORT (LCP) IS A PRIVATELY-OWNED COMPANY HOLDING EXCLUSIVE OPERATIONAL RIGHTS FOR THE CRUISE TERMINALS OF THE PORT OF LISBON.

46.2%

GPH OWNERSHIP

DEVELOPMENTS IN 2018

Having only opened our new cruise terminal in late 2017, 2018 was a year of discovery as we came to terms with just how powerful and engaging the new cruise terminal could be for passengers, cruise lines and the city.

It was appropriate then, that the port hosted the prestigious Seatrade Cruise Med 2018 event, a prime opportunity to showcase our assets and abilities to key industry stakeholders. We successfully increased our ancillary services revenue with the opening of our Guest Information Centers, and improved our customer service support for disembarking passengers by installing self-check-in desks for Lisbon Airport.

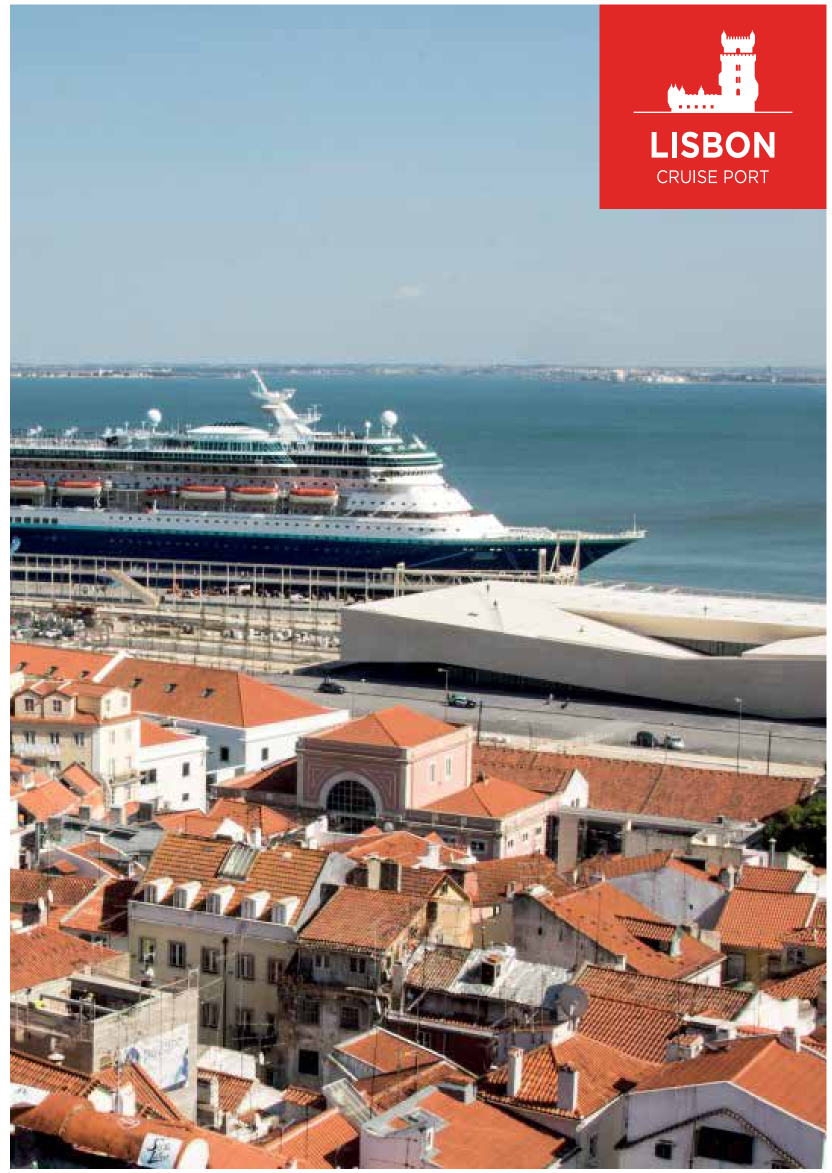
What's more, we launched new ship-focused services such as refurbishment and a scrubber installation. These services have been well received by cruise lines, especially since they replace the need for a dry dock. Our plans to receive ISO 9001, 14001 and 45001 certification are ongoing, and we expect successful conclusion in 2019. Our vision of expanding our retail and commercial area within the port to include two external restaurants, as well as externally-let office space, continues to progress and we expect to open these facilities in 2019.

PLANS FOR 2019

Our plan for 2019 is to boost retail revenues by providing additional services such as increasing the number of events we host at the terminal as well as the introduction of a new contract with the vendor. The new external restaurants and office space are set to open, with tenants, in 2019. We hope to use these facilities to further improve and develop our cruise port and terminal as an attractive event space, and drive a strong connection between the city and the port.

GPH AND LISBON CRUISE PORT

Lisbon Cruise Port (LCP) is a privately-owned company holding exclusive operational rights for the cruise terminals of the Port of Lisbon. Established by Global Ports Holding PLC, Grupo Sousa SGPS, Royal Caribbean Cruises Ltd and Creuers del Port de Barcelona, LCP commenced operations in August 2014. GPH holds a 46.2% stake in Lisbon Cruise Port, of which 40% is held directly and 6.2% indirectly through GPH's 62% stake in BPI's 100% holding in Creuers Del Port de Barcelona.



PORTUGAL | LISBON

MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: No limit
Width: No limit
Draught: (-12) Zh

QUAYS/BERTHS
Total berths: 3
Total berthing lines length: 1,425 m (with a possible further 900 m)
Quays depth: (-8.3) Zh Till (-12) Zh

DISTANCES/TRANSPORTATION
City centre: 500 m
Airport: 8 km

GENERAL INFORMATION
Region: Atlantic
Terminal: 2
Bus capacity: 80
Turnaround port: Yes

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

PORT INFRASTRUCTURE
MÁLAGA

Improved customer experience and service levels

IN 2019 WE WILL FURTHER REFINE OUR GICs, INTRODUCING ADDITIONAL POINTS OF CONTACT WITH CUSTOMERS TO REDUCE QUEUE TIMES AND INCREASE LEVELS OF SUCCESSFUL ENGAGEMENT.

49.6%

GPH OWNERSHIP

DEVELOPMENTS IN 2018

During the year we opened a luxury reception at our Premium Boutique terminal, El Palmeral, to better meet luxury cruise passengers' needs and expectations. We redesigned and upgraded staff uniforms, and introduced welcome touches such as wine tastings and customized services that help passengers get the very best from the city. Our Guest Information Centers (GICs) performed admirably during the year, and we continue to raise service levels and the customer proposition still further. Although our planned improvements to the retail offering did not materialize during the year, this work is now scheduled to occur in early 2019.

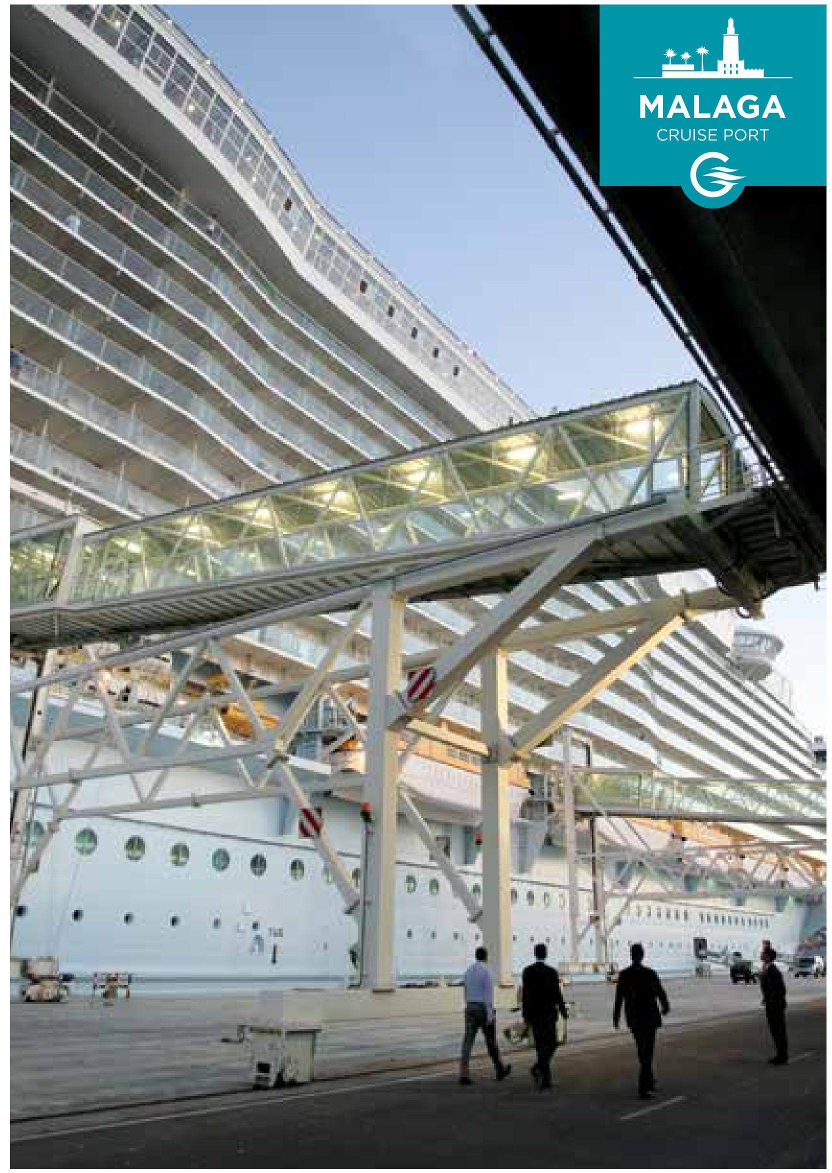
PLANS FOR 2019

In 2019 we will further refine our GICs, introducing additional points of contact with customers to reduce queue times and increase levels of successful engagement. We have arranged Hop-on-Hop-off buses that call right outside the terminal, making the service much more convenient for passengers and driving the rate of take-up.

The retail offering for cruise passengers will be upgraded to include a strong focus on local products and services. Our El Palmeral terminal will see a range of new services focused on premium and luxury cruise ships and their passengers, including an exclusive artisan market and a luxury shopping and fitting service with a local designer.

GPH AND MÁLAGA CRUISE PORT

Established in 2008 as part of Creuers del Port de Barcelona, Málaga Cruise Port manages all three cruise terminals of the Port of Málaga. When Global Ports Holding acquired Creuers del Port de Barcelona in 2014, it also obtained a controlling 80% stake in Málaga Cruise Port, the operating concession.



SPAIN | MÁLAGA

MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: No limit
Width: No limit
Draught: Max 17 m

QUAYS/BERTHS
Total berths: 5
Total berthing lines length: 1,350 m
Quays depth: 11 m - 17 m

DISTANCES/TRANSPORTATION
City centre: 500 m
Airport: 8 km

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

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

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

PORT INFRASTRUCTURE
RAVENNA

The gateway to both Florence and Venice

SHOULD THE DREDGING ISSUE NOT BE RESOLVED BY THE PORT AUTHORITY, 2019 AND 2020 WILL PROVE TO BE CHALLENGING YEARS FOR RAVENNA.

53.7%

GPH OWNERSHIP

DEVELOPMENTS IN 2018

The positive momentum generated since acquiring the port has continued to build, and we were looking forward to further growth in passenger numbers at the port and the City. Unfortunately however, we ultimately experienced a very challenging year due to an inadequate dredging programme by the port authority. This resulted in most cruise lines cancelling all calls.

PLANS FOR 2019

Should the dredging issue not be resolved by the port authority, 2019 and 2020 will prove to be challenging years for Ravenna. The Ravenna cruise port concession expires in December 2020.

GPH AND RAVENNA CRUISE PORT

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

ITALY | RAVENNA

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

QUAYS/BERTHS
Total berths: 2
Total berthing lines length: 600 m
Quays depth: 10 m

DISTANCES/TRANSPORTATION
City centre: 14 km
Airport: 75 km

GENERAL INFORMATION
Region: Adriatic
Terminal: 1
Bus capacity: 50
Turnaround port: Yes

CATANIA CRUISE PORT
GPH acquisition date: 2016
End of concession: 2020

PORT INFRASTRUCTURE
SINGAPORE

Record in passenger numbers

DURING 2019 THE PORT PLANS TO EXPAND ITS INTERNAL CAPACITY THROUGH PROJECTS INCLUDING THE DEVELOPMENT OF A MULTI-STOREY CAR PARK, AND THROUGH THE EXPANSION OF ITS DROP-OFF POINTS.

24.8%

GPH OWNERSHIP

DEVELOPMENTS IN 2018

In 2018, the port started the rollout of an intelligent terminal solution, including smart sensors and video analytics, managed through a central command and control system. This system will allow the real-time monitoring of traffic conditions and passenger flows, allowing early detection of any congestion and the appropriate real-time response.

PLANS FOR 2019

During 2019 the port plans to expand its internal capacity through projects including the development of a multi-storey car park, and through the expansion of its drop off points.

GPH AND MARINA BAY CRUISE CENTRE SINGAPORE

Singapore's cruise port is the Marina Bay Cruise Centre Singapore (MBCCS). As part of GPH's acquisition of Creuers del Port de Barcelona in 2014, we hold a 24.8% stake in SATS Creuers, the terminal operator of MBCCS. The remaining stake is held by SATS Ltd., Asia's leading service provider to the aviation industry, and a supplier of non-aviation catering.

SINGAPORE

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

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

DISTANCES/TRANSPORTATION
City centre: 3 km
Airport: 25 km

GENERAL INFORMATION
Region: Asia
Terminal: 1
Bus capacity: 30
Turnaround port: Yes

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

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

PORT INFRASTRUCTURE
VALLETTA

A unique position for West Med and East Med itineraries

IN 2019 WE PLAN TO ESTABLISH NEW ANCILLARY REVENUE SOURCES AT THE PORT. ONE EXAMPLE, ALREADY AGREED UPON, IS TO PUT PLANS IN PLACE FOR THE INTRODUCTION OF A FRESH WATER SUPPLY TO SHIPS.

55.6%
GPH OWNERSHIP

DEVELOPMENTS IN 2018

Despite the unique nature of the retail offering at Valletta within the GPH portfolio, we still found room for improvement, with limited refurbishment of unproductive space, as a result of which we increased our active retail area. We also upgraded the port for the potential addition of additional ancillary services, with some expected to come about in 2019. In May 2018, Valletta also successfully hosted the prestigious MedCruise General Assembly.

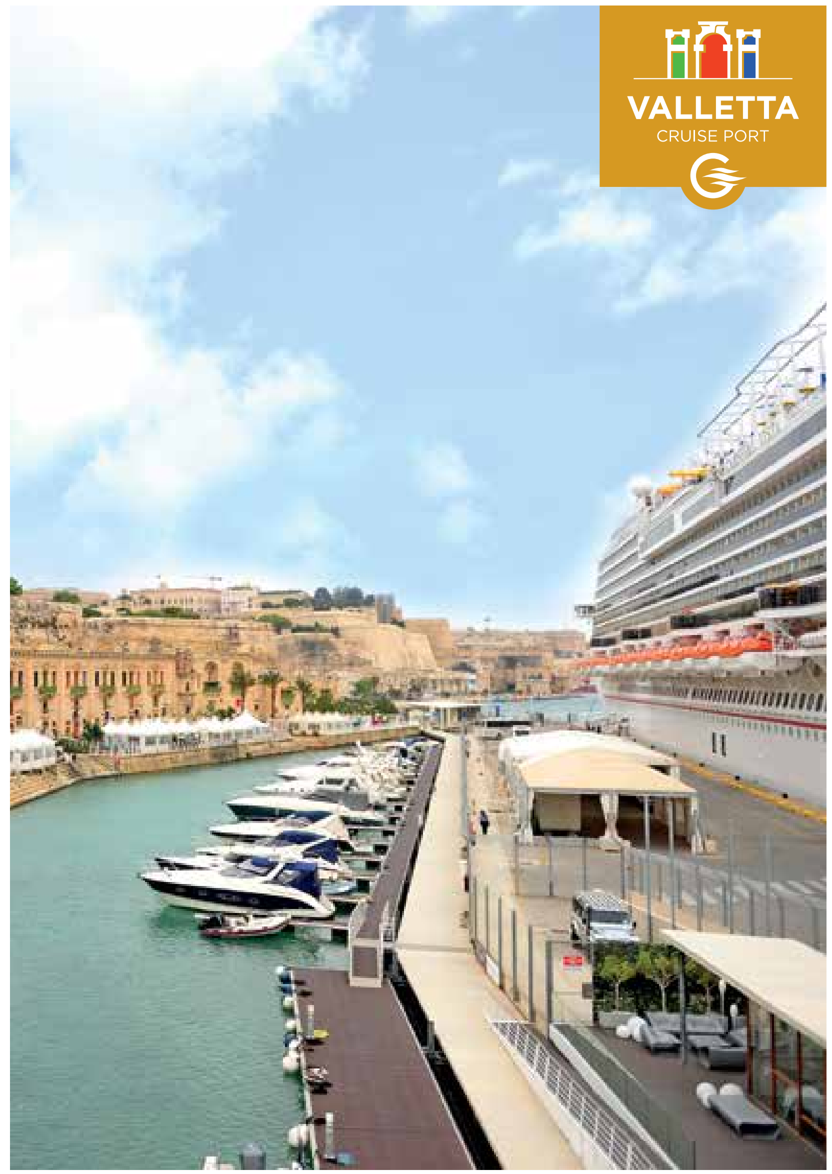
Weather-related cancellations were an issue during the year, although ultimately growth in winter cruising mitigates the problem. We have also made additional allowances for weather-related cancellations in our expectations for 2019.

PLANS FOR 2019

In 2019 we plan to establish new ancillary revenue sources at the port. One example, already agreed upon, is to put plans in place for the introduction of a fresh water supply to ships. Alongside taking measures to maximize our use of space within the concession area, other projects include moving forward with the development of multi-storey parking and the introduction of a canopy structure along the Valletta waterfront promenade. We also intend to make progress with the Government of Malta on a joint investment to extend and improve berths for larger cruise ships.

GPH AND VALETTA CRUISE PORT

In 2015, Global Ports Holding completed its acquisition of a 55.6% stake in Valletta Cruise Port (VCP). VCP took over the cruise and ferry terminal in 2001 after winning a 65-year concession from the Government of Malta, and is engaged in port operations and the leasing of office, catering and retail outlets.



MALTA | VALLETTA

MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: 360 m
Width: No limit
Draught: 12 m

QUAYS/BERTHS
Total berths: 7
Total berthing lines length: 2,166 m
Quays depth: 10.5 m - 11 m

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

GENERAL INFORMATION
Region: Western Mediterranean
Terminal: 3
Bus capacity: 50+
Turnaround port: Yes

VALLETTA CRUISE PORT
GPH Acquisition Date: 2015
End of Concession: 2066

PORT INFRASTRUCTURE
VENICE

Good growth in passenger volumes

IN 2016, GPH JOINED A CONSORTIUM TO ACQUIRE A STAKE IN VTP.

11.1%

GPH OWNERSHIP

993 CALLS

The port recorded 993 calls and an 8% increase in Cruise passengers to 1,680,599.

DEVELOPMENTS IN 2018

In 2018, the port recorded 993 calls and an 8% increase in Cruise passengers to 1,680,599.

PLANS FOR 2019

The 2019 season in terms of passenger volumes is expected to be consistent with 2018. Longer term we continue to work with all stakeholders on plans for the Cruise infrastructure in Venice.

GPH AND VENICE CRUISE PORT

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

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

ITALY | VENICE

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

QUAYS/BERTHS
Total berths: 7 up to 12
(1 for river cruises)
Total berthing lines length: 3,400 m

DISTANCES/TRANSPORTATION
City centre: 500 m
Airport: 13 km

GENERAL INFORMATION
Region: Adriatic
Terminal: 10
Bus capacity: 40
Parking capacity: 2,300
Turnaround port: Yes

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

PORT INFRASTRUCTURE
ZADAR

Welcomed into the portfolio during 2018

WE WILL BE WORKING TO INCREASE THE PROFILE OF ZADAR WITH CRUISE LINES, AIMED AT DRIVING A SIGNIFICANT INCREASE IN CRUISE PASSENGER NUMBERS IN THE YEARS AHEAD.

100%

GPH OWNERSHIP

20-YEAR OPERATING RIGHTS

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

DEVELOPMENTS IN 2018

GPH took over the cruise port in Q4 2018.

PLANS FOR 2019

Our primary focus in 2019 is to successfully lease out the 2,400 sqm of leasable retail and office space in the new cruise terminal. The priority will be the creation of a unique and locally focused retail environment that will be open both to cruise and ferry passengers and the general public. We will also be working to increase the profile of Zadar with cruise lines, aimed at driving a significant increase in cruise passenger numbers in the years ahead.

GPH AND ZADAR CRUISE PORT

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

CROATIA | ZADAR

MAXIMUM SHIP DIMENSIONS FOR BERTHING
Length: 375 m
Width: No limit
Draught: 7-12 m

QUAYS/BERTHS
Total Number of Berths: 5
Total Berthing Line Length: 180-375 m
Quay Depth: 7-13 m

DISTANCES/TRANSPORTATION
City Center: 4 km
Airport: 7 km (high speed)

GENERAL INFORMATION
Region: Adriatic
Terminal: 1
Turnaround Port: Yes

ZADAR CRUISE PORT
GPH Acquisition Date: 2018
End of Concession: 2038

PORT INFRASTRUCTURE
THE COMMERCIAL SECTOR

The opening of major economies, and in particular China, has been a catalyst of increased trade and globalization.

THE DEMAND FOR MARITIME TRANSPORT SERVICES REMAINS DRIVEN BY GLOBAL ECONOMIC GROWTH AND THE FUNDAMENTAL NEED TO TRANSPORT GOODS BY SHIP.

GLOBAL SEABORNE TRADE

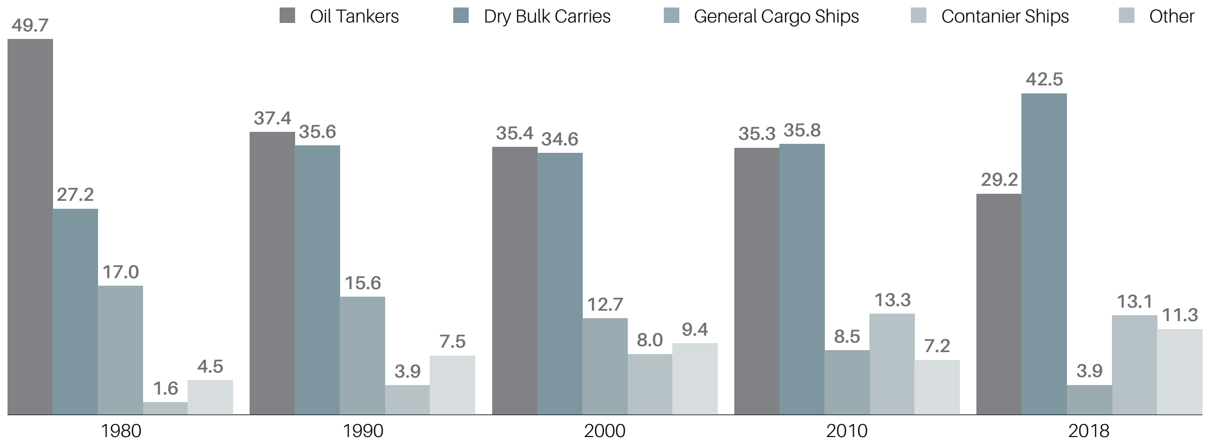
The world's sea lanes are the conduits of trade, growth and development. Virtually everything we use, build, drive, eat, manufacture, or invent depends directly or indirectly, on a vessel and a port. Around 80% of global trade by volume, and over 70% by value, is seaborne.

The demand for maritime transport services remains driven by global economic growth and the fundamental need to transport goods by ship. World seaborne trade has grown significantly over the past three decades, thanks in part to the cost-effective nature of maritime transport. Yet the liberalization of international trade policies, new trading partners, access to new markets and growing trade and co-operation agreements have also contributed to this growth.

Demand has also been fueled by manufacturers off-shoring their operations to countries offering lower production costs. In turn, this means that increasing volumes of intermediate and finished goods are more likely to need transportation to their country of final purchase.

The opening of major economies, and in particular China, has been a catalyst of increased trade and globalization. Indeed, the carrying capacity of the global fleet has more than doubled since 2000, having been largely static for the preceding 20 years.

SHARE OF WORLD FLEET
(1980-2018) (%)



Sources: UNCTAD secretariat calculation, based on data from Clarksons Research and the Review of Maritime Transport, various issues.

GROWTH IS FORECAST TO CONTINUE

UNCTAD forecasts indicate continued medium-term expansion, with volumes seeing an estimated CAGR of 3.8% between 2018 and 2023. Containerized trade is forecast growing at 6% per annum over this period, and major dry bulk commodities at 4.9%.

According to shipping consultancy Drewry's Global Container Terminal Operators Annual Review and Forecast 2018, 6% annual growth is the equivalent of adding as much capacity each year as the world's largest container port, Shanghai.

While general global economic growth has clear consequences for global maritime trade, the general reduction in recent decades of global trade barriers such as tariffs and quotas has also been a vital contributing factor.

Recent policy, notably in the US, has put upward pressure on tariffs, particularly between the USA and China. And while GPH has very little direct exposure to the USA, we continue to monitor tariff developments.

Key developments in the container market

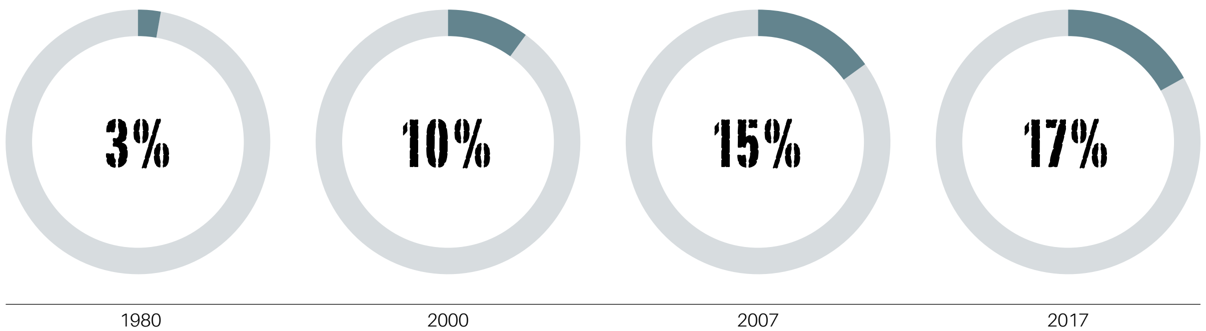
- Larger sizes of container ship, offering greater fuel efficiency and economies of scale
- A rise of 'mega alliances' between the world's largest container lines, keen to maximize competitive advantages from lower port and shipping costs, and to help them move towards investment in larger container ships
- The South Asia-Middle East region is expected to experience the highest growth in container trade over the coming decade
- Asia continues to lead the global demand for container port services
- Consolidation of capacity

6% ANNUAL GROWTH IS THE EQUIVALENT OF ADDING AS MUCH CAPACITY EACH YEAR AS THE WORLD'S LARGEST CONTAINER PORT, SHANGHAI.

PORT INFRASTRUCTURE
THE COMMERCIAL SECTOR

A key strength of the Turkish maritime transport industry is that it sits at the very heart of trade between Europe, Asia and the Middle East.

CONTAINERISED TRADE AS PERCENTAGE OF SEABORNE TRADE



Source: Review of Maritime Transport 2018

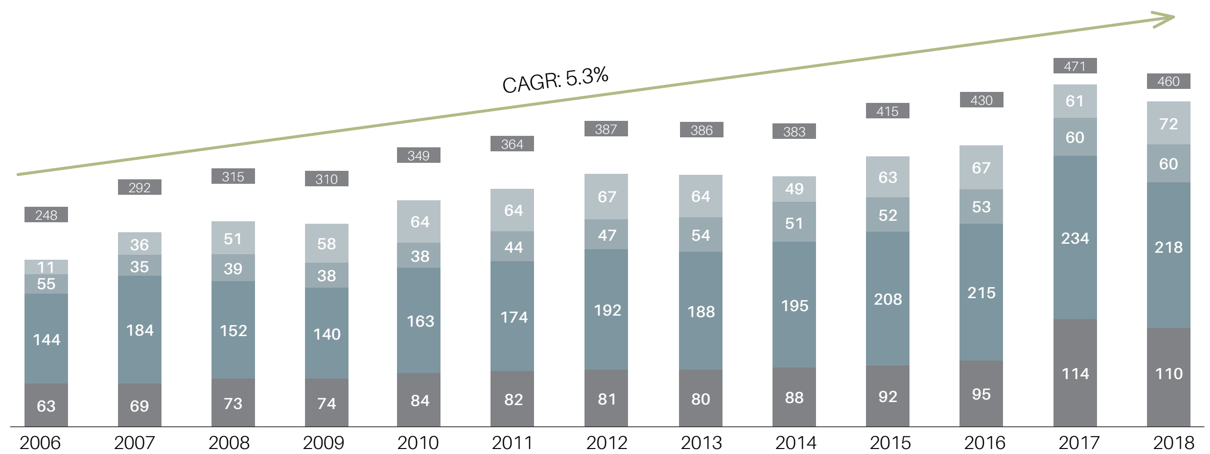
THE COUNTRY'S GEOSTRATEGIC LOCATION, BETWEEN THE MEDITERRANEAN AND THE BLACK SEA, FEATURES AN ACCESSIBLE 8,333 KILOMETER-LONG COASTLINE, WITH CLEAR ADVANTAGES FOR GLOBAL SEABORNE TRADE.

Container ship consolidation
The global container industry has recently experienced further consolidation, with the top 10 carriers now controlling 70% of global fleet capacity according to UNCTAD. The top five container shipping lines (Maersk, Mediterranean Shipping Company, CMA CGM, China Ocean Shipping Company and Hapag-Lloyd) today control over 50% of market capacity.

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

Following a number of years of strong economic growth, the OECD forecasts Turkey experiencing economic contraction in 2019. Yet, exports are forecast to increase, with Turkey's economy resuming a growth trajectory in 2020.

CARGO HANDLING AT TURKISH PORTS (MILLIONS OF TONS)



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

Between 2000 and 2018, Turkey saw container growth CAGR of 10.7% in contrast to the world average of 3.7%, fueled by privatization and general economic expansion.

Exports of marble and agricultural produce will remain two drivers of future growth. Turkey is rich in marble resources located on the Alpine-Himalayan belt, with exports to China, a key customer, growing by 62% between 2005 and 2018.

In addition, Turkey has one of the largest agricultural sectors in the world – representing 7% of GDP – and is the largest grower globally of a range of fruits and vegetables. The government has a stated aim of ranking among the top five producers globally by 2023.

GPH's Port Akdeniz in Antalya is located in one of the key growth regions of Turkey. Indeed, exports of fresh fruit and vegetables from Antalya represent around 20% of the country's total. Exporters in this market are increasingly looking to make maritime their transportation mode of choice, shifting away from road and air. We hope to play a central role in developing this export trade, as evidenced by the planned introduction of a Ro-Ro service to Northern Italy in 2019.

Our focus for 2019

Port Akdeniz: A key focus of 2019 will be continued diversification of our cargo volumes. Our introduction of a new Ro-Ro service in Trieste, Italy, will advance this aim, and we are launching hazardous liquid cargo handling for the first time.

Port of Adria: We aim to continue attracting new volumes to the port, aided by new Ro-Ro services, and building on the strong momentum delivered in 2018.

BETWEEN 2000 AND 2018, TURKEY SAW CONTAINER GROWTH CAGR OF 10.7% IN CONTRAST TO THE WORLD AVERAGE OF 3.7%, FUELED BY PRIVATIZATION AND GENERAL ECONOMIC EXPANSION.

PORT INFRASTRUCTURE
PORT AKDENiZ, ANTALYA

Strong year once again

THE PORT'S DEVELOPMENTS INCLUDED THE SIGNING OF A NEW SUPPORT SERVICES CONTRACT WITH A NEW CUSTOMER, AND BEING GRANTED A HAZARDOUS LIQUID-HANDLING LICENSE.

99.9%

GPH OWNERSHIP

DEVELOPMENTS IN 2018

During 2018, the port successfully further diversified its cargo volumes, growing business in goods such as coal and silobas cement. With a modest investment we converted and upgraded a disused warehouse into a storage facility, adding a new service for customers and creating an additional revenue stream.

Other developments included the signing of a new support services contract with a new customer, and being granted a hazardous liquid-handling license. During the year Türkiye Denizcilik İşletmeleri A.Ş. ("TDI") decided to transfer land being used by GPH at Port Akdeniz to the Free Trade Zone.

PLANS FOR 2019

A key focus area will be the further diversification of our cargo volumes. We plan to start RoRo services from Antalya to Trieste, Italy. This will create a new route for imports/exports in the region, to and from Europe, and fill a sizeable gap in Antalya and our hinterland's logistic capabilities. We will introduce a new service to unload hazardous liquid in 2019. We will also continue to evaluate the opportunity of opening a logistics center and offer associated services.

GPH AND PORT AKDENİZ

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

PORT INFRASTRUCTURE
PORT OF ADRIA

Step change in performance

OUR FOCUS ON ATTRACTING NEW CARGO VOLUMES CONTINUES, WITH A NUMBER OF SPECIFIC PROJECTS, INCLUDING CONTINUED ACTION TO ATTRACT NEW CONTAINER LINE ARRIVALS, THUS BRINGING ADDITIONAL VOLUME TO THE PORT IN 2019 AND BEYOND.

63.8%
GPH OWNERSHIP

DEVELOPMENTS IN 2018

The reporting year represented an inflection point for Port of Adria, as the positive impact of our recently completed capex programme and management actions led to a step-change in performance. The port handled increased volumes across a broad range of goods, aided by our new facilities and operating capabilities. The block train to Sremska Mitrovica started during the year, although we continue to work with our partners to increase the frequency of the service. We also completed the investment required for the port to handle RoRo services. After a two-year process the port was awarded IMS (Integrated Management System) certification in 2018, a sign of our commitment to quality, environmental protection, and the health and safety of our employees.

PLANS FOR 2019

Following the investment made in 2018, we will commence RoRo services in 2019. Our focus on attracting new cargo volumes continues, with a number of specific projects, including continued action to attract new container line arrivals, thus bringing additional volume to the port in 2019 and beyond. For the longer-term, we continue to work on positioning Port of Adria as a hub port in the Adriatic. This will see significant momentum upon completion of the Belgrade - Bar motorway. The Montenegro section should be completed in 2019, with the Serbian section following in 2020.

GPH AND PORT OF ADRIA

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

POWER

Turkey has a booming energy market with increasing industrial and household energy demand.

WHILE THE WORLD'S ECONOMY PRACTICALLY DOUBLES BY 2040, ENERGY EFFICIENCY GAINS AND A SHIFT TO LESS CARBON-INTENSE ENERGY SOURCES WILL CONTRIBUTE TO A NEARLY 45% DECLINE IN THE CARBON INTENSITY OF GLOBAL GDP.

GLOBAL ENERGY MARKET OUTLOOK

Energy drives modern economies and living standards

By 2040, the world's economic middle class will likely have expanded from 3 billion to over 5 billion people. This will result in rising energy use in many developing countries as people develop modern business and gain access to cars, appliances and air-conditioned homes.

Global energy needs rise about 25%, led by non-OECD nations

By 2040, the world's population is likely to have reached 9.2 billion people, up from 7.4 billion today. Over that same period, global GDP is forecast to double. As a result, per capita GDP is projected to rise significantly. In turn, global energy demand will rise, reflecting its fundamental link to growing prosperity and better living standards for an increasing population worldwide. Despite efficiency gains, global energy demand will likely increase by almost 25%. Basically all energy growth will be in non-OECD countries, where demand will likely increase about 40%, or by about the same amount of energy consumed in the Americas today. The non-OECD share of global energy demand should reach approximately 70% in 2040, as efficiency gains and slowing economic growth in OECD nations help keep their energy demand relatively flat.

Electricity demand virtually doubles in non-OECD nations

Human activity continues to be dependent on electricity. Global electricity demand is forecast to rise by 60% by 2040, led by a near doubling of power demand in non-OECD countries.

Global energy mix shifts to lower-carbon fuels

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

Oil plays a leading role in aiding mobility and modern products

A greater number of electric cars and efficiency improvements in conventional engines will likely lead to a peak in liquid fuel use by the world's light-duty vehicle fleet by 2030. Yet oil should continue to play a leading role in the world's energy mix, with growing demand driven by commercial transportation and the chemical industry.

Decarbonization of the world's energy system will accelerate

As the world's economy doubles by 2040, energy efficiency gains and a shift to less carbon-intense energy sources should contribute to a nearly 45% decline in the carbon intensity of global GDP. Global energy related CO_2 emissions will likely peak by 2040 at about 10% above the 2018 level.

TURKISH ENERGY MARKET OUTLOOK

Market Overview

Turkey has a booming energy market with increasing industrial and household energy demand, mostly as a result of the growing Turkish economy.

The Government has been pursuing long lasting liberalization and an incentives program in the energy market to attract private investments to meet projected demand.

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

Though capacity expansion remains a priority in light of rising electricity demand, there is also a governmental target of higher energy security and reduced reliance on imported fossil fuel resources. Investments in renewables are being encouraged as thermal power plants are relying on local fossil fuel sources such as lignite.

Turkey is a high growth market

Turkey has been among the fastest growing energy markets in the world, due to its population, urbanization, industrialization and economic growth over the past 15 years.

Turkey has low per capita consumption

There is a significant discrepancy between the per capita electricity consumption of Turkey and the European average. In Turkey, per capita consumption is 3.8 MWh, whereas the OECD average is 8.7 MWh, implying considerable growth potential.

Turkey's economic development has been increasing people's welfare and access to technology, which will ultimately drive consumption rates upwards. Per capita electricity consumption in Turkey has been increasing steadily, with the exception of 2009 when the Turkish economy shrank by 4.8% as a result of the global economic downturn.

GLOBAL ENERGY NEEDS RISE ABOUT 25%, LED BY 40% INCREASE FOR NON-OECD NATIONS BY 2040.

40%

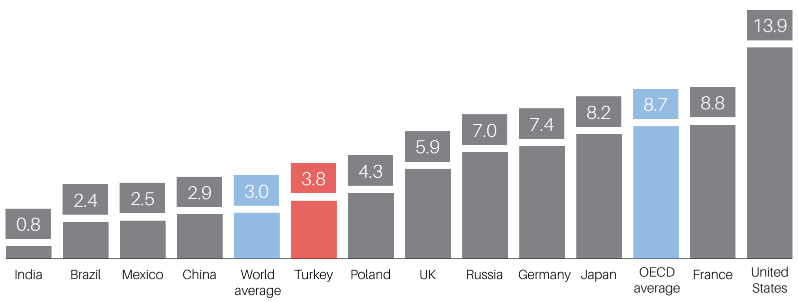
THE LIBERALIZATION PROCESS AND SECTOR-SPECIFIC REGULATIONS INTRODUCED BY EMRA WITH THE ULTIMATE TARGET OF A FREE ENERGY MARKET LEADS TO MORE COMPETITIVE AND EFFICIENT MARKET STRUCTURES.

POWER

Turkish gross electricity consumption has seen a CAGR of 5.2% over the past 15 years.

IN TURKEY, PER CAPITA CONSUMPTION IS 3.8 MWH, WHEREAS THE OECD AVERAGE IS 8.7 MWH, IMPLYING CONSIDERABLE GROWTH POTENTIAL.

ELECTRICITY CONSUMPTION PER CAPITA (MWH PER CAPITA)



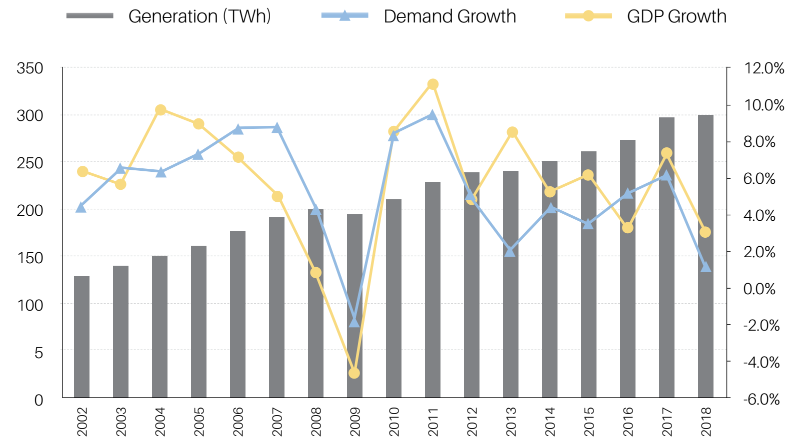
Source: TEIAS

Supply - Demand Dynamics...
Supply and demand figures realized in the Turkish electricity market have shown great progress as a result of the increase in both the number of users and electricity consumption per user.

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

Turkish gross electricity consumption has seen a CAGR of 5.2% over the past 15 years. Gross electricity consumption in Turkey in 2017 was 297 TWh, while the figure rose by 1.1% in 2018 to 300 TWh. Recent gross electricity consumption has lost pace and been underperforming GDP and industrial production growth, mainly due to slower growth in high energy consuming sectors (iron-steel, textile and cement), the rising share of the low electricity consuming service sector in the economy and energy efficiency steps taken.

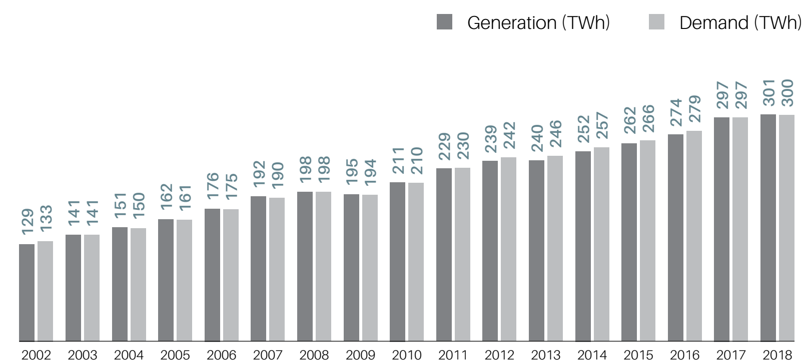
EVOLUTION OF GENERATION, VS. DEMAND-GDP GROWTH COMPARISON



Source: TEIAS, TUIK

In 2018, energy demand rose 1.1% to 300 TWh. In the same period, electricity generation expanded from 297 GWh to 301 GWh.

DEVELOPMENT OF TURKISH POWER PRODUCTION AND CONSUMPTION (TWH)



Source: TEIAS

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

Turkey's installed capacity has seen a CAGR of 7.8% since 2008, with demand growth of 4.2%. Over the past five years, a total of 24.5 GW in new capacity has been commissioned (after taking into account plant closures) constituting about 28% of the current installed capacity of 88.6 GW. This implies a CAGR of 6.7% in installed capacity over the past five years.

300
TWH
GROSS ELECTRICITY CONSUMPTION IN TURKEY

THE NUMBER OF ELECTRICITY USERS HAS INCREASED IN TERMS OF HOUSEHOLD CONSUMPTION DUE TO THE RISING TURKISH POPULATION, AND IN INDUSTRIAL CONSUMPTION DUE TO THE RISING NUMBER OF FACTORIES, SMEs AND OTHER MANUFACTURING AND SERVICES COMPANIES, ALONG WITH THE GROWING TURKISH ECONOMY.

POWER

The installed capacity breakdown of Turkey by 2018 year-end was: 31.9% hydroelectric power, 30.7% natural gas, 21.5% coal, 7.9% wind, 5.7% solar energy, 1.4% geothermal energy, and 0.8% biomass energy resources.

SOLAR POWER RECORDED THE LARGEST CAPACITY INCREASE OF 2018, EXPANDING 48%.

INDEPENDENT POWER PRODUCERS HAVE UPPED NEW CAPACITY INVESTMENTS SIGNIFICANTLY SINCE 2008.

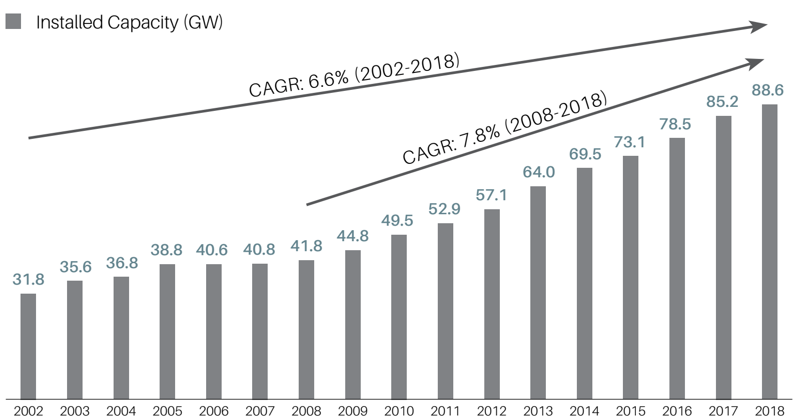
Turkey's installed capacity rose to 88.6 GW as of end of 2018, spelling a net increase of 3.4 GW (after taking into account plant closures during the year), or 3.9% growth year-on-year. Despite the fact that a large-scale new NGPP came on stream, the natural gas based power plants' capacity has slightly contracted (-0.6GW) due to the closure of small-scale, old and inefficient natural gas and multi-fuel power plants, which could no longer compete with highly efficient newer plants. The capacity of coal PPs, on the other hand, has slightly increased (+0.4GW) due to new large scale PPs coming online, while the growth trend in renewable power plant capacity is sustained in 2018 (+3.5GW), supported by State buyback guarantees.

The number of power plants in Turkey rose to 7,423 in 2018, up 2,402 year-on-year, but 2,312 of these were small-scale unlincesed producers.

Solar power recorded the largest capacity increase of 2018, expanding 48%. Total installed capacity of unlicensed and licensed solar power plants had risen to 5,063 MW by the year end.

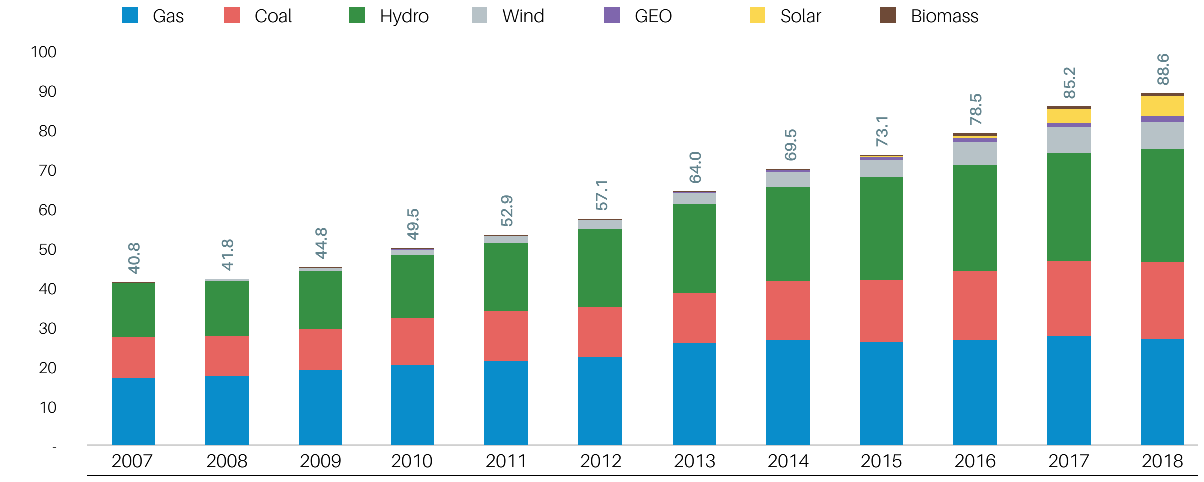
The installed capacity breakdown of Turkey by 2018 year-end was: 31.9% hydroelectric power, 30.7% natural gas, 21.5% coal, 7.9% wind, 5.7% solar energy, 1.4% geothermal energy, and 0.8% biomass energy resources.

INSTALLED CAPACITY (GW)



Source: TEIAS

HISTORICAL INSTALLED CAPACITY BREAKDOWN BY SOURCE (GW)



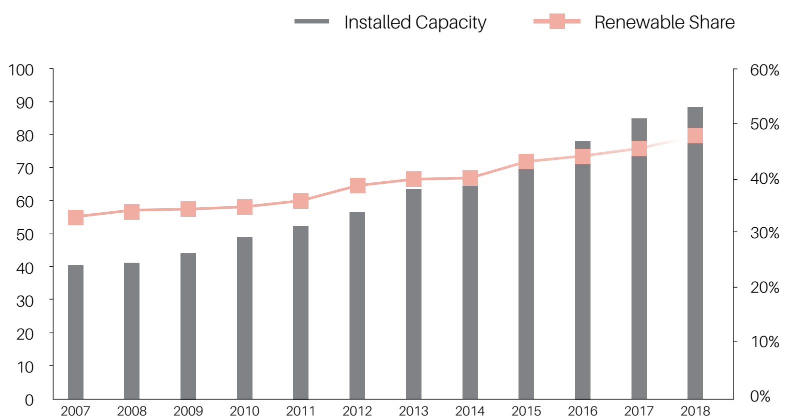
Source: TEIAS

Renewables grew faster than non-renewables

Full utilization of domestic renewable energy resources and their incorporation into the economy are crucial in achieving resource diversity and decreasing the import dependency of the economy. For this reason, increasing the share of renewable energy in electricity generation, as well as the utilization of renewables as a heating source is an aim of the Turkey Strategic Plan 2015-2019. Electricity generation capacity, based on renewable energy resources, has soared in recent years. Renewable energy power plants accounted for 47.8% of the total installed capacity in 2018. The rise in the share of renewable energy is desirable as it reduces the high dependency on natural gas and coal, even though it is critical to maintain coal and natural gas-based power plants to ensure supply security. High dependency on imported fuels such as coal and natural gas raises concerns over pricing and availability.

FULL UTILIZATION OF DOMESTIC RENEWABLE ENERGY RESOURCES AND THEIR INCORPORATION INTO THE ECONOMY ARE CRUCIAL IN ACHIEVING RESOURCE DIVERSITY AND DECREASING THE IMPORT DEPENDENCY OF THE ECONOMY.

DEVELOPMENT OF RENEWABLES IN INSTALLED CAPACITY



Source: TEIAS

47.8%

PERCENTAGE OF RENEWABLE ENERGY POWER PLANTS IN TOTAL INSTALLED CAPACITY

POWER

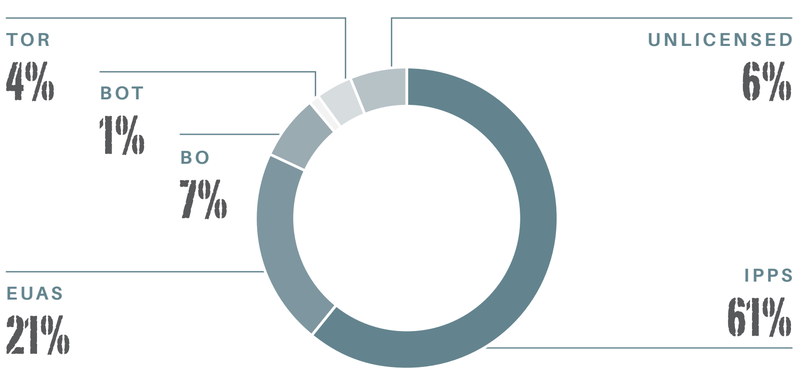
The share of Independent Power Producers (IPP) along with unlicensed power plants rose to 66.8% in 2018.

THE SHARE OF THE GOVERNMENT-OWNED GENERATION COMPANY, EUAS, IN TURKEY'S TOTAL INSTALLED CAPACITY HAS DOWNTRENDED OVER THE PAST DECADE, FALLING TO 20.9% IN 2018.

Government's share in total capacity is decreasing...
When the breakdown of electricity installed capacity per ownership is analyzed, we note that EUAS is the largest single player in the market. However, as part of governmental policy, EUAS's share has been decreasing with ongoing privatizations for its generation portfolio to increase the competitiveness of the market, and the overall productivity of power plants in Turkey using private companies' financing and technical capability, ultimately reducing energy costs in Turkey. The share of government owned generation company, EUAS, in Turkey's total installed capacity has downtrended over the past decade, falling to 20.9% in 2018.

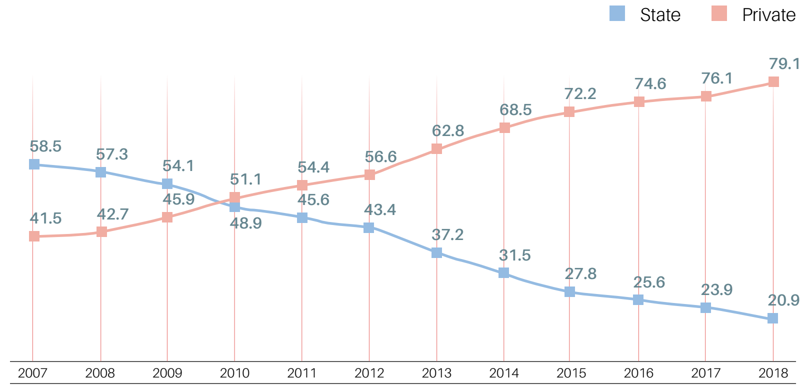
Likewise, the share of IPPs along with unlicensed power plants rose to 66.8% in 2018. Meanwhile, power plants operated under the build-operate-transfer (BOT), build-operate-own (BOO) and transfer of operating rights (TOR) schemes together constitute 12.3% of total installed capacity. The output of these plants, mostly natural gas facilities, distort the industry's cost-curve as they have a higher priority in the merit order, despite having a higher marginal cost than coal fueled power plants and NGPPs, with higher efficiencies. The government's purchase guarantees for the majority of these power plants will expire during the 2019-2020 period.

INSTALLED CAPACITY BY TYPE (%, 2018)



Source: TEIAS

HISTORICAL STATE/PRIVATE CAPACITY BREAKDOWN (%)



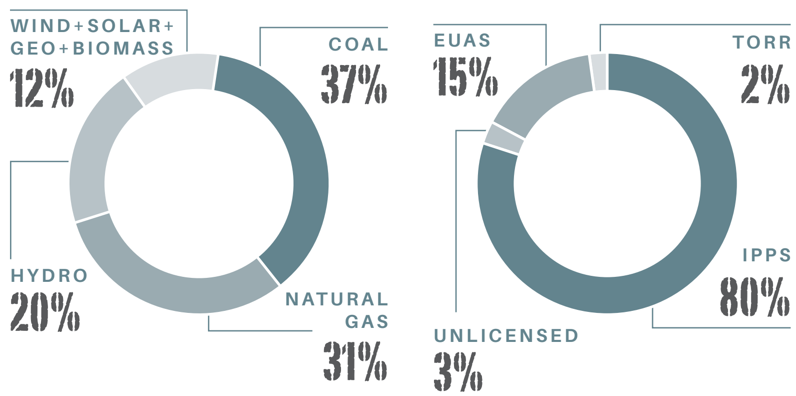
Source: TEIAS

The rising trend in the share of renewables in total generation continued in 2018
Electricity generation grew by 1.2% (below the net capacity increase of 3.9%) in 2018 to 301 TWh. The rising trend in the share of renewables in total generation continued in 2018, climbing to 32.3%, and driven by capacity additions. The share of thermal power plants, on the other hand, decreased to 67.7% due to falling CUR, the closing of a few old NGPPs and rehabilitation of privatized lignite power plants. The generation breakdown of Turkey by 2018 year-end was: 20% hydroelectric power, 31% natural gas, 37% coal, and 12% other renewables including wind, solar energy, geothermal energy and biomass energy resources.

Share of independent power producers in Turkey's total electricity generation continues to increase accounting for 80% of Turkish energy generation at end-2018.

301 TWh
GENERATION

GENERATION BREAKDOWN BY TYPE AND SOURCE (%, 2018)



Source: TEIAS

HIGH DEPENDENCY ON IMPORTED FUELS SUCH AS COAL AND NATURAL GAS, RAISES CONCERNS OVER PRICING AND AVAILABILITY.

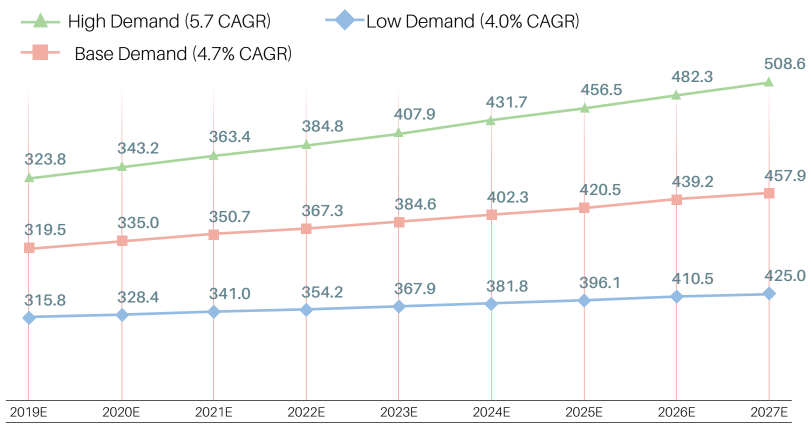
POWER

The Turkish Electricity Transmission Company (TEIAS) runs two scenarios for installed capacity projections of Turkey, based on the completion rates of on-going constructions.

IN THE BASE CASE ELECTRICITY DEMAND IS PROJECTED TO GROW BY 4.7% P.A. TO 457.9 TWH UNTIL THE END OF 2027.

Electricity demand projected to grow 4.7% per year through 2027…
According to the Turkish Electricity Transmission Company (TEIAS) the electricity demand is projected to grow by 4.7% to 457.9 TWh in the base case scenario until the end of 2027. It is expected to increase by 5.7% and 4.0% on average p.a. based on high and low demand scenarios, respectively.

DEMAND PROJECTIONS (TWH)



Source: TEIAS

Strong investment pipeline ensures renewables grow faster than non-renewables…
The Turkish Electricity Transmission Company (TEIAS) runs two scenarios for installed capacity projections based on the completion rates of on-going constructions. 10% and 15% completion rates are used for the scenarios, and the plants are assumed to come online gradually until 2022.

Accordingly, TEIAS estimates total new capacities of 20.1 GW and 18.8 GW coming online by the end of 2022 under scenarios 1 and 2, respectively. Projected capacity increases imply a CAGR of 4.3% and 4.1% until 2022 under these two scenarios.

These capacity increases translate into a reliable production CAGR of 3.6% and 3.1%, respectively, vs. TEAIŞ's base demand growth projection of 4.7% and low demand growth projection of 4.0%. Note that the reliable capacity growth projections are lower than those of installed capacity, given the rising share of the more variable renewable capacity in this period.

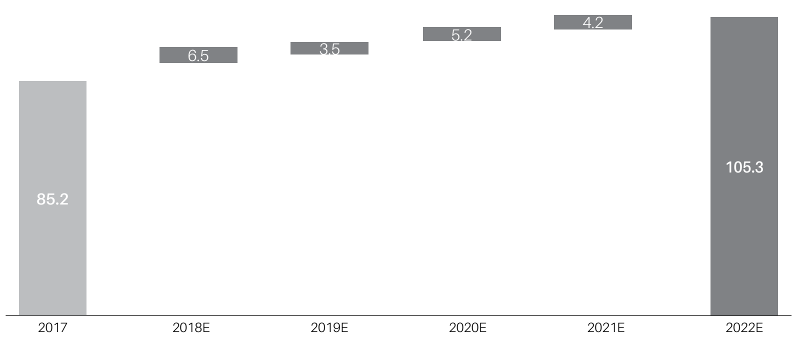
Furthermore, the net capacity increase is likely to be below these projections as less efficient NGPPs may be closed in this period, and short delays to certain projects may be experienced, though this might be partially compensated for by the new fast track renewable PP projects during the period. Indeed, the actual capacity rise in 2018 was at 3.5 GW, hence below TEIAS's 5.8 GW expectations based on scenario 2, due to the short delay to certain projects.

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

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

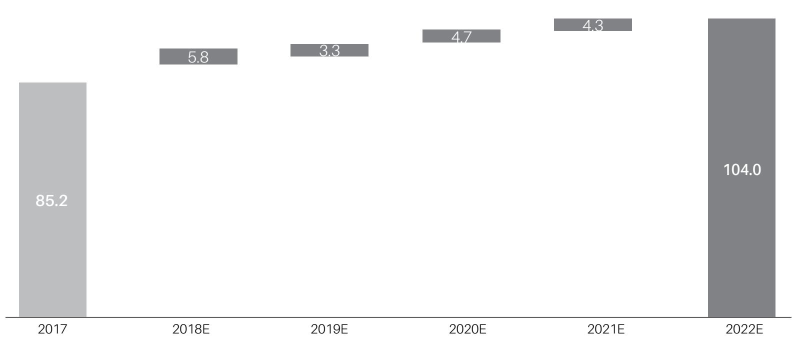
THE BULK OF THE NEW PLANNED CAPACITY IS COMPOSED OF RENEWABLES, A 69% SHARE OF THE TOTAL INVESTMENTS; IN ADDITION, 85% OF THE INVESTMENT IS BEING UNDERTAKEN BY THE PRIVATE SECTOR.

CAPACITY PROJECTIONS (GW) SCENARIO 1



Source: TEIAS

CAPACITY PROJECTIONS (GW) SCENARIO 2



Source: TEIAS

TOTAL NEW CAPACITIES OF 20.1 GW AND 18.8 GW COMING ONLINE BY THE END OF 2022 UNDER SCENARIOS 1 AND 2, RESPECTIVELY, IMPLY A CAGR OF 4.3% AND 4.1%.

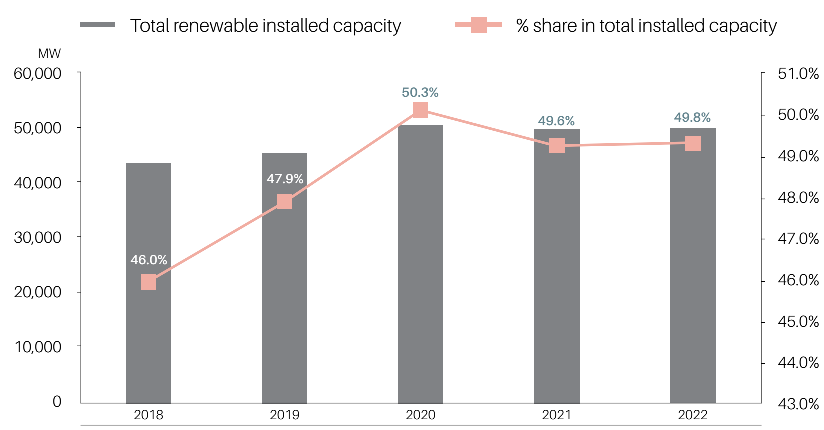
POWER

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

49.8%

SHARE IN TOTAL INSTALLED CAPACITY IN SCENARIO 1

RENEWABLE PROJECTION IN SCENARIO 1

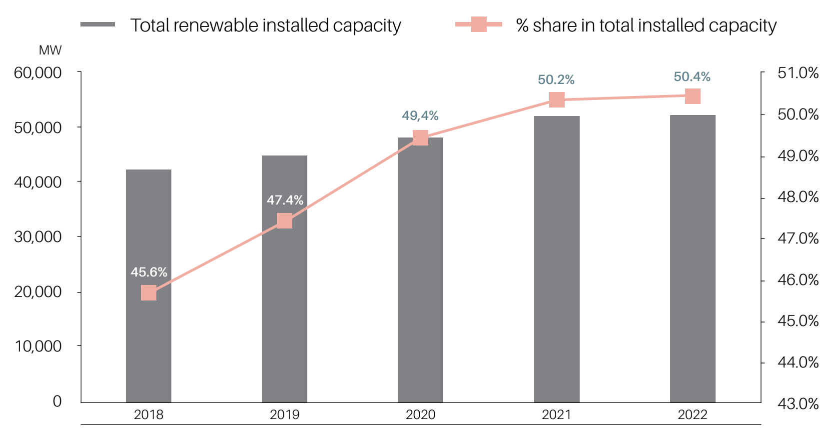


Source: TEIAS

50.4%

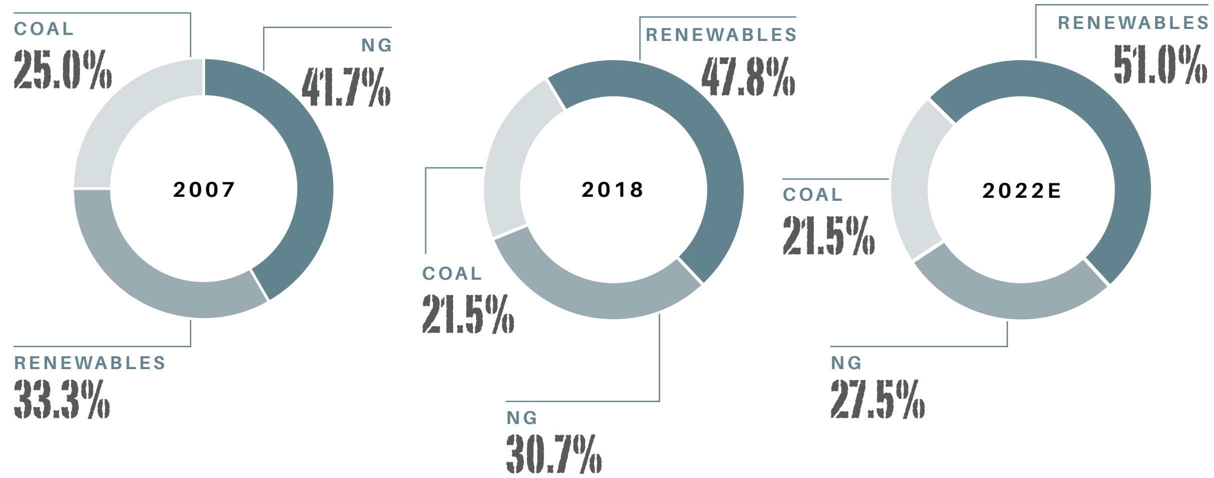
SHARE IN TOTAL INSTALLED CAPACITY IN SCENARIO 2

RENEWABLE PROJECTION IN SCENARIO 2



Source: TEIAS

CAPACITY PROJECTION BY SOURCE



Source: TEIAS

Government's Medium and Long Term Targets for the Energy Sector
The Energy Ministry has drawn up a road map (2015-2019 Strategic Plan, based on 2013 data) for energy as part of the government's ambitious strategic targets for 2023 – the centennial of the Turkish Republic. The two central themes of this strategy are security of energy supply and energy efficiency. Strong and reliable energy infrastructure and optimal resource diversity are the major goals of the first theme. Optimum energy usage and improved capacity for energy efficiency and savings (policymaking and monitoring, a regulatory framework with effective incentives, public awareness and new technologies) are the key goals of the second.

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

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

Nuclear energy to be added to the generation portfolio...
Turkey's government plans to have two NPPs, with the aim of nuclear energy accounting for 5% of the country's total electricity generation. The first NPP will be built in Akkuyu, on the Mediterranean coast, while the second one will be located in Sinop on the Black Sea coast.

TURKEY'S GOVERNMENT PLANS TO HAVE TWO NPPS, WITH THE AIM OF NUCLEAR ENERGY ACCOUNTING FOR 5% OF THE COUNTRY'S TOTAL ELECTRICITY GENERATION.

POWER

The Renewable Energy Law provides incentives for renewable energy sourced power plants commissioned between 2005-2020 through guaranteed purchase prices (feed-in-tariff) for a period of 10 years.

TURKEY'S PARLIAMENT PASSED THE RENEWABLE ENERGY LAW IN 2005, AMENDING IT IN 2010 TO PROVIDE ENHANCED SUPPORT.

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

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

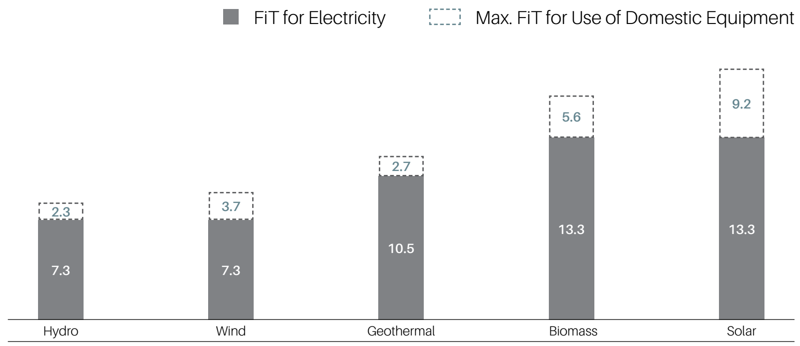
To support the strategy, the Government is incentivizing renewable energy power plants commissioned in the 2005-2020 period by offering guaranteed prices (feed-in-tariff) for a period of 10 years.

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

Mandatory contracts...
BO&BOT plants sell their entire output at predetermined USD-based prices to the state owned generation company, TETAS (via "Take or Pay Agreement"). They fully reflect hikes in NG costs to their electricity sales price with the "pass-through" clauses in the agreements signed, along with supply guarantees from state owned natural gas pipeline company, BOTAS. The majority of these contracts will be terminated during 2019-2020, while BO power plants will become IPPs, likely to work at much lower CURs, thereby having a positive impact on the demand supply balance.

Feed-in-tariff...
Turkey's parliament passed the Renewable Energy Law in 2005, amending it in 2010 to provide enhanced support. The Renewable Energy Law provides incentives for renewable energy sourced power plants commissioned between 2005-2020 through guaranteed purchase prices (feed-in-tariff) for a period of 10 years. Additional price incentives are also available for the use of local equipment at these plants, applicable for the first five years. As a result, the approved feed-in tariffs for hydro and wind (USD 73/MWh) were comparable to the MCP (market clearing price), while the tariff for geothermal (USD 0.105 per kWh) and tariffs for biomass and solar (USD 0.133 per kWh) were significantly higher than the MCP.

FEED-IN TARIFF (USD CENT/KWH)*

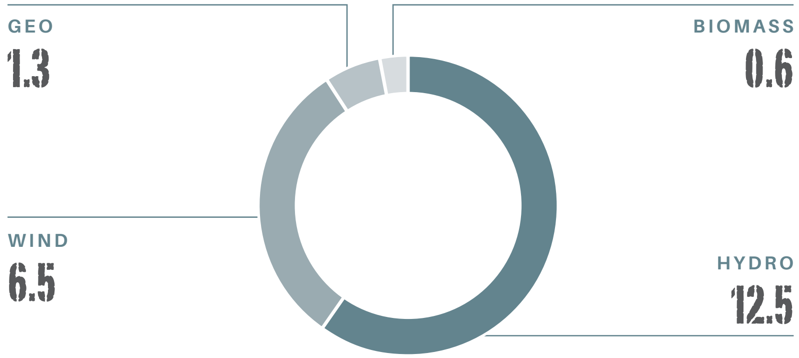


(*) Plants that become operational by 2020 will be eligible to benefit from the FIT for a period of 10 years following their commercial operation date.

Source: Energy Market Regulatory Authority (EMRA)

A total of 20.9 GW installed capacity will benefit from the feed in-tariff mechanism in 2019. Hydro plants with a total capacity of 12.5 GW account for the lion's share, while wind power plants make up a total of 6.5 GW.

FEED-IN-TARIFF CAPACITY (GW, 2019)



Source: EMRA

As a result of weak electricity prices prevailing in the spot market and significant depreciation of the Turkish Lira since 2014, there has been a record increase in the installed capacity of renewable energy plants participating in YEKDEM, the Turkish Renewable Energy Resources Support Mechanism implemented by the Ministry of Energy. This has offered the opportunity to sell electricity at much higher prices than the prevailing free market prices of recent years.

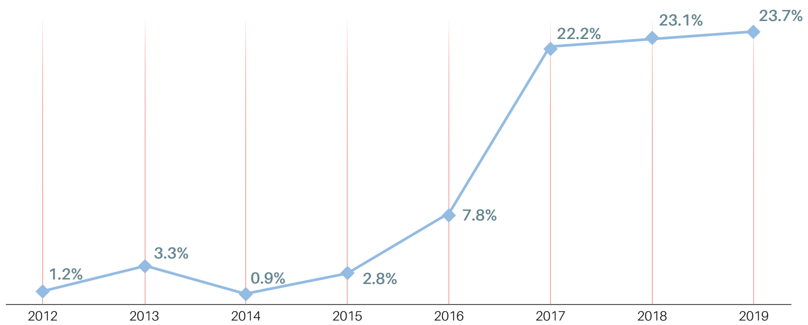
A TOTAL OF 20.9 GW INSTALLED CAPACITY WILL BENEFIT FROM THE FEED IN-TARIFF MECHANISM IN 2019.

POWER

GIH is looking at the development, and/or acquisition of further renewable energy projects in a variety of regions.

GIH'S STRATEGY IS TO DEVELOP GREEN ENERGY PROJECTS WITH ATTRACTIVE LONG-TERM FEED-IN TARIFFS AND INNOVATIVE ENERGY EFFICIENCY SOLUTIONS.

YEKDEM PLANTS' SHARE IN TOTAL INSTALLED CAPACITY



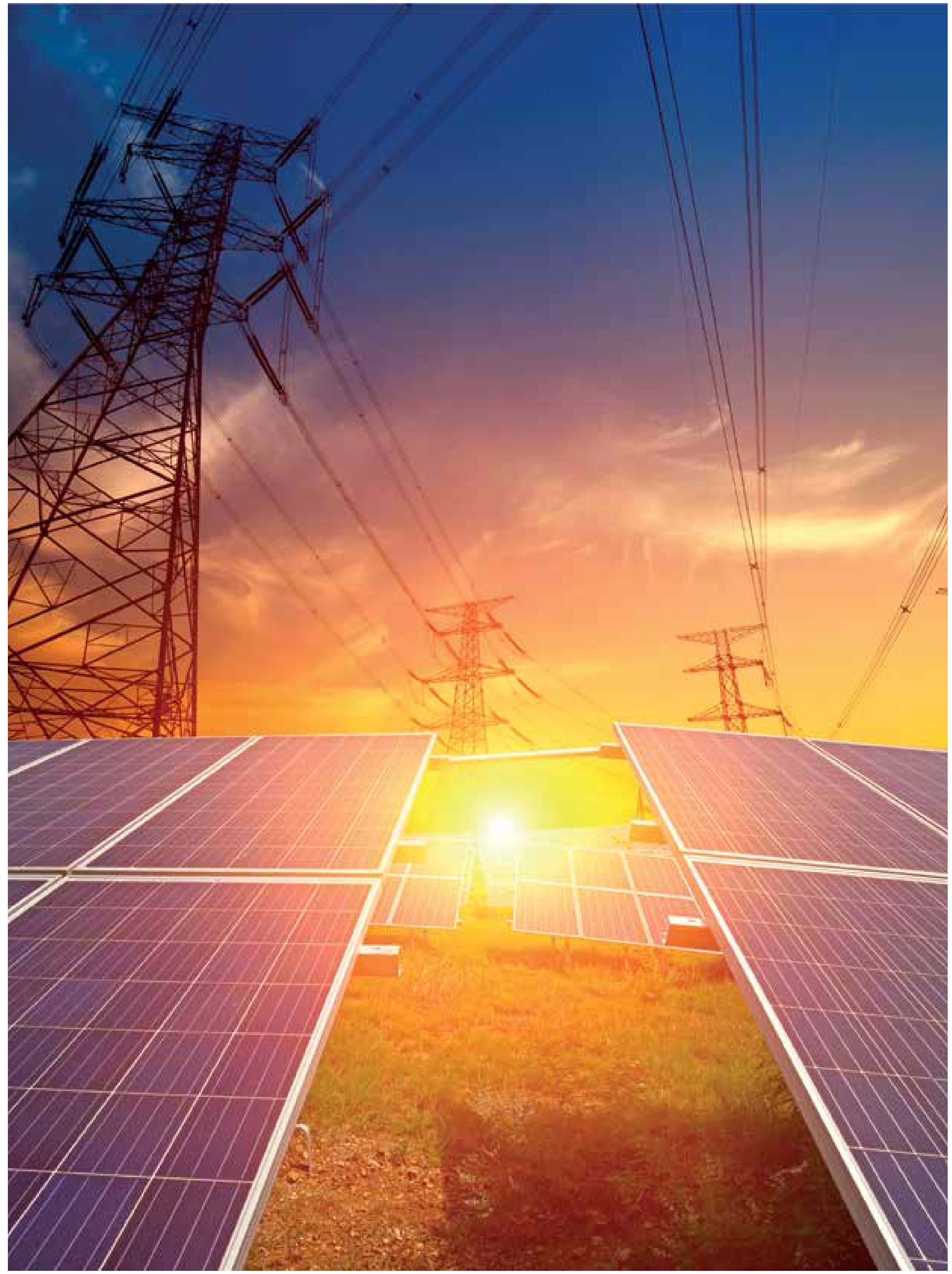
Source: TEIAS

GLOBAL INVESTMENT HOLDINGS IN THE SECTOR...

GIH has Co/Tri-generation capacity of 54.1 MW, with an additional 29.2 MW in biomass. A further 12 MW (biomass) is under construction, 84 MW is in the project phase, and there are 2 solar power plant projects totalling 14 MW under development of which 9 MW are under construction and planned to be operational in 2019.

POWER GENERATION CAPACITY TO REACH 300 MW, WHILE EXPANDING INTERNATIONALLY...

GIH's strategy is to develop green energy projects with attractive long-term feed-in tariffs and innovative energy efficiency solutions. In the upcoming years, Global Investment Holdings intends to establish a diversified and a balanced power generation portfolio, both in terms of resources and geography. The Company is also looking at the development and/or acquisition of further renewable energy projects in a variety of regions such as Africa, Eastern Europe and Asia, by leveraging the local relationships of its Ports arm, and proposes to increase its current 83.3 MW combined installed Capacity in renewable energy and energy efficiency investments to 300 MW in the next couple of years.



POWER
BIOMASS

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

THE PRODUCTION OF ENERGY FROM BIOMASS IS EXPECTED TO GAIN TRACTION IN THE NEAR FUTURE.

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

Global Investment Holdings intends to capitalize on this significant potential.

The production of energy from biomass is expected to gain traction in the near future. Significantly, the harnessing of this energy source will reduce the country's dependence on imported non-renewable resources such as natural gas. It is also expected to make agricultural activity more efficient.

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

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

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

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

Global Investment Holdings in the sector...
Global Investment Holdings is Turkey's leading biomass power producer from residues and waste from agricultural fields, forests, and livestock, with a total installed capacity of 29.2 MW at its Aydın-Söke (12 MW), Mardin-Derik (12 MW) and Şanlıurfa-Haliliye (5.2 MW) power plants. These facilities are expected to generate about 200 kWh of electricity per annum, meeting the electricity requirement of over 80 thousand households; they are subject to the Renewable Energy Resources Support Mechanism (YEKDEM), selling electricity at USD 0.133 per kWh. The capacity expansion of the Aydın-Söke power plant (12 MW) is in progress, and once completed, the capacity will double to 24 MW, increasing the total biomass fueled installed capacity of the Group to 41 MW within 2019.

Global Investment Holdings commissioned its third biomass power plant in Mardin/Derik with a 12 MW installed capacity as of October 31, 2018, completed construction in the record time of under a year, and increasing its total biomass based installed capacity to 29.2 MW.

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

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

By converting residues and waste from agricultural fields, forests and livestock into energy, Global Investment Holdings aims to reduce Turkey's dependence on energy imports and thereby contribute to the national economy. The Company's efforts also promise significant regional employment opportunities. These clean and domestic resources, which are collected and converted from the field in an environmentally conscious manner, are a type of renewable energy.

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

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

GLOBAL INVESTMENT HOLDINGS HAS ENTERED INTO LONG-TERM CONTRACTUAL AGREEMENTS WITH BOTH PRIVATE AND STATE-OWNED FARMS.

29.2 MW
TOTAL BIOMASS BASED INSTALLED CAPACITY

POWER
SOLAR

As of the end of 2018, the total installed capacity of the solar power plant in Turkey is 5,063 MW, with 4,981 MW unlicensed and 82 MW licensed.

RA SOLAR PLANS TO COMMISSION ADDITIONAL PROJECTS IN ACCORDANCE WITH LICENSED AS WELL AS UNLICENSED MARKET REGULATIONS AND REACH A SUBSTANTIAL GENERATION CAPACITY WITHIN THE NEXT FEW YEARS.

Turkey has high solar energy potential due to its geographical location…
Turkey boasts an advantageous geographic position in terms of solar radiation. According to the Solar Energy Map (SEM) of Turkey prepared by the Renewable Energy General Directorate, it has been determined that the total annual insolation time is 2,741 hours (a total of 7.5 hours per day), with total solar energy derived per year of 1,527 kWh/m^2 (total 4.2 kWh/m^2 per day). Turkey is considered one of the three most suitable areas worldwide for solar energy, after Morocco and the USA.

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

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

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

The total established solar collector area within our country as of 2018 was calculated at close to 20 km^2. Also, in 2018, close to 823,000 TEP (tons equivalent to petrol) heat energy was produced using solar collectors.

As of the end of 2018, the total installed capacity of the PV solar power plant is 5,063 MW, with 4,981 MW unlicensed and 82 MW licensed.

Turkey has set certain targets for the nation's centennial celebrations in 2023. One such target 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 boost the nation's clean energy share to 30% of its total power supply by 2023.

SOLAR - RA SOLAR
Ra Solar has met all obligations of commencing the construction of the 9 MW Mardin Solar Farm. GIH aims to finalize the investment and commence power generation at the end of 2019. The power plant will be subject to the Renewable Energy Resources Support Mechanism (YEKDEM) as of 2020, selling electricity at USD 0.133 per kWh for 10 years.

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 became subject to guaranteed electricity sales prices of between USD 0.073 and USD 0.133 per kWh.

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

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

SOLAR - BAR SOLAR
Global Investment Holdings registered its first international power-generation investment with the establishment of Barsolar in Montenegro. Barsolar plans to develop a roof-top solar plant in Port of Adria, Bar.

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

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

The Montenegro government supports renewable power generation based on a feed-in tariff mechanism, which provides the highest rate for roof-top solar power plants. The price is guaranteed through the feed-in tariff at EUR 0.12 per kWh for 12 years. Barsolar plans to complete construction of the facility by the fourth quarter of 2019. Once operational, Barsolar will own the largest solar power plant in Montenegro.

RA SOLAR HAS MET ALL OBLIGATIONS OF COMMENCING THE CONSTRUCTION OF THE 9 MW MARDIN SOLAR FARM.

POWER
CO/TRI-GENERATION - TRES ENERGY

Tres Energy designs, constructs and operates small and mid-sized turnkey power plants for industrial and commercial customers.

ESTABLISHED IN 2012 AND 95.8% OWNED BY GLOBAL INVESTMENT HOLDINGS, TRES ENERGY DELIVERS POWER SUPPLY AND ENERGY EFFICIENCY SOLUTIONS TO INDUSTRIAL AND COMMERCIAL CUSTOMERS.

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

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

Established in 2012 and 95.8% owned by Global Investment Holdings, Tres Energy delivers power supply and energy efficiency solutions to industrial and commercial customers. The company also builds and operates customized generation facilities. Tres Energy works to create measurable added-value for customers that result in significant energy savings.

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

Power Plants

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

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

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

54.1 MW Generation Capacity

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

The company's build-operate contracts range in duration according to customer preference, lasting up to 13 years excluding the construction period. Current customers operate across a range of industries, including ceramic tiles, forestry products, food processing and paper production. Large shopping malls are among other commercial users. Prospective pipeline projects cover a variety of facilities and sectors such as hospitals, hotels, the textile industry, and other industrial and commercial areas.

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

AT PRESENT, TRES ENERGY HAS A TOTAL INSTALLED CAPACITY OF 54.1 MW.

GAS
NATURELGAZ

Naturelgaz CNG infrastructure consists of 13 CNG plants and stations, 3 co-operation plants, 50,200 CNG cylinders and 47 industrial scale compressors.

NATURELGAZ, A 95.5% SUBSIDIARY OF GIH, IS TURKEY'S LARGEST CNG (COMPRESSED NATURAL GAS) DISTRIBUTOR IN TERMS OF STATION INFRASTRUCTURE AND BULK SALES VOLUME.

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

The Turkish non-piped natural gas market (LNG + CNG) is based on bulk products supplied to industrial facilities and commercial consumers. These users – such as cities, asphalt plants, food processors, hotels and shopping malls, among others – lack access to natural gas pipelines. As of end-2018, the total market is at around 800 mcm, of which CNG has a 25% share, or 197 mcm.

In 2018, Naturelgaz distributed overall 138 mn Sm^3 of CNG, capturing a 16.9% share of the total non-piped natural gas market in Turkey. The company recorded a 25.2% market share through the hinterlands covered by its filling plants.

Naturelgaz CNG infrastructure consists of 13 CNG plants and stations, 3 co-operation plants, 50,200 CNG cylinders and 47 industrial scale compressors. All facilities and equipment established and used by the company conform to international standards and regulations.

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

In 2018, Naturelgaz developed the Yatağan and Bandırma co-operation plant projects as part of its bulk CNG growth strategy in Turkey.

2018: HIGHLIGHTS

It was a turnaround year for Naturelgaz, in which the company has achieved outstanding progress in strengthening its financial position and operational capability.

Highlights from the year included:
- Focus on profitability, rather than volume, due to the shifting economic and business landscape
- EBITDA almost quadrupled from TL 11.4 mn in 2017 to TL 40.0 due to better pricing, increased gas margin and effective cost management
- 32% increase in turnover from TL 184.1 mn in 2017 to TL 242.1 mn in 2018
- 2018 OPEX (TL 27.1 mn) below the 2016 results (TL 29.8 mn), despite increased FX rates and inflation
- Paid capital reached to TL 100 mn with an increase of TL 34 mn TL
- Seamless execution of the overall operation starting from the gas procurement phase to gas supply to customers
- Efficieny in the operational cycle and use of the existing capacity through remote monitoring systems
- Optimization of logistics and equipment management
- Shift to a lean and efficient organizational structure
- Improvement in the management of health and safety practices

MAIN BUSINESS LINES:

a) Bulk CNG
Compared to LNG, CNG provides logistical advantages thanks to the natural gas pipeline network. In addition, CNG bears lower health and safety risks. The Naturelgaz Rize CNG filling plant was the inflection point for the CNG market and Naturelgaz. As a result, most public tenders have included CNG in the tender specs, as well as LNG. Customers have come to recognize Naturelgaz as the best since it is.

In 2018, Naturelgaz generated a sales volume of 130.2 mn Sm^3. In 2019, Bulk CNG sales volume is expected to reach 137.9 mn Sm^3 by focusing on new customer acquisitions to reduce the effects of seasonality and increase market share.

b) Auto CNG
In 2018, Naturelgaz generated a sales volume of 4.6 mn Sm^3 from Istanbul and Bolu stations, and signed a contract to supply an additional 92 busses, making for a total of 107 CNG busses of private operators working for the Istanbul Metropolitan Municipality.

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

IN 2018, NATURELGAZ DISTRIBUTED 138 MN SM^3 OF CNG, CAPTURING A 16.9% SHARE OF THE TOTAL NON-PIPED NATURAL GAS MARKET IN TURKEY.

GAS

NATURELGAZ

Naturelgaz cooperates with OEM vehicle producers to increase the number of CNG vehicle options in Turkey.

IN 2018, NATURELGAZ SUPPLIED 3.3 MN SM³ CNG TO 16 TOWNS IN IZMIR, MANISA, BALIKESIR, ADANA, KASTAMONU, ELAZIĞ, ERZURUM AND TRABZON.

The target customer segments in Auto-CNG are:

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

Naturelgaz cooperates with OEM vehicle producers to increase the number of CNG vehicle options in Turkey, believing that OEM CNG vehicles will be the driver of accelerated market growth. In 2019, Auto CNG sales volume is expected to reach 7.2 mn Sm^3.

c) City Gas

City Gas - a government initiative - declares that towns not currently connected to natural gas pipelines in Turkey due to economic or geographic constraints, will be supplied by CNG via tenders. The requisite low pressure pipeline infrastructure is being established in cities by natural gas distribution companies connecting households to natural gas via the CNG system.

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

This new business line is strategic for Naturelgaz not only given the opportunity to increase volumes, but to raise efficiency.

In 2018, Naturelgaz supplied 3.3 mn Sm^3 CNG to 16 towns in Izmir, Manisa, Balıkesir, Adana, Kastamonu, Elazığ, Erzurum and Trabzon with a total population of 530,000 in cooperation with local gas distributors.

Additional to these locations, Naturelgaz won the City Gas tender of Bigadiç (Balıkesir), Yumurtalık, Karaisalı (Adana), Maçka and Hayrat (Trabzon). In 2019, the City Gas sales volume is expected to reach 14.4 mn Sm^3.

d) Well Head CNG

There is a clear need for CNG in gas wells of uncertain reserves, or where the closest gas pipeline is remotely located, and thus where connection is not economically viable. In 2018, Naturelgaz began to supply CNG equipment and operational services to two natural gas production companies at the Silivri and Gelibolu gas wells.

OUR FOCUS IN 2019

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

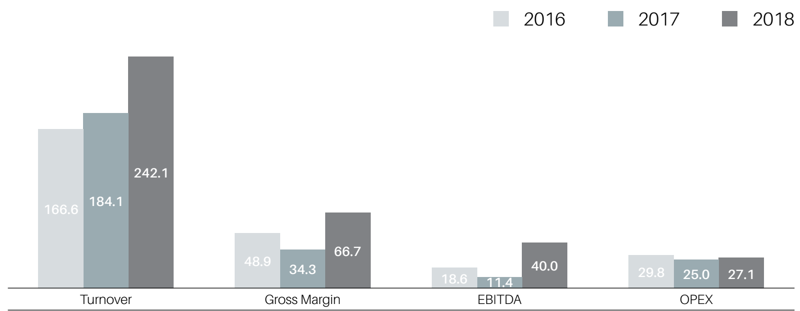
2. Auto CNG: Naturelgaz aims to extend the coverage of Auto CNG stations by supplying CNG buses at bus terminals other than Alibeyköy and Bolu, develop Auto CNG projects in cooperation with OEM producers and conversion companies, and evaluate cooperation opportunities with fuel distribution companies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

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

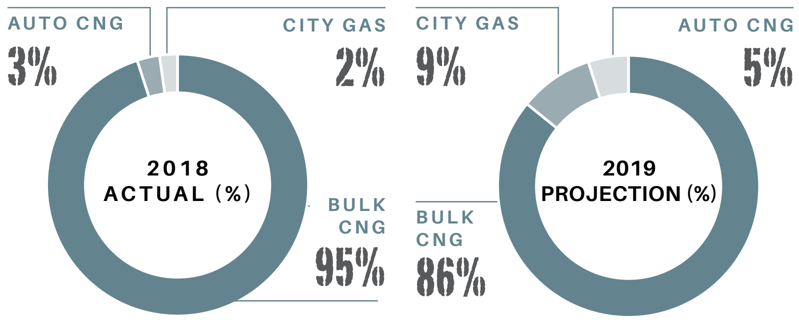
4. Well Head CNG: Naturelgaz aims to increase its project number by supplying integrated CNG solutions to well operators, mainly in the Thrace region of Turkey.

5. International Expansion: In 2018, Naturelgaz signed an Exclusive CNG Partnership Agreement with Gaz Du Cameroun S.A. to develop CNG business in Cameroon. In 2019, Naturelgaz aims to extend its experience and investments to surrounding markets such as Africa that as yet have an underdeveloped power infrastructure, and therefore solid growth potential. In addition, new international expansion/project opportunities will be evaluated.

KEY FINANCIALS (TL MN)



SALES VOLUME BY BUSINESS LINE



IN 2018, NATURELGAZ SIGNED AN EXCLUSIVE CNG PARTNERSHIP AGREEMENT WITH GAZ DU CAMEROUN S.A. TO DEVELOP CNG BUSINESS IN CAMEROON.

MINING
STRATON MINING

Straton Mining boasts a well-established customer base, and ensures that each product offered fully meets European market quality and service standards.

IN 2013, GLOBAL INVESTMENT HOLDINGS GROUP INVESTED IN THE FELDSPAR SECTOR WITH THE ACQUISITION OF STRATON MADEN, IN WHICH IT CURRENTLY OWNS A 97.7% STAKE.

STRATON MINING'S MAIN EXPORT MARKETS HAVE BEEN SPAIN, ITALY, EGYPT AND VARIOUS MIDDLE EASTERN COUNTRIES. EXPORT RELATED SALES VOLUME REACHED 428,395 TONS WHILE DOMESTIC SALES VOLUME REALIZED AT 68,005 TONS.

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

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

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

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

European Standards

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

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

20 MN TONS

STRATON'S TOTAL FELDSPAR RESERVES IN ITS LICENSED FIELD OF OPERATION

STRATON CONTINUED TO FOCUS ON SALES OF VALUE-ADDED PROCESSED MATERIALS DURING THE PERIOD. HIGH QUALITY PRODUCT SALES VOLUME GREW BY 29% YOY AND REACHED 176,447 TONS. THE RATIO OF HIGH QUALITY PRODUCTS WITHIN THE SALES MIX ALSO INCREASED TO 36% IN 2018 COMPARED TO 22% IN 2017.

REAL ESTATE

The construction industry and its related sub-sectors have been a driving force of growth.

7.5%

SHARE OF REAL ESTATE SECTOR IN GDP

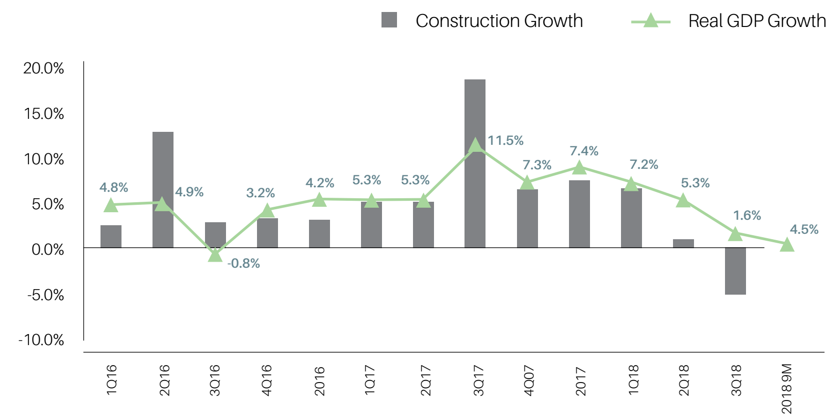
The construction industry and other related sub-industries are the central components of the economy. The Turkish housing industry has achieved rapid growth over the past 15 years. The macroeconomic significance of the construction industry arises from its multiplier effect. Duly, it sets 250 sub-industries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

While the Turkish construction industry and its sub-sectors have achieved rapid growth over the past 30 years, they have benefited the most from economic developments subsequent to the 2001 financial crisis. The construction industry accelerated its institutionalization process through the structural transformation it underwent at that time.

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

Recording growth of 8.9% in 2017, the construction sector maintained its status as one of the locomotives of Turkish economic growth. Yet having grown at a year-on-year rate of 6.7% in the first three months of 2018, the sector lost momentum in the second quarter, rising by just 1.0%. It turned negative in the third quarter with a 5.3% contraction given worsening consumer sentiment and the high base of the comparable period of the previous year's 18.8% growth. The negative effects of rising costs and adverse demand conditions dampened appetite for construction investments and consumption. The sector's share in GDP declined from 8.6% in 2017 to 7.5% in the first nine months of 2018. It is worth noting here that the construction industry and its sub-sectors are susceptible to the country's general economic developments.

GDP vs CONSTRUCTION SECTOR GROWTH BY CHAIN VOLUME INDEX



Source: TUIK

Incentives and campaigns will continue to stimulate housing demand in the short-term...

Throughout 2018 several incentive mechanisms have been introduced by the Government, whereby banks and sector participants extended maturities, while rate cuts and housing campaigns proved effective, despite the setbacks of the year. The Turkish Government will continue to support the housing sector with regulatory actions to avoid any sharp decline in house sales. Rising interest rates, as a result of banks' higher funding costs not only hurt household purchasing power, but also make housing campaigns costlier for the REIT's due to commissions paid to banks as interest rate subsidies. Therefore, campaigns are not a sustainable driver of demand in the housing market.

Weaker TL and higher interest rates not only inflate construction and borrowing costs, but also curb new housing demand by creating more appealing investment alternatives...

In 2018 the foreign currency deposits of Turkish households surged by 6% to USD 96.5 bn. Additionally, increasing interest rates offering higher returns than rental income are threatening housing demand for investment purposes.

The communiqué on the conversion of FX based contracts including real estate related contracts to TL was published in the Official Gazette in 2018...

The communiqué issued under Decree No.32 for the Protection of the Value of the Turkish Currency statute forbids the signing of lease contracts in foreign currency terms. The Government now requires the use of TL in all contracts for the buying, selling and renting of real estate and leasing of vehicles, as well as all service contracts. In compliance with the same communiqué, rents stipulated in foreign currency prior to January 2, 2018 shall revert to the Turkish Lira. With the communiqués of September 13, and October 6, property owners have mostly begun to declare their listing rates in Turkish Lira. The fact is that the prohibition of foreign currency rents by the communiqué issued under Decree No.32 for the Protection of the Value of the Turkish Currency statute has dampened the enthusiasm of those property owners and developers who have used foreign currency financing to develop fresh projects.

1,4

MILLION UNITS

RESIDENTIAL UNIT SALES IN 2018

REAL ESTATE

Over the long term, demographic factors such as rising urbanization rates and shrinking household size are expected to continue fueling housing demand in Turkey.

HOUSING DEMAND IN TURKEY IS LARGELY SHAPED BY MACRO DEVELOPMENTS, DEMOGRAPHICS AND INCOME DYNAMICS.

HOUSING MARKET

The Turkish residential market has grown significantly over the past 10 years. Contributors to demand have included new and modern residential supply in the market, increasing utilization of affordable mortgages, and rising demand for earthquake resistant construction. An increase in housing need due to population growth and urban migration has also affected the residential construction market. The number of housing units to be renewed/replaced due to the age of the housing stock, plus urban renewal programs, are also important factors in the determination of housing need. In Turkey, all of these factors are positive contributors to demand, and the major cities including Istanbul, Ankara, Bursa, and Izmir stand out as the primary beneficiaries of the new wave of residential demand.

Housing demand in Turkey is largely shaped by macro developments, demographics and income dynamics. According to the Central Bank's housing demand analysis, it is income that predominantly determines residential housing demand. The total number of homes sold in Turkey recorded a CAGR of 12.4% between 2008 and 2018. 2018's figure was in negative territory on a 2.4% fall in sales given muted consumer sentiment and high prevailing borrowing rates. Since 2014, annual growth in housing sales has moderated, remaining below 10%.

Building permit statistics and percentage changes...

As of the end of the third quarter of 2018, by surface area, the number of building licenses had decreased by 55.1% from the same period of the previous year, while occupancy permits were up by a slender 1.6%. The number of building licenses as per the number of apartments decreased by 41.4% compared to the same period of the previous year, while that of building permits rose 3.7%.

New and existing home sales fell by 2.4% in 2018, with the drop limited thanks to home sales to foreigners and builder-backed subsidized loans...

A total of 1,375,398 homes were sold in 2018 (-2.4% yoy), with new home sales at 651,572 (-1.2% yoy) and existing home sales at 723,826 (-3.4% yoy). The share of mortgage transactions was at 20.1%, unfavorable compared to the 33.6% of 2017. The main impediment to sales were high borrowing rates, pushing mortgage rates to a peak of 3% per month, which shifted home buyers from resorting to mortgage loans from banks to builder-backed payment plans at subsidized rates. On a brighter note, in 2018 home sales to foreigners rose 78.4% to 39k with a value of around USD6bn. In 2018 39,663 foreigners bought a home in Turkey, with buyers from Iraq, Iran and Saudi Arabia comprising the top 3 countries in terms of foreign interest. Foreigners succumbed to the allure of a weak TL and VAT exemption. The home purchase limit for citizenship rights was also reduced from USD 1 million to USD 250 k; another factor that may have contributed to the momentum of sales to foreigners. Home sales are forecast rising to 1.5mn units (+6% yoy), with home sales to foreigners set to exceed 50k units (+26% yoy) in 2019.

Demographics as a supporting factor...

Over the long term, demographic factors such as rising urbanization rates and shrinking household size are expected to continue fueling housing demand in Turkey. Turkey's population growth projections and demographic assumptions suggest population growth with a CAGR 0.99% over the next decade, and household size declining to 3.1 people from the current 3.5 during the period. A young population, a rising number of university students studying outside their hometowns, plus high divorce and marriage rates are expected to support housing demand in the medium to long term.

Mortgage rates as a decisive factor...

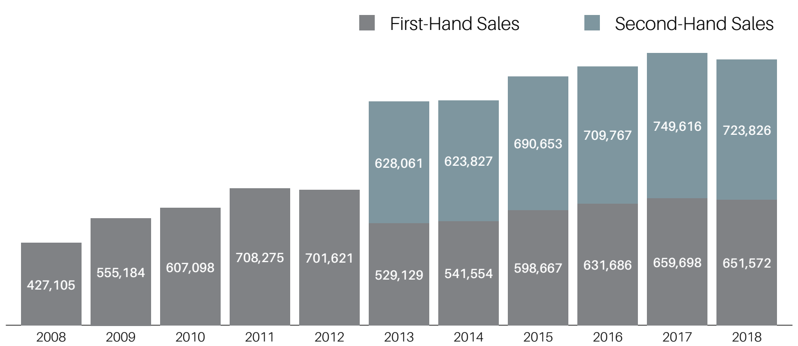
Considering the high correlation between mortgage interest rates and the share of mortgage-financed sales in total home sales, mortgage rates are another critical factor affecting future housing demand. It can be seen that a tightening of mortgage rates in 2018 decreased the share of mortgage sales to 20%. Note that several incentives by the government and banks, such as extended maturities and rate subsidies, had proven only temporarily effective in 2018.

A TOTAL OF 1,375,398 HOMES WERE SOLD IN 2018 (-2.4% YOY), WITH NEW HOME SALES AT 651,572 (-1.2% YOY) AND EXISTING HOME SALES AT 723,826 (-3.4% YOY).

12%

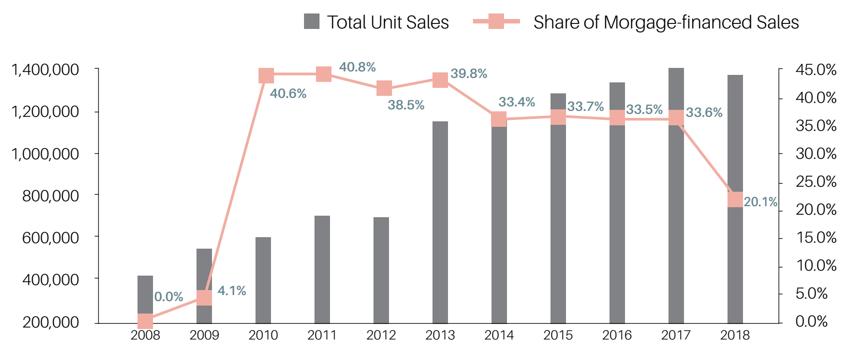
CAGR OF THE NUMBER OF HOMES SOLD IN THE LAST DECADE

RESIDENTIAL UNIT SALES IN TURKEY



Source: TUIK

HOME SALES vs MORTGAGE UTILIZATION



Source: TUIK

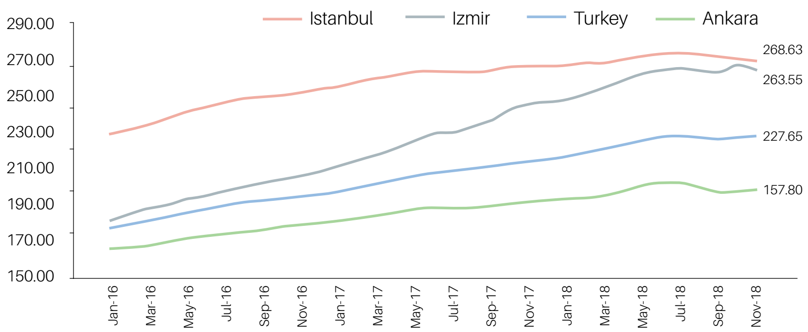
39,963

FOREIGNERS BOUGHT A HOME IN TURKEY.

REAL ESTATE

The Hedonic House Price Index, which measures quality adjusted price changes by controlling the observable characteristics of the houses in Turkey stands at 227.6 in November 2018 a nominal yearly increase of 6.6% and real decrease of 12.3%.

HEDONIC HOUSE PRICE INDEX (HHPI)

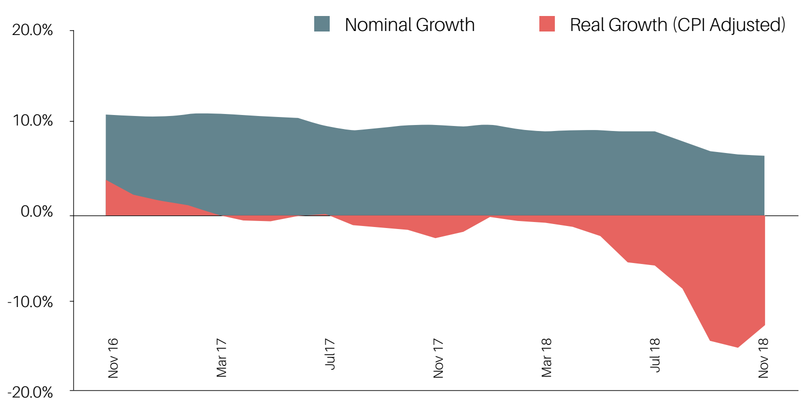


Source: CBRT

The Hedonic House Price Index (HHPI) (2010=100) measures quality-adjusted price changes by monitoring the observable characteristics of homes in Turkey. The index stood at 227.7 in November 2018 on annual positive growth of 6.6% in nominal terms (and decline of 12.3% in real terms).

For the first 11 months of 2018, HPPI rose by 1.29%, 3.4% and 7.4% in Istanbul, Ankara and Izmir on an annualized basis.

TURKEY NOMINAL, VS. REAL GROWTH



Source: CBRT

RETAIL MARKET

Turkey's retail market has enjoyed robust growth over the past decade due to the substantial rise in the middle-class population and purchasing power, as well as sustained long-term growth in both international and domestic tourism.

Number of shopping malls reached 412 as of the end of 2018 September

The overall number of shopping malls in Turkey as of the end of 2017 was 396, reaching 412 as of September-end 2018. With the new shopping malls to be opened by the end of 2021, the number is expected to reach 450 with the total leasable area to exceed 14.2 million m².

The cities with the greatest number of shopping malls are respectively; Istanbul with 119, Ankara with 38 and Izmir with 28. The total leasable stock is 12.6 million m². When examined in terms of leasable area, Istanbul constitutes approximately 39% of the total leasable area stock. In Turkey, the average leasable area per 1,000 people is 165 m².

Shopping Centre Development: GLA & Unit

Shopping Malls		9M 2018	Under Construction*	Total
Istanbul	Number	119	18	137
	GLA (sqm mn)	4,6	0,7	5,3
Rest of Turkey	Number	293	20	313
	GLA (sqm mn)	8,0	0,9	8,9
Turkey	Number	412	38	450
	GLA (sqm mn)	12,6	1,6	14,2

*To be completed by end-2021

Source: Jones Lang Lasalle – 2018 3. Quarter Turkey Report

THE OVERALL NUMBER OF SHOPPING MALLS IN TURKEY AS OF THE END OF 2017 WAS 396, REACHING 412 AS OF SEPTEMBER-END 2018.

SC Retail Sales Index rose by 15.9 percent in December 2018...

Based on the December 2018 results of the SC Index, co-developed with the Council of Shopping Centers – Turkey (AYD) and Akademetre Research Company, the SC Turnover Index rose 15.9% nominally on an annual basis in 2018 to 320 points, which is lower than December's inflation rate of 20.3%.

However, the number of SC visits was down 2.7% in December 2018, and stood at 108 points. Although footfall declined in 2018, square meter sales increased, indicating that visitors are spending in higher amounts. This may indicate a long term positive trend for retailers. Sales per square meter in shopping centers continued to rise, coming in at TL 1,558 in Istanbul and TL 995 in Anatolia in December 2018. In the same period, sales per square meter nationally was TL 1,236.

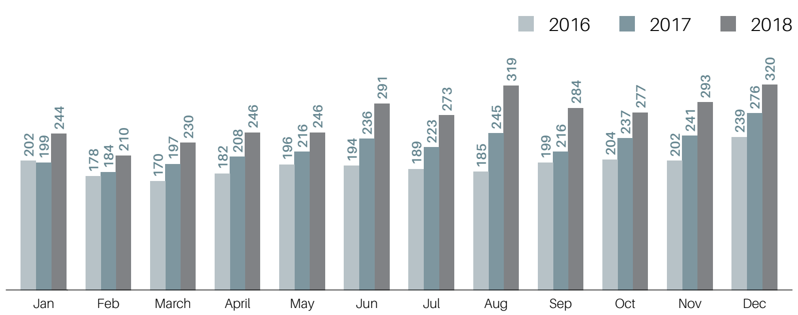
BASED ON THE DECEMBER 2018 RESULTS OF THE SC INDEX, THE SC TURNOVER INDEX ROSE 15.9% NOMINALLY ON AN ANNUAL BASIS FOR 2018 TO 320 POINTS.

REAL ESTATE

Although footfall declined in 2018, square meter sales increased, indicating that visitors are spending in higher amounts. This may indicate a long term positive trend for retailers.

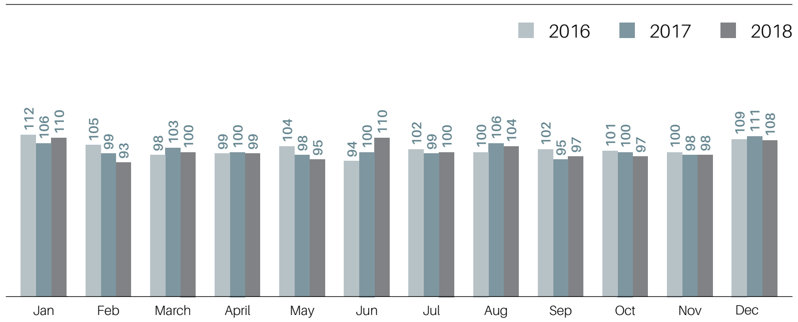
ISTANBUL HAS BECOME A KEY PLAYER IN THE GLOBAL SERVICES ECONOMY OVER THE PAST TWO DECADES, HAVING CLEARLY GONE INTO HIGHER GEAR SINCE THE MID-2000S.

SHOPPING CENTER SALES INDEX TURKEY GENERAL



Source: AYD

SHOPPING CENTER FOOTFALL INDEX TURKEY GENERAL



Source: AYD

ARDUS REAL ESTATE INVESTMENTS

Ardus Real Estate Investments, wholly-owned by Global Investment Holdings, is the sub-holding company established in December 2016 to consolidate Global Investment Holdings' real estate portfolio under one roof. Staffed by a dedicated team of professionals with extensive real estate development experience, Ardus oversees the existing GIH real estate portfolio.

PERA REIT

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.

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

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

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

DENIZLI MIXED-USE PROJECT

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

The Group's Denizli project is a mixed-use development on 98,500 m² land and when completed, it shall reach to a gross construction area of 228,000 m². The project is composed of Sümerpark Evleri, consisting of 606 houses, Sümerpark Shopping Center, Skycity Business Towers, Private School and a private hospital with 150 beds.

Its centerpiece, Sümerpark Shopping Mall, has 34,790 m² of gross leasable area, and opened in March 2011. The Mall received 3.3 million visitors in 2018. It is currently occupied by leading brands as anchor tenants – including Migros, Bimeks and Tekzen – with long-term leases of up to 25 years. The Mall has an 71% occupancy rate and also houses fashion retailers and food court tenants.

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

As part of a mixed-use project, an office complex – SkyCity – has been developed with a construction area of 33,055 m². Construction commenced in early 2015.

THE HISTORIC VAKIFHAN NO. 6 BUILDING, THE DENIZLI SÜMERPARK SHOPPING MALL AND OFFICE PROJECTS ARE HELD SOLELY THROUGH PERA REIT.

REAL ESTATE

Ardus Real Estate Investments, wholly-owned by Global Investment Holdings, is the sub-holding company.

SÜMERPARK PROJECT, WHICH IS THE NEW LIVING CENTER OF DENIZLI, IS COMPOSED OF SÜMERPARK EVLERİ, SÜMERPARK SHOPPING CENTER, SKYCITY BUSINESS TOWERS, PRIVATE SCHOOL AND A PRIVATE HOSPITAL.

The first phase of the project, comprising 13,500 m^2 of gross sellable area and 140 office units, was completed in June 2017. Around 70% of the project had been sold as of end-2018.

The 18th branch of Final Schools is also a tenant of the Sümerpark project. Construction of the school building, with a total construction area of 11,565 m^2, was completed in August 2014. The school opened in the fall of 2014, under a 15 year lease contract signed with Final Schools.

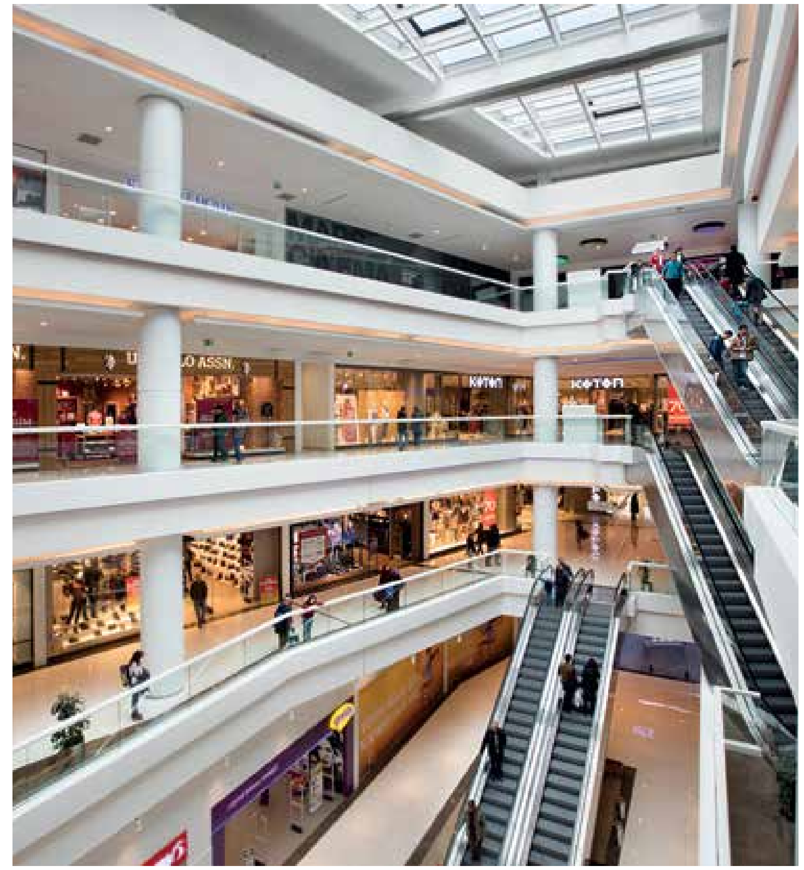
The Denizli development project also includes the construction of a hospital on another 10,745 m^2 tract located adjacent to Sümerpark Shopping Mall and Sümerpark housing project. The land is currently rented to MedicalPark Hospital Group and awaiting the necessary permits.

VAKIFHAN NO. VI...

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

VAN SHOPPING MALL

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



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

Van Shopping Mall is the first mall with a "Lifestyle Centre" concept in the city, and has a total GLA of 26,047 m^2. The Mall brings together 90 brands, a 10-screen cinema, food-court and entertainment venues, catering not only to the city of Van, but also the region and nearby countries. Van Shopping Mall has attracted over 7.5 million visitors per annum and boasts an occupancy rate of 99%.

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

AQUA DOLCE RESORT

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

An area of approximately 48,756 m^2 is to include a 5-star hotel with 300 rooms. The hotel will have extensive facilities offering a variety of options for a holiday of a life time. A casino will be at the heart of the resort, offering a wide-range of gaming opportunities. The resort will also feature conference facilities of varying sizes to host seminars and business meetings; as well as a spa center, a sports center, and swimming pools; cafes, restaurants, bars, and outdoor sports facilities. The Group believes that the relatively less populated and lower-priced tourism and real estate markets of the TRNC, as compared to the southern part of the island, offer highly attractive investment opportunities, particularly as efforts to resolve political issues relating to Cyprus gain traction.

Aqua Dolce Tourism & Recreation World, aiming to attract vacationers seeking a unique Mediterranean experience, will bring a new dimension to the luxury holiday concept. Named after the nearby natural springs, it will be developed on a 260,177 m^2 land tract located on the coast of Tatlısu, Kyrenia.

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

FINANCE

Assets under management in the Turkish AM industry have recorded a CAGR of 17.6% over the past 10 years, reaching TL 173 billion in 2018 as government incentives helped spur growth in private-sector pensions.

PENSION FUNDS ARE THE KEY DRIVER OF AUM GROWTH IN TURKEY, BACKED BY A 25% GOVERNMENT INCENTIVE ON SAVINGS PROVIDED SINCE 2013.

ASSET MANAGEMENT

In Turkey, asset management constitutes a relatively small and underperforming area of the financial services industry. To date, structural factors have curbed the growth of the industry - foremost being Turkey's volatility and the extremely high interest rates on short-term deposits established to compensate. Asset management has likewise been ill-served by restrictive regulation. Asset management companies were barred from designing funds' strategies and marketing them, and it was necessary for funds to be sponsored by banks. Until recently, this had resulted in a market which lacks capital, savings and appetite.

Solid Performance with room for further growth...

Assets under management in the Turkish AM industry have recorded a CAGR of 17.6% over the past 10 years, reaching TL 173 billion in 2018 as government incentives helped spur growth in private-sector pensions.

The share of pension funds in total AUM has been on an uptrend over the past decade, reaching 52.7% in 2018 (21.2% in 2008). Growth is due largely to the Government's effort to modernize Turkey's asset management industry. In particular, pension reforms encourage private pension savings through a 25% state contribution. Sector growth is set to continue over the coming several years, given the young average age of Turkey's population and the level of state contribution. In addition, the number of pension fund participants is projected to rise from the current 6.9 million to 15.7 million.

A TL 14.8 billion increase to TL 173 billion in 2018...

Assets under management in Turkey's fund industry grew 9.3% in 2018, according to the Turkish Capitals Market Association (TCMA). Growth is driven by pension fund assets, which jumped 15% in 2018. The mutual fund sector recorded a 16% contraction through the period.

Turkey holds greater potential in Asset Management (AM) than other Emerging Markets...

With assets under management (AUM) totaling TL 173 billion (USD 32.7 billion) as of end-2018, the Turkish AM industry appears to be significantly underperforming comparable to emerging markets, both in terms of AUM/ GDP and AUM per capita. However, measures taken in recent years to boost savings, coupled with revision to natural accounts data have resulted in gross domestic savings reaching 26.7% of Turkey's GDP in 2018. While the AUM/ GDP ratio has been on the rise, the total percentage of GDP represented by funds is currently at 4.6%, very low when compared with Eastern Europe's 7%, a peer group average of 15.6% and the global average of 24.5%.

That said, the industry is potentially set to undergo a dramatic transformation. This is in part thanks to the general trends supporting the financial sector as a whole - namely, steadily declining interest rates and reduced stock market volatility - but also, and more specifically, thanks to sweeping reform of the rules governing the sector and Turkey's burgeoning private pensions system.

Key growth areas: Pension and alternative investment funds

The Turkish AM industry is expected to experience significant expansion over the coming five years, with pension funds, REIFs, investment advisory and financial planning, and private equity investment funds (PEIFs) leading the way. The sector has welcomed government reforms in these areas, including auto enrolment in pension plans, and the introduction of AIFs in Turkey.

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

Turkey's pension still set off from a low base, and is relatively underdeveloped compared to other comparable markets. Turkey held TL 89.2 billion in pension funds in 2018 compared to its 2004 debut with an initial asset size of roughly TL 300 million. It corresponds to 2.1% of GDP, a very low figure compared to the OECD ratio of 50.7%.

Rethinking auto-enrolment

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

An employee who had been automatically enrolled in a private pension plan was entitled to withdraw from the system within 2 (two) months as of the notification of the enrolment. According to recent surveys:

- 12 million employees were enrolled in the system and 7.1 million employees had withdrawn from the system as of October 2018.
- Almost 67% of employees exercised their right to withdraw from the system within two months.

As most of the employees withdrew from the system, the legislative authorities worked to improve it. In this regard, according to the regulation published in the Official Gazette dated December 27, 2018, those who leave the automatic private pension system will be re-included in the system within three years. The Treasury and the Ministry of Finance will be able to reduce this period to one year, or increase by 5 years. Additionally, the changes to the pension auto-enrolment system include an extension of the exit option period to three years, from the current two months. Hence, this would mean a material increase in the number of people, and hence funds in the private pension system, and also facilitate an improvement in the overall national savings.

9.3%

ASSETS UNDER MANAGEMENT GROWTH

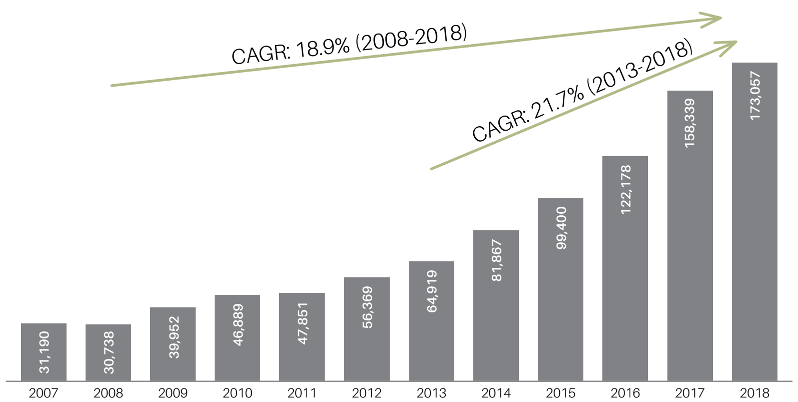
AUTOMATIC ENROLMENT IN PRIVATE PENSION PLANS SYSTEM FOR EMPLOYEES WAS INTRODUCED IN TURKISH LAW WITH THE AMENDMENT ACT OF AUGUST 25, 2016.

FINANCE

Pension funds in Turkey are expected to grow by a compound annual growth rate of 34% over the coming decade.

OUT OF 49 ASSET MANAGERS IN TURKEY, ONLY 22 MANAGED PENSION FUNDS IN 2017. IN 2018, HOWEVER, THIS INCREASED TO 29.

HISTORICAL PORTFOLIO VALUE -AUM (CMB)



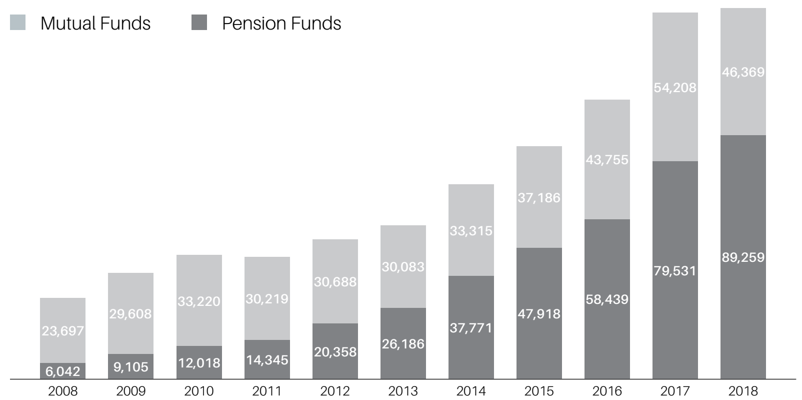
Source: CMB

PORTFOLIO VALUE (TL MN)

Year	Number of Companies	Million TL	Million USD
2007	19	31,190	26,651
2008	23	30,738	20,071
2009	23	39,952	26,694
2010	28	46,889	30,304
2011	31	47,851	25,174
2012	35	56,369	31,510
2013	40	64,919	30,372
2014	40	81,867	35,067
2015	46	99,400	33,610
2016	50	122,178	34,604
2017	49	158,339	41,841
2018	54	173,057	32,662

As of 31.12.2018	
Number of Asset Management Companies	54
Total AUM	TL 173 billion
Total AUM / GDP	4.6%
Total Savings of Locals / GDP	26.7%
Number of Independent AMs (excl. Bank Subsidiaries)	35
Market Share of Independent AMs	7.4%

COLLECTIVE INVESTMENT SCHEMES AUM (TL MN)



Source: CMB

Growth prospects

We believe that there is still room for optimism and despite current limitations, growth is on the cards. Pension funds in Turkey are expected to grow by a compound annual growth rate of 34% over the coming decade and new incentives look set to shake up the investment focus and bring new vehicles to the table, particularly in the field of alternative investments. Starting in 2018, a minimum 10% of pension fund assets must be invested in PEIFs, real estate investment funds, capital market instruments related to infrastructure projects and Turkish sovereign wealth funds. In addition, new rules also incentivize the diversification of asset management. Since January 1, 2018, no asset manager is allowed to oversee more than 40% of a pension fund -- down from 100% previously -- meaning that pension funds must spread their assets between at least three asset managers going forward, which has already had an impact. Out of 49 asset managers in Turkey, only 22 managed pension funds in 2017. In 2018, however, this increased to 29.

Moving forward, what does the future hold for participation pensions in Turkey?

Despite the setbacks and structural challenges, it seems that regulatory tweaking is having a positive impact - and given the current situation, the industry is proving surprisingly resilient. The economic challanges of 2018 have had a limited effect on the country's pension funds.

54

NUMBER OF ASSET MANAGEMENT COMPANIES

SINCE JANUARY 1, 2018, NO ASSET MANAGER IS ALLOWED TO OVERSEE MORE THAN 40% OF A PENSION FUND.

FINANCE

Global Investments Holdings aims to create Turkey's largest asset management company by leveraging its partnership with Centricus.

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

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

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

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

The primary goals and objectives of the IFC Strategy and Action Plan are for the Istanbul Financial Center / Turkey to become one of the world's top 25 financial centers.

ACTUS ASSET MANAGEMENT

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

By acquiring a 90.1% stake in 2015, Global Investment Holdings consolidated its asset management operations under Actus Asset Management. The remaining 9.9% stake in Actus is owned by the Police Care and Assistance Funds, which has over 50,000 partners and sizeable assets of TL 1.3 billion.

The size of the portfolios managed by Actus was TL 821 million at the end of 2018, indicating a robust growth of 27% yoy. It is the second largest portfolio management company that has domestic capital, and without a bank/brokerage house/insurance company as a parent. The company's AUM has more than quadrupled since GIH acquired it in April 2015.

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

- Founding of Turkey's first Private Equity Infrastructure Fund (€ 60.5 mn) in 2016 to invest in a Healthcare PPP Project (contracted to Ministry of Health) with the BOT model (total project size is € 602.7 mn);
- Founding of Turkey's first Corporate Venture Capital Fund in 2017 (TL 10 mn first close) to invest in seed and early stage technology startups of high growth potential; and
- Founding of Turkey's first Renewable Energy Fund in 2017 (USD 50 mn to be reached at final closing) to invest in operational renewable energy assets; namely solar (26.7MWp operating under PPA scheme acquisition completed), geothermal and biomass, in Turkey.
- Signed a Limited Partners Agreement with Sabancı University and got TUBITAK aproval to establish a Technology Venture Capital Fund with TL 100 million final closing target

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

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

Growth in asset management with our partner Centicus
Global Investments Holdings aims to create Turkey's largest asset management company by leveraging its partnership with Centricus, a London-based global investment platform. Teaming up with Centricus allows GIH to more easily acquire independent asset management companies to boost AUM in the short term and create an infrastructure fund for international investors that will invest in infrastructure projects with significant treasury guarantees. In pursuit of market leadership, GIH aims to capture market share in the pension industry, benefiting from the re-allocation of asset management services for/to pension funds, while feeding pension funds with AIFs that will be mandatory for auto-enrolment funds.

GLOBAL MD PORTFOLIO MANAGEMENT

Global MD Portfolio Management, fully owned by Global Securities, is a leading non-bank portfolio management firm focused on pension funds, namely Aegon Emeklilik and Fiba Emeklilik, real estate funds and venture capital funds. Global MD offers top quality portfolio management to both individual and institutional investors, managing eight funds invested in the Turkish equity and debt markets (AUM: TL 161 million).

Global MD is the founder of Torkam Global MD Real Estate Fund, one of Turkey's first real estate investment funds, in which Emlak Konut pledged to become a seed investor in a sector first. Additionally, Global MD's first venture capital fund, Acalis 1st Venture Capital Fund, offers the opportunity of investing in disabled and elder care centers across Turkey.

Global MD has the mission of becoming one of the leading portfolio management companies by adding new venture and real estate funds worth of at least TL 200 mn to its current roster in 2019, with more to follow later.

Global MD focuses on providing superb service to its customers, and aims for its investment funds' performance to attain the highest rankings in their categories.

IEG GLOBAL ADVISORY

In 2011, Global Securities established a joint venture with IEG-Investment Banking Group, one of Europe's leading international investment banking advisory firms. The joint venture provides financial advisory services on mergers & acquisitions and public & private equity and debt financing, as well as 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 its Berlin HQ, and at its international offices. Established in 1999, IEG-Investment Banking Group is an independent, international investment bank with branches and associated offices in New York, Istanbul, Johannesburg, Stuttgart, New Delhi, Shanghai, Tunis and Zurich.

IN PURSUIT OF MARKET LEADERSHIP, GIH AIMS TO CAPTURE MARKET SHARE IN THE PENSION INDUSTRY.

FINANCE BROKERAGE

Global Securities focuses on conducting high level research and delivering exceptional customer service.

GLOBAL SECURITIES HAS ASSISTED NEARLY 80 CORPORATIONS WITH THEIR INITIAL PUBLIC OFFERING (IPO)s, TOTALLING USD 5 BILLION TO THE TURKISH CAPITAL MARKETS.

Borsa Istanbul Trends in 2018

In 2018 the number of BIST ALL companies increased to 327 with developments in the emerging companies market and the effect of IPOs. Borsa Istanbul made a quick start to 2018 with successful IPOs in the first quarter such as Trabzon Liman İşletmeleri, Enerjisa, Medical Park and Peker REIT. Şok Marketler IPO and Aselsan SPO were the highlights of the second quarter of 2018. In 2018 Free Float and Effective Free Float reached 39.8% and 29.5%, respectively.

Borsa Istanbul was among the weakest performing markets in MSCI EM indices, with the BIST100 down by 43.3% in 2018 in USD terms, indicating a 32% underperformance, vs. the MSCI EM Index. Turkish stocks' underperformance essentially resulted from continued asset quality concerns in the Turkish Banking Sector as a natural outcome of the corporate credit restructuring in a volatile macro environment, sticky double-digit inflation, and subpar activity with a high likelihood of recessionary pressures in 1H19.

In 2018, the share of foreign investors in trading volume was 30% and the peak point was reached in August 2018 at 36%. Foreign investors sold a net USD 2 bn of Turkish equities in 2018. Net inflow had been at USD 1.8 bn in 2017 and USD 0.6 bn in 2016.

GLOBAL SECURITIES

Established in 1990, Global Securities is a BIST-listed firm that provides brokerage and financial advisory, as well as corporate finance and research services to individuals and corporates, and local and international investors. The company's core business is delivering securities, asset management and derivatives trading services to international and domestic clients.

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

In June 2015, Global Securities completed the acquisition of a 100% stake in Eczacıbaşı Securities, another non-bank owned major brokerage company, and the target firm's subsidiary Emdaş Asset Management, for TL 22.1 mn. The acquisition of Eczacıbaşı Securities, which combines two deep-rooted and respected companies under one roof, created considerable synergy, resulting in one of largest independent brokerage companies in the sector.

As of September 30, 2018, Global Securities serves its clients at two branch locations, with 109 employees.

For 2018, Global Securities had a market share of 1.6%, with an equity trading volume of TL 64.3 bn.

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

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

Strategy

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

1.6%

GLOBAL SECURITIES MARKET SHARE

SUSTAINABILITY

We not only evaluate investments made on the basis of their economic success, but also expect them to generate permanent results and create value for all our stakeholders.

WE EVALUATE THE GROWTH POTENTIAL OF IDENTIFIED SECTORS THROUGH EFFECTIVE RISK AND MARKET ANALYSIS TOOLS.

Global Investment Holdings Included in the Borsa Istanbul Sustainability Index
Global Investment Holdings was assessed for listing on the BIST Sustainability Index (XUSRD), where companies are evaluated based on their public disclosures on sustainability issues. Global Investment Holdings' comprehensive policies in areas related to sustainability, improvements in specific environmental indicators and efforts such as supporting the "Sandbar Shark Breeding Site Project at Boncuk Bay" of the Mediterranean Conservation Society also played an important role in being listed in the new period of the BIST Sustainability Index, which provides companies reputational and competitive advantages.

Companies listed on Borsa Istanbul were evaluated according to the BIST Sustainability Index's inclusion criteria based on the disclosures and performances of companies in the environmental, social and governance (ESG) areas. As a result of the evaluation conducted by independent research and rating agency Vigeo EIRIS, 50 companies have been listed in the BIST Sustainability Index.

Seventy one companies were evaluated in the 2018 assessment period for BIST Corporate Sustainability Index membership, and Global Investment Holdings became one of the six new companies to be added to the index thanks to its high corporate sustainability performance. GLYHO will now be listed on the BIST Sustainability Index during November 2018 – October 2019.

First Sustainability Report issued
To render sustainability an integral component of its business operations and long-term strategic perspective, Global Investment Holdings issued its first GRI (Global Reporting Initiative) approved Sustainability Report to international standards in 2018, and plans to do so again in 2019.

OUR SUSTAINABILITY APPROACH

In line with our business strategy, we swiftly adapt to the continuously changing business environment and market conditions to exploit the attractive investment opportunities available in growing sectors. We not only evaluate investments made on the basis of their economic success, but also expect them to generate permanent results and create value for all our stakeholders. Accordingly, we evaluate the growth potential of identified sectors through effective risk and market analysis tools. We manage all our decision-making processes and related work in line with our sustainability approach and corporate governance principles.

Since the first day of establishment, GIH has contributed to the development of Turkish capital markets withs its diversified and expanding portfolio and future oriented investment approach that thrives on excelence. Our fair, responsible and accountable management understanding, ethical principles, environmental sustainability efforts, respect for "human rights in a business environment", occupational health and safety, supplier relations and social contributions considered within the scope of our sustainability work constitute an integral part of our business.

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

A. ENVIRONMENTAL SUSTAINABILITY

Global climate change, rapid population rise, and the erosion of natural resources are putting pressure on global markets. Private sector players shoulder the main responsibility in addressing the global issues that have had increasingly pressing consequences, especially since the industrial revolution. At Global Investment Holdings, we conduct our business with awareness of the potential impact of our performance on the environment. Accordingly, viewing it as an important duty for continued growth, we believe in minimizing our impact on the environment and contributing to the solution of global issues.

We continuously monitor the energy consumption of both the Holding and its subsidiaries.

Within this scope, we track the Holding's operations, and effectively manage the environmental performance of the Holding's subsidiaries. The framework of our work on the subjects of energy management, renewable energy investments, water and waste management and biodiversity is set out in our Environmental Policy. We determine the outline for the updating of the Environmental Policy, management of environmental issues and the studies conducted within the scope of the Sustainability Committee in line with the Principles and Procedures of the Environmental Management System.

Aside from the policies and principles to which all our subsidiaries are required to conform, we expand the use of management system practices to international standards for the purposes of ensuring effective tracking and management of our environmental performance. Our energy companies and ports in Málaga, Kuşadası, Bodrum, Lisbon and Antalya all have ISO 14001 certification. At the Holding level, in 2018 efforts were initiated to obtain ISO 9001:2015 Quality Management System & ISO 14001: 2015 Environmental Management System certification that will be successfully internalized in the corporate culture. As of January 4, 2019, following the successful completion of

OUR RENEWABLE ENERGY INVESTMENTS ARE CONDUCTED IN PARALLEL WITH THE SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS.

SUSTAINABILITY

We aim to generate waste of a more recyclable nature through awareness studies conducted in the company, and by expanding the scope of recycling practices.

WITHIN THE SCOPE OF OUR WASTE MANAGEMENT EFFORTS, WE PLAN TO MONITOR OUR WASTE GENERATION MORE EFFECTIVELY.

certification audits, Global Investment Holdings earned the right to receive the related certifications. In addition to these, our Kuşadası and Bodrum port operations are conducted within the scope of the Green Port certificate. We aim to apply for a Green Port certificate for Lisbon Port within the coming period. Moreover, our Antalya Port is included within the scope of Green Port Practices by ESPO (European Sea Ports Organization) EcoPorts.

We are aware of the importance of feedback received from our stakeholders, and structure our work in line with their contributions. Within this scope, the results obtained from the stakeholder analysis, conducted at international standards, support the development of our environmental efforts. Our renewable energy investments and studies on climate change, and the protection of the water ecosystem, are conducted in parallel with the Sustainable Development Goals of the United Nations. We seek to further our environmentalist performance with each passing year.

i. Climate Change and Energy Management

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

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

ii. Water and Waste Management

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

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

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

iii. Our Support for the Protection of Biodiversity

The protection of land and marine ecosystems is crucial for the health of our planet and the sustainability of our business models. All industrial activities have some impact on the environment. We diligently work towards minimizing these impacts, and towards avoid causing any direct or indirect irrecoverable damage to the environment, or damaging biodiversity as a result of our operations.

At Global Investment Holdings, we understand the impact that our facilities worldwide may have on biodiversity, led by our port operations, included within the scope of our wide-ranging activities as determined by our expansive investment portfolio. For this reason, we assess the impact of all our operations on biodiversity, and have continued to work on this issue since 2015. In addition to minimizing the effect of our operations, we collaborate with others and lead work for the protection of natural life in contributing positively to biodiversity.

One of our facilities is located in Turkey's Gulf of Gökova. We are currently working on a collaborative project with the Association for the Protection of the Mediterranean that we commenced in 2015 called the Sandbar Shark (Carcharhinus Plumbeaus) and Breeding Site Project at Boncuk Bay, which is in close proximity to the Gulf of Gökova and has Special Conservation Area status. Under this project, we contribute to the protection of sandbar sharks and their living environment which is included in the sensitive category of the International Union for Conservation of Nature's (IUCN) Red List, and in the endangered category on the red list for the Mediterranean region. We include and benefit from the knowledge of local fishermen in the studies we conduct.

B. HUMAN RIGHTS IN THE WORK ENVIRONMENT

In line with our objective of growing while making a difference, we conduct our relations with the employees, contractors, suppliers, customers and local people in the regions in which we operate with so as to have a positive effect on all our stakeholders. Global Investment Holdings and its subsidiaries take the necessary steps to manage any impact our operations could cause in terms of human rights. We conduct our operations in compliance with the Universal Declaration of Human Rights and International Labor Organization's (ILO) Conventions. We act with the understanding that any negative influence our operations could have on local residents in the areas where we operate must be prevented, and any potential negative effects intervened in.

In conformity with fundamental human rights principles, we at Global Investment Holdings are absolutely against child labor and/or forced labor, and also observe the same principles in selecting suppliers and contractors. We require compliance with these principles in the contracts we enter into.

IN LINE WITH OUR OBJECTIVE OF GROWING WHILE MAKING A DIFFERENCE, WE CONDUCT OUR RELATIONS WITH THE EMPLOYEES, CONTRACTORS, SUPPLIERS, CUSTOMERS AND LOCAL PEOPLE IN THE REGIONS IN WHICH WE OPERATE.

SUSTAINABILITY

We are fully attuned to the impact of our operations on local communities and human rights in our activities conducted outside the OECD.

WE PRIORITIZE RESPECT FOR HUMAN RIGHTS AND DIVERSITY AND INCLUSION IN OUR EMPLOYEE RELATIONS.

The Board of Directors has higher-level supervision responsibility for the Human Rights Policy approval and the identification and operating of notification, inspection and sanctioning mechanisms in the event of a violation of the rules and regulations. Senior management is responsible for the preparation, development, and creation and updating of the Human Rights Policy. The Policy is reviewed by the Corporate Governance Committee at regular intervals, and at least once a year, while related practices are regularly followed up. Additionally, the Policy is distributed to all staff at the company. We include this Policy in the contracts we sign with our main partners, suppliers and third parties, and contact state officials if human rights are threatened in the regions or countries where we operate.

i. Working Life at Global Investment Holdings

The particular importance we attach to our employees plays a significant role in the success of our Company and subsidiaries. We are of the belief that we can further this success by improving the commitment, motivation and satisfaction of our employees and strengthening synergy within the Company.

We give importance to employee development that enables them to reach their potential, while providing opportunities to improve both the Company and employee performance within this scope. We design our performance management system accordingly to ensure fair assessment of employee competencies and performances.

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

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

We are fully attuned to the impact of our operations on local communities and human rights in our activities conducted outside the OECD. We prevent any negative impact in terms of human rights and conduct all our operations in compliance with the Universal Declaration of Human Rights and Conventions of the International Labor Organization (ILO). We employ a total of 1,437 people in the Holding and subsidiaries, 237 of whom are women.

We employ a total of 153 people at the Holding headquarters, 49 of whom are female. Meanwhile, the ratio of women in senior management has increased twofold in comparison to the previous year to 50%. In conformity with Sustainable Development Goals, we aim to increase our ratio of women employees over the coming years.

ii. Training

We believe that our employees can reach their true potential through training programs that support both professional and personal development. We support this development through the related training programs we provide of an occupational and technical nature.

The training programs provided are tailor made based upon the specific sector and competency requirements. In our real estate and finance companies, the training programs mainly focus on capital markets, CMB license renewal, and technical issues regarding the exchange and financial markets, and foreign languages. On the other hand gas measurements, ERP, software, technical maintenance, environmental protection covering marine and land pollution, waste management, quality management and basic occupational health and safety subjects are components of the training programs at electricity generation/gas/mining companies.

iii. Healthy and Safe Work Environment

Ensuring that our employees enjoy healthy and safe work environments is among our material issues. To provide this, we oversee occupational health and safety in the most effective manner possible, take all necessary steps in the work environment, and train our employees in this area.

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

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

We systematically track risk and performance, and work to the objectives of continuous improvement and zero accidents. We pay particular attention to the updating of OHS policy and guidelines. Within this scope we prepared and published an OHS Handbook for ports. Moreover, we work towards improving accident reporting systems.

WE MANAGE OHS ON A COMPANY BASIS BY OBSERVING SECTOR-BASED DIFFERENCES AND THROUGH BOARDS AND COMMITTEES ON WHICH EMPLOYEES ARE ALSO REPRESENTED.

INVESTOR RELATIONS

Global Investment Holdings Group delivers timely communications and enjoys a transparent relationship with its investors.

COMMITTED TO EFFECTIVE, CONTINUOUS TWOWAY COMMUNICATION WITH THE INVESTMENT COMMUNITY, GLOBAL INVESTMENT HOLDINGS GROUP DELIVERS TIMELY COMMUNICATIONS AND ENJOYS A TRANSPARENT RELATIONSHIP WITH ITS INVESTORS.

Committed to effective, continuous two-way communication with the investment community, Global Investment Holdings Group delivers timely communications and enjoys a transparent relationship with its investors. The Group strives to increase both shareholder and customer satisfaction by adopting and adhering to world-class corporate governance and investor relations guidelines.

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

In addition to the roadshows, investor conferences, investor & analyst meetings and quarterly results, Investor Relations Department responded to numerous investor requests via phone, email, social media and postal mail in 2018. Additionally, the IR Department proactively contacted relevant financial institutions with company- related and key news updates. The IR Department actively pursues opportunities to communicate with the investment community through all available channels.

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

Investor Relations Department Information:

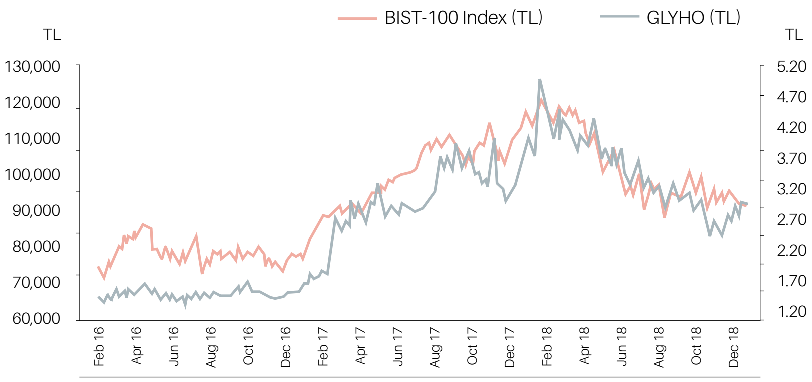
Name-Surname	Title / License	Phone	E-mail
Aslı Su Ata	Investor Relations Director / CMB Advanced Level & Corporate Governance Rating	+90 (212) 244 60 00	investor@global.com.tr
İsmail Özer	Investor Relations Analyst / CMB Advanced	+90 (212) 244 60 00	investor@global.com.tr
Onat Polat	Corporate Communications Assistant Specialist	+90 (212) 244 60 00	investor@global.com.tr

GLYHO Performance

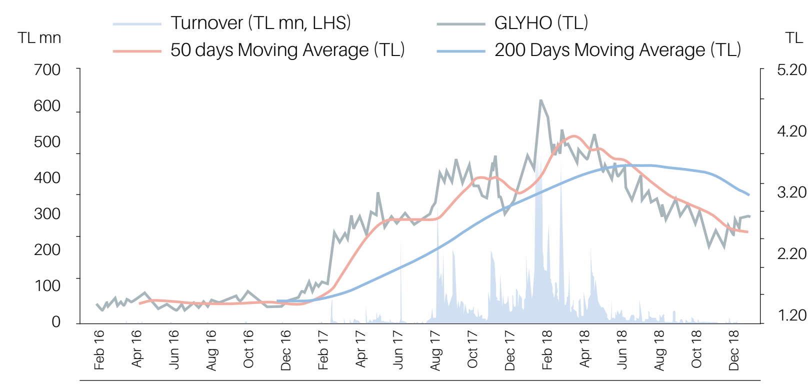
- 36th best performer
- The TL weakness (35.4% depreciation against USD), hefty cost of financing, and peak corporate leverage were the main culprits of weakness in the BIST-100 index, as well as GLYHO; along with ongoing (geo)political risks and unpredictable global conditions i.e. Fed tightening, Iran sanctions and trade wars.
- GLYHO has lost 17.1% in values in TL terms (40.5% in USD terms), while outperforming the benchmark national index, the BIST-100, by 4.7%.
- GLYHO has traded between TL 2.46 (October 26, 2018) and TL 5.01 (January 29, 2018) in 2018
- The daily average trading volume increased to TL 77 mn, marking itself as 25th most active share on a year-to-date basis
- Mcap stood at TL 974 mn (USD 185 mn) at year end 2018.
- Global Investment Holdings' shares are included in BIST Stars, BIST 50, BIST 100, BIST 100-30, BIST All, BIST Corporate Governance, BIST Sustainability, BIST Holding and Investment, BIST Financials and BIST Istanbul Indexes.

THE IR DEPARTMENT PROACTIVELY CONTACTED RELEVANT FINANCIAL INSTITUTIONS WITH COMPANY-RELATED AND KEY NEWS UPDATES.

GLYHO & BIST 100 - PRICE PERFORMANCE



GLYHO - PRICE PERFORMANCE



RATINGS

Global Investment Holdings' ratings affirmed as `BBB+ (Trk)' on the Long Term National Local Scale and to `A-2 (Trk)' on the Short Term National Local Scale with `Stable' outlooks.

Global Investment Holdings' Corporate Governance Rating Has Been Upgraded to 9.06...

Within the scope of the Capital Markets Board's ("CMB") Communiqué on "Rating Activities and Rating Agencies in Capital Markets", Global Investment Holdings' Corporate Governance Rating has been reviewed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. (Kobirate International Credit and Corporate Governance Rating: "Kobirate"). Accordingly, Global Investment Holding's Corporate Governance Rating has been upgraded to 9.06 (out of 10.00) from 9.05, indicating that the Company has achieved substantial compliance with the CMB's Corporate Governance Principles.

Kobirate has reviewed the Corporate Governance Practices of Global Investment Holdings under four main categories, while improvements to the "Board of Directors" and "Stakeholders" categories contributed the most to the overall rating improvement. More specifically, the drafting of a "Female Board Membership Target Policy" (Board of Directors); as well as inclusion in the BIST Sustainability Index and initiation of ISO certification processes (Stakeholders) positively impacted the overall rating.

	2017	2018
Overall rating	9.05	9.06
Shareholders (25%)	92.70	90.19
Public Disclosure & Transparency (25%)	92.01	92.18
Stakeholders (15%)	90.93	91.93
Board of Directors (35%)	87.74	89.13

Credit Ratings

JCR Eurasia Rating has affirmed the ratings of Global Investment Holdings as 'BBB+ (Trk)' and 'A-2 (Trk)' on the long and short term national scale, determining a 'Stable' outlook on the ratings.

JCR Eurasia Rating, in its periodic review, has evaluated Global Investment Holdings in an investment-level category on the national and international scales and affirmed the ratings on the Long Term National Scale as 'BBB+ (Trk),' and determined the Short Term National Scale as 'A-2 (Trk)' with 'Stable' outlook. Additionally, JCR Eurasia Rating has affirmed the Long Term International Foreign and Local Currency Ratings as 'BBB-'.

Other notes and details of the ratings are provided below

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

CORPORATE CITIZENSHIP

Global Investment Holdings and its subsidiaries are committed to integrating social, environmental, ethical, and human rights concerns into the Group's business operations.

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

The Company values philanthropic engagements that promote Turkey and improve the social, cultural and economic environment, benefiting the country and its citizens, both locally and nationally.

The Company's sponsorship activities in 2018 continued to support sports, educational, charitable, cultural and social causes, and related projects and events.

Global Run

People from all over the world come together to run for cultural tolerance at the Global Run. Global Run is an annual race organized by Global Ports Holding with the hope of bringing the world one step closer to peace and understanding. People from many countries and cultures join the event: a record of over 7,600 participants from 52 countries was registered in 2018. To date, Global Run has been held in Bodrum, Turkey; Valletta, Malta; Bar/Kotor, Montenegro, Ravenna, Italy and Havana, Cuba. GPH aims to take Global Run to all locations of its growing portfolio of 15 ports located around the world.

Global Run Bodrum

A core component of its social responsibility activities, Global Investment Holdings & Global Ports Holding has organized and sponsored Bodrum Global Run annually since 2014. Each year, around 1 thousand runners participate in the popular footrace in historic Bodrum. Proceeds generated from the race and other activities are donated to Turkish charities. Past recipients include Committee Volunteers Foundation (TOG), TOÇEV and Parıltı Association.

The fifth edition of Global Run was held on April 29, 2018 with around 1.6 thousand participating in the race.

Global Run Havana, Cuba, 2018

Havana became the World's Running Capital on November 18, with the Global Ports Marabana Cuba. As the main sponsor, Global Ports Holding carried its Global Run event to one of its 2018 portfolio additions: La Habana Cruise Port.

THE GROUP IS COMMITTED TO PROMOTING PEACE, TOLERANCE AND UNDERSTANDING IN TODAY'S EVER-GLOBALIZING WORLD.

CORPORATE CITIZENSHIP

As the main sponsor, Global Ports Holding carried its Global Run event to one of its 2018 portfolio additions: La Habana Cruise Port.

PROCEEDS GENERATED FROM THE RACES ARE DONATED TO CHARITIES.

Over 6,000 athletes from 51 countries participated in the marathon, running through one of the most culturally rich and beautiful cities in the world. About 1,600 of the participants were foreigners. The largest number of participants came from the USA (278), followed by Mexico (90), with France (84), being the European country most represented in the Caribbean event. One of the surprises was the participation of actor and singer Will Smith in the half marathon.

Tohum Otizm Vakfı

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

Tohum Otizm Vakfı was established in 2003 as a non-profit and public benefit health and education foundation to make the early diagnosis of children with autism spectrum disorder, and to lead in the dissemination of special education and extend its reach nationwide.

Education

Singling out contributions to education, the Group:

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

THE COMPANY'S SPONSORSHIP ACTIVITIES IN 2018 CONTINUED TO SUPPORT SPORTS, EDUCATIONAL, CHARITABLE, CULTURAL AND SOCIAL CAUSES, AND RELATED PROJECTS AND EVENTS.

BOARD OF DIRECTORS

Mehmet KUTMAN
Chairman
Mr. Kutman is a founding shareholder, Chairman and Chief Executive Officer of Global Investment Holdings. Actively involved in business development at the Company, Mr. Kutman also serves on the Board of Directors of several Global Investment Holdings subsidiaries and affiliates.

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

Prior to founding the predecessor of the Company in 1990, Mr. Kutman was a project manager at Net Holding A.Ş., a Turkish corporate group involved in tourism and other related sectors, from 1989 to 1990. Between 1984 and 1989, he resided in the United States, where he served as Vice President at North Carolina National Bank, Sexton Roses Inc. and Philip Bush & Associates. Mr. Kutman holds a BA (Hons.) from Boğaziçi University and an MBA from the University of Texas.

Mr. Kutman plays a vital role in the Yale Program in Brain Tumor Research, which works to better understand the formation of brain tumors and develop improved therapies, as well as various cancer research activities worldwide through the Gregory M. Kiez and Mehmet Kutman Foundation.

Erol GÖKER
Vice Chairman
Mr. Göker is a founding shareholder of Global Investment Holdings and has served as Chairman of the Group's Finance division since its formation. In addition to sitting on the Board of Directors of various Group companies, Mr. Göker serves a member of several committees at Borsa Istanbul. He is also a member of TÜSİAD.

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

Ayşegül BENSEL
Executive Board Member
Mrs. Bensel joined the Board of Directors at Global Investment Holdings in 1999 and serves on the Boards of various Group subsidiaries. Mrs. Bensel is the Chair of the Group's Real Estate division.

Mrs. Bensel served as the Chair and also, after 2005, as the CEO of Global Life Insurance until the Group sold the company in March 2007. Previously, Mrs. Bensel had been Co-Director of Research at Global Securities between 1998 and 1999, and Assistant Director of Research from 1993 to 1998. Prior to joining the Group as an Equity Research Analyst in 1991, Mrs. Bensel was a Foreign Exchange Dealing Manager in the Turkish banking sector. Mrs. Bensel holds a BA in Business Administration and Finance from Hacettepe University, Ankara.

Serdar KIRMAZ
Executive Board Member
Mr. Kırmaz joined the Board of Directors at Global Investment Holdings in 2010. He also serves on the Boards of various subsidiaries.

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

Dalınç ARIBURNU
Non-Executive Board Member
Dalınç Arıburnu has over 20 years' financial services industry experience. He co-founded Centricus in 2016.

Previously Mr. Arıburnu was a senior partner and global co-head of fixed income, currency and commodity sales at Goldman Sachs. Prior to joining Goldman Sachs in 2009, Arıburnu was Global Head of Emerging Markets Group at Deutsche Bank and a member of the Securities Division Global Executive Committee. Arıburnu joined Deutsche Bank in 1999 when it acquired Bankers Trust Company, where he had worked since 1993.

Mr. Arıburnu served as a member of the Goldman Sachs' European Management Committee, Partnership Committee and Securities Division Global Executive Committee. He also represented Goldman Sachs as a board member of the Fixed Income, Currencies and Commodities Markets Standards Board (FMSB).

BOARD OF DIRECTORS

Shahrokh BADIE
Independent Board Member
Shahrokh Badie has over 16 years of financial services experience ranging across corporate finance, including structured and project finance, to financial markets including FX structuring, interest rate structuring and emerging markets structuring.

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

Shahrokh holds a PhD and Masters in Engineering (First Class Honors) both in Chemical Engineering from Imperial College of Science, Technology and Medicine.

Oğuz SATICI
Independent Board Member
Mr. Satıcı has been an Independent Board Member since 2012. Mr. Satıcı began his professional career in the textile sector, successfully expanding his family's business. He was the youngest person to be elected as an Assembly Member at the Istanbul Chamber of Commerce (İTO) in 1990. Mr. Satıcı served as a Board Member at the Economic Development Foundation (İKV) between 1996 and 1998, and as Chairman of the Istanbul Textile and Raw Materials Exporters' Association from 1999 to 2001.

He was Chairman of the Turkish Exporters Assembly (TİM) for three consecutive terms between 2001 and 2008; his significant contributions during this period included an increase of more than 500% in Turkey's export volume, an accomplishment widely acknowledged by the Turkish political and business community.

Mr. Satıcı also served as a member of the Coordination Committee for Improvement of the Investment Environment of Turkey (YOİKK) between 2001 and 2008, and of the Investment Advisory Council of Turkey (YDK) from 2004 to 2009.

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

CORPORATE GOVERNANCE

GLOBAL INVESTMENT HOLDINGS DECIDED TO INCREASE WOMAN'S REPRESENTATION AT ALL LEVELS, INCLUDING THE BOARD OF DIRECTORS.

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

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 Corporate Governance Committee consists of 5 members with Oğuz Satıcı as Chairman, and Ayşegül Bensel, Serdar Kırmaz, Adnan Nas and Aslı Su Ata as members.

The Audit Committee and Early Risk Assessment Committee also significantly contribute in this area. The Audit Committee consists of 2 Independent Board Members with Oğuz Satıcı as Chairman and Shahrokh Badie as a member. The Early Risk Assessment Committee consists of 5 members with Oğuz Satıcı as Chairman, and Ayşegül Bensel, Serdar Kırmaz, Ercan Nuri Ergül and Adnan Nas as members.

In 2018, the Corporate Governance Committee held 4 (four), the Audit Committee 4 (four) and the Early Risk Assessment Committee 6 (six) meetings.

In 2018, an Investment Committee reporting to the Board of Directors was established in order to evaluate all Group projects. The members of the Investment Committee are Ercan Nuri Ergül, Dalınç Arıburnu, Shahrokh Badie, Feyzullah Tahsin Bensel and Mehmet Kerem Eser. Apart from the existing projects, any new project will be firstly evaluated by the Investment Committee. Those projects approved by the Investment Committee will be submitted to the Board of Directors for final approval. Projects that do not follow this procedure will not be evaluated by the Board.

In 2018, Risks assessment study, by Early Risk Assessment Committee, was set up for the purpose of identifying, evaluating and monitoring risks in order to minimize the potential impacts and improve the risk assessment process to provide comprehensive view of risk.

In 2018, Global Investment Holdings' Board of Directors approved the policy, setting a target of 25% rate for women Board members within five years, and to review progress on this subject and report it annually.

Global Investment Holding entered the BIST Sustainability Index during November 2018 – October 2019; it comprises the shares of listed companies on Borsa Istanbul with a high corporate sustainability performance. The Company was also deemed eligible for inclusion in the index going forward thanks to its continued compliance with the index criteria. To make sustainability an integral part of its business operations and long-term strategic perspective, Global Investment Holdings issued its first GRI (Global Reporting Initiative) approved Sustainability Report to international standards in 2018.

In 2018 efforts were initiated to obtain ISO 9001:2015 Quality Management System & ISO 14001: 2015 Environmental Management System certifications that will be successfully internalized in its corporate culture. And as of 4th January 2019 following successfully completion of the certification audits, Global Investment Holdings merited receipt of those certifications.

GLOBAL INVESTMENT HOLDINGS CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Global Investment Holdings' Corporate Governance Rating has been upgraded to 9.06.

GLOBAL INVESTMENT HOLDINGS ACCOMMODATES AND PAYS UTMOST ATTENTION TO THE EXECUTION OF THE CORPORATE GOVERNANCE PRINCIPLES PUBLISHED BY THE CAPITAL MARKETS BOARD OF TURKEY ("CMB").

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

In line with this approach, a Committee, including three Board of Directors members, was established to carry out the necessary restructuring studies into the Company's organizational structure and Articles of Association. The requirement to include at least two Independent Members in the Board of Directors, as stipulated by the Company's Corporate Governance Principles, has been fulfilled.

Shareholders can find comprehensive and updated information on GIH's website; additionally, they can post their questions to the Investor Relations Department by phone, e-mail and via social media.

GIH continues to pursue necessary revisions by proofing the website and the annual report in greater detail in with the Corporate Governance Principles. The Board of Directors, senior management and all employees of GIH have consistently supported adoption of the Corporate Governance Principles within the Company at each stage of the process.

Our Corporate Governance Rating has been determined as a result of an evaluation made under four main topics (Shareholders, Public Disclosure and Transparency, Stakeholders, and Board of Directors), and weighted based on CMB Corporate Governance Principles, and on the current distribution, which is based on the main topics stated below:

Sections / WEIGHT	Rating
Shareholders - 25%	90.19
Public Disclosure & Transparency - 25%	92.18
Stakeholders - 15%	91.93
Board of Directors - 35%	89.13
Overall (Out of 10)	**9.06**

The report, prepared by Kobirate and related to the corporate governance rating of 9.06, confirms that the Company achieved a substantial compliance with CMB's Corporate Governance Principles and applies the necessary policies and measures to its practices.

Reasons for Non-Complied Corporate Governance Principles
The Company continues its efforts toward full compliance with the Corporate Governance Principles. Principles other than those currently being implemented, or not yet implemented, have not caused conflicts of interest among the stakeholders.

The Company's Articles of Association contain no provisions stipulating that material decisions such as "demergers and share exchanges, buying, selling, or leasing significant amounts of tangible/intangible assets, or donation and grants, or giving guarantees such as suretyship, mortgage in 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; thus, no such article has been included in the Articles of Association. This practice is refrained from to ensure the timely execution of deals, and to avoid missed opportunities.

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

With reference to Article No. 1.4.2 of the Corporate Governance Principles, 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.

With reference to Article No. 1.5.2 of the Corporate Governance Principles, our Articles of Association do not stipulate minority rights for those who hold less than one twentieth of the capital 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.

With reference to Article No. 1.6.2 of the Corporate Governance Principles, due to the fact that our Company is an Investment Holding the dividend to be distributed annually is decided at the General Assembly meeting according to the investment program of that year. The Board of Directors will evaluate the dividend distribution policy to include this issue in the future.

With reference to Article No. 3.2.1 of the Corporate Governance Principles, the Company has not established a policy concerning stakeholders' involvement with the board. However, independent members of the board enable the representation of all the stakeholders along with the Company and its shareholders. The Company respects the opinions and suggestions of all its employees, suppliers, nongovernmental organizations and customer satisfaction surveys. Certain board members serve on more than one committee due to the Company's shareholding structure.

With reference to Article No. 4.2.5 of the Corporate Governance Principles, there is no issue in the Articles of Association regarding the separation of the powers of the Chairman of the Board of Directors and Chief Executive Officer. In the current organizational structure of the company, the Chairman of the Board of Directors performs the duties of the Chief Executive Officer. Considering Mehmet Kutman's long years of experience in investment banking and financial markets and in order to make the company's decision-making processes more efficient, and to foster a more dynamic organizational structure, it has been preferred to have the same person holding both positions.

GLOBAL INVESTMENT HOLDINGS CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

With reference to Article No. 4.2.8 of the Corporate Governance Principles, a Directors & Officers Liability Policy has been purchased to cover the losses which the Company may suffer due to the wrongful acts of the members of the Board of Directors in the execution of their duties; however, the total annual liability limit does not exceed 25% of the Company's share capital.

With reference to Article No. 4.3.9 of the Corporate Governance Principles, currently, there is only one female member on the Company's Board of Directors. In 2018, Global Investment Holdings' Board of Directors approved the policy, setting a target of 25% rate for women Board members within five years, and to review progress on this subject and report it annually.

With reference to Article No. 4.4.7 of the Corporate Governance Principles, although the duties performed by the Members of the Board of Directors outside the Company are not restricted by a rule, detailed résumés of the members and the duties they perform outside the Company are presented to the shareholders at the General Assembly Meeting.

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

With reference to Article No. 4.6.1 of the Corporate Governance Principles, performance assessments were not carried out on the Board of Directors.

With reference to Article 4.6.5 of the Corporate Governance Principles, all remunerations and interests provided to board members and senior managers have been disclosed to the public in the annual report. However, the disclosure is made not on a personal basis, but by board members and by senior managers as a group.

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

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

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

GLOBAL INVESTMENT HOLDINGS CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1.6. DIVIDEND RIGHT	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.			X			Due to the fact that our Company is an investment holdings company, the dividend to be distributed annually is decided at the General Assembly meeting according to the investment program of that year. That said, the Board of Directors is assessing the dividend distribution policy to include this matter as well.
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.			X			It will be evaluated in future periods.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		X				Such methods are used in some subjects related to employees.

3.3. HUMAN RESOURCES POLICY	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.		X				Information meetings and trainings are held on occupational health and safety.
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					The part about the trade unions is irrelevant.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.			X			There is no action and regulation limiting this right and freedom.
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.					X	
3.4.2 - Customers are notified of any delays in handling their requests.					X	
3.4.3 - The company complied with the quality standards with respect to its products and services.					X	
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

GLOBAL INVESTMENT HOLDINGS CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

4.2. ACTIVITIES OF THE BOARD OF DIRECTORS	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.			X			The roles of Chairman and Chief Executive Officer are executed by Mehmet Kutman due to his proficiency and deep knowledge about investment banking and financial markets.
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				There is Directors & Officers Liability Insurance for the damages caused by the board members during their duties, limited to USD 10 million, which is equal to %16, 2 of our 325.9 million TL issued capital as of the end of 2018.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.			X			There is no restriction for the Board members to assume any other duties outside the company. It should be taken into consideration that our Company is a holding company and that it is in the interest of our Company to be represented in the management of related companies. The Board Members' duties outside the Company were announced to the shareholders at the General Assembly Meeting.

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

GLOBAL INVESTMENT HOLDINGS CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE INFORMATION FORM (KYBF)

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In 2018, in addition to 2 roadshows and 1 investor conference abroad, the Company has held 1 analyst group meetings and 4 teleconferences with multiple participants to inform analysts and portfolio managers on its quarterly financial results and operational developments. Through the year more than 100 current and potential investors meetings have been held.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	There were no requests for the appointment of a private auditor during the reporting period.
The number of special audit requests that were accepted at the General Shareholders' Meeting	There was no request for a special auditor at the General Assembly Meeting.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/670321
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	The English translation of the 2017 Ordinary General Assembly Meeting Document containing the agenda items and the Proxy Statement was published on our corporate website.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There was no such transaction during the year.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There were no transactions in this scope in this period.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There were no transactions in this scope in this period.
The name of the section on the corporate website that demonstrates the donation policy of the company	Donation Policy could be found under Investor Relations then Corporate Governance section on our corporate website
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/202746
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	None
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Only the shareholders may attend the General Assembly meeting.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	In accordance with Article 6 of the Articles of Association, the shares representing the company's capital are divided into four groups. (A), (D) and (E) Group shares carry privileged voting rights and Group (C) shares traded on the stock exchange have no privileges Group / Number / Percentage A / 20 / 0.0000001% D / 1.000.000 / 0.0030685% E / 1.500.000 / 0.0046028%
The percentage of ownership of the largest shareholder	31.25% (as of 31.12.2018)
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	-

1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Divident Distribution Policy could be found under Investor Relations then Corporate Governance section on our corporate website
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Information could be found under Investor Relations then General Assembly then 2017 Ordinary menu as the 5th point under Minutes on our corporate website. "The Assembly was informed that although solo / legal financial statements – prepared in accordance with Tax Method Law and Turkish Commercial Code - about the year ending 31.12.2017 showed a net period profit of 176,358,874.63 TL there would be no distribution of dividend due to the fact that consolidated financial statements – prepared in compliance with CMB regulations – showed a period loss of 329,154,218 TL."
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/tr/Bildirim/679421

General Meeting

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
27.04.2018	0	57.3%	0.002%	57.3%	Information could be found under Investor Relations then General Assembly then 2017 Ordinary Minutes on our corporate website	Information could be found under Investor Relations then General Assembly then 2017 Ordinary Minutes on our corporate website.	Article 11	44	https://www.kap.org.tr/tr/Bildirim/679421

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	The information can be found under Corporate Governanace, Corporate Information, Reports, Presentations and General Assembly.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Shareholding Structure could be found under Investor Relations then Corporate Information section on our corporate website
List of languages for which the website is available	Turkish, English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	"Managing Body, Senior Management and Personnel"
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	"Committees formed under Board of Directors and their Evaluations by the Board of Directors"
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	"Number of meetings that Board of Directors had during the year and attendance rates of board members"

GLOBAL INVESTMENT HOLDINGS CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	"Information on some of the Legislative Amendments that can Affect the Company's Activities"
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	"Information on some of the Legislative Amendments that can Affect the Company's Activities"
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	"Conflicts of Interest Between the Company's Service Providers such as Investment Consultancy and Rating companies, and Information on Measures Taken by the Company to Prevent these Conflicts of Interests"
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no such situation regarding the Company's capital.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	"Information on Corporate Social Responsibility Activities Related to Employees' Social Rights, Vocational Training and Other Activities of the Company that May Bear Social and Environmental Consequences"

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

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	6
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	The information can be found at "Information about the risks, Internal Control System and Audit Activities and the opinion of the governing body on this matter" section
Name of the Chairman	Mehmet Kutman
Name of the CEO	Mehmet Kutman
If the CEO and Chair functions are combined: provide the link to the relevant PDP annoucement providing the rationale for such combined roles	None
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	There is an Directors & Officers Liability Insurance for the damages caused by the board members during their duties limited to USD 10 million which is equal to 16.2% of our TL 325,9 million issued capital as of the end of 2018
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	It could be found under Investor Relations then Corporate Governance section on our corporate website.
The number and ratio of female directors within the Board of Directors	1 director, the rate is 14.3%

Composition of Board of Directors

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

GLOBAL INVESTMENT HOLDINGS CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	24
Director average attendance rate at board meetings	92%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3 days
The name of the section on the corporate website that demonstrates information about the board charter	Working Principles of the Board of Directors could be found under Investor Relations then Corporate Governance section on our corporate website
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Related information can be found at "Committees Formed Under the Board of Directors and Assessment of the Committees by Board of Directors" section.
Link(s) to the PDP announcement(s) with the board committee charters	Duties and Working Rules of the Commitees could be found under Investor Relations then Corporate Governance then Committees section on our corporate website

Composition of Board Committees-I

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

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

Composition of Board Committees-II

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

STATEMENT OF INDEPENDENCE

I declare that,

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

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

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

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

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

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

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

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

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

Oğuz SATICI

I declare that,

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

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

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

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

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

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

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

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

Shahrokh BADIE

COMMITTEES

Committees are set up within the Company to help the Board of Directors fulfill its duties and responsibilities in the best manner. These committees carry out their activities in accordance with the relevant regulations and the working principles which can be found on the Company's corporate website. Meeting minutes are sent to the members of the Board of Directors via email after each committee meeting; as a result, the efficiency of the committees is assessed and overseen by the Board of Directors in the best manner. In 2018, out of the committees formed within the Board of Directors, the Corporate Governance Committee convened four times, the Early Risk Assessment Committee met six times, and the Audit Committee convened four times.

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

Audit Committee

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

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

Its members are;
- Oğuz Satıcı/Chairman
- Shahrokh Badie/Member

Corporate Governance Committee

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

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

Its members are;
- Oğuz Satıcı/Chairman
- Ayşegül Bensel/Member
- Serdar Kırmaz/Member
- Adnan Nas/Member
- Aslı Su Ata/Member

Early Risk Assessment Committee

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

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

Its members are;
- Oğuz Satıcı/Chairman
- Ercan Nuri Ergül/Member
- Ayşegül Bensel/Member
- Serdar Kırmaz/Member
- Adnan Nas/Member

Investment Committee

In 2018, Investment Committee is established and assists the Board in deciding to commit an Investment into new business (whether as greenfield/brownfield or acquisition of an existing company/business) or major capacity increase or purchase of an asset in an existing operation of the Group which requires Group resources (funds, human resource, guarantees or otherwise) to be used.

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

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

RISK MANAGEMENT AND INTERNAL AUDIT MECHANISM

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

Risk management and monitoring activities of the Group is coordinated by Early Risk Detection Committee. The Committee;

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

Groups Risk Management is structured along COSO's (The Committee of Sponsoring Organizations of the Treadway Commission) framework, evaluations on Risk identification and Establishment of Internal Controls are done accordingly. Risk Registry is formed in collaboration with respective managers in Group and subsidiary level.

In 2018, Risks assessment study was set up for the purpose of identifying, evaluating and monitoring risks in order to minimize the potential impacts and improve the risk assessment process to provide comprehensive view of risk.

Early Risk Assessment Committee oversees preparation of Group wide Risk Survey with the heads of Business (Real Estate, Ports, Power, Mining, Naturel gas, Securities) and Corporate Units (Finance, Mergers & Accusations, Human Resources, Investor Relations and Corporate Communications, Treasury, Corporate Finance, Information Technologies) and some senior managers for total of 14 surveyed. The risk assessment process by asking senior administration and management to identify the risk areas with the highest potential impact on the mission, goals and objectives of his/her respective area, as well as the existing or planned controls employed to mitigate the risks identified. The results are analyzed for frequency, likelihood, impact, solutions and suggestions gathered from senior employees.

Once all information is compiled and analyzed by the Early Risk Assessment Committee, it was reported to the Board of Director of GIH for them to decide on risk treatment.

Internal Control System and Internal Audit Activities
Internal Control Program gets planed end of each year for the following year. Compliance and Internal Audit Plan is reviewed by the Audit Committee then confirmed by Board of Directors before it gets implemented.

Audit activities conducted by CIAD for GIH, its domestic and international operations, affiliated partnerships and subsidiaries, cover the following topics.

- Financial audit
- Operational audit
- Functional audit
- All kinds of irregularities and abuses
- Safety and security audit

For the audits of companies operating in different sectors, Internal Audit Policy and Procedures has been issued and standardization of audits has been ensured. In addition to these policy and procedures, other issues that need to be audited depending on the characteristics of the audited company are determined by the Subsidiaries management and Board of Director. It is essential that the audits are carried out in accordance with the principle of field work. Reports are forwarded to the Board of Directors and, if necessary, to the management of the subsidiary. In the process of preparing the Group's consolidated financial statements, internal controls are applied at both Holding level and subsidiary level severally.

In addition to the planned audits performed in terms of the approved Annual Internal Audit Plan, the Internal Audit Function also performs unplanned ad hoc audits which may arise, inter alia, from requests from Board of Directors, Audit Committee or risks identified by the Internal Audit Function with the approval of the of Directors.

During its activities, any criminal or corrupt natured activities are identified or received notices, complaints, and claims necessitate an investigation, Compliance and Internal Audit Department submits a proposal to investigate with the Board of Directors' approval.

Any investigation is conducted in an independent and confidential manner.

An investigation aims to disclose facts regarding the actions and procedures under investigation, identify culpable individuals, determine or request necessary administrative and legal penalties for such individuals, determine, resolve and eliminate any damages, and make efforts to avoid a recurrence of such incidents.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN 2018

Following approvals of CMB and Ministry of Customs and Trade, Board of Directors decision on revision of Article 6 of Articles of Association was accepted unanimously at the 2017 Ordinary General Assembly meeting on 27th April 2018 and revision has been made.

CURRENT TEXT

CAPITAL and TYPE OF SHARES
Article 6- The Company has accepted the registered capital system as per the provisions of Capital Market legislation and entered in this system with the permission of the Capital Market Board dated 30.04.1998 and no 23/413.

The upper limit of the registered capital of the Company is 650.000.000,-TRY (sixhundredfiftymillionTRY) and, is divided into 65.000.000.000 shares each of which has 1 Kr (oneKr) nominal value. All of the shares are nominative.

The permission of the upper limit of the registered capital given by the Capital Market Board is valid for the years of 2013-2017 (5 years).

Even the permitted upper limit of the registered capital has not been reached at the end of 2017, in order for the Board of Directors to take decision on increasing the capital, it is obligatory to receive authorization for a new duration in the meeting of the board of directors to be held by receiving the permission from the Capital Market Board for a previously permitted upper limit or a new upper limit amount. The duration of this authorization can be prolonged as 5 years of terms with the decision of the board of directors. In case the mentioned authorization has not been received, the Company cannot increase the capital with the decision of the board of directors.

The capital of the Company is 325.888.409,93 TL (threehundredtwentyfivemillioneighthundredeightyeightthousandfourhundredninepointnintythree Turkish Liras) and the shares representing this capital is grouped as follows.

Group	Number	Amount (Kr)
A	20	20
D	1.000.000	1.000.000
E	1.500.000	1.500.000
C	32.586.340.973	32.586.340.973
Total	**32.588.840.993**	**32.588.840.993**

The Company's capital of 325.888.409,93 TL (threehundredtwentyfivemillioneighthundredeightyeightthousandfourhundredninepointnintythree Turkish Liras) has been paid in cash and in full as free of collusion.

(A), (D) and (E) group shares have privilege and (C) group shares have no privilege. The privileges of the privileged shares shall be stated in the related parts of the Prime Contract.

No share with new priviliges including current privileges or providing different privileges can be issued.

Each share has one vote.

Nominative shares can be transferred via endorsement and transfer of possession. The Board of Directors cannot abstain from approving the transfer of the shares including the transferred shares as a result of the transactions implemented in the stock exchange and register in share ledger. In case of the transfer of (A) group shares, all the privileges owned by these shares shall terminate.

For the foreign partners in the capital, the permission document has been drafted by the Republic of Turkey Prime Ministry State Planning Organization Department of Foreign Currency dated 13.8.1991 and no 30/1388.

REVISED TEXT

CAPITAL and TYPE OF SHARES
Article 6- The Company has accepted the registered capital system as per the provisions of Capital Market legislation and entered in this system with the permission of the Capital Market Board dated 30.04.1998 and no 23/413.

The upper limit of the registered capital of the Company is 650.000.000,-TRY (sixhundredfiftymillionTRY) and, is divided into 65.000.000.000 shares each of which has 1 Kr (oneKr) nominal value. All of the shares are nominative.

The permission of the upper limit of the registered capital given by the Capital Market Board is valid for the years of 2018-2022 (5 years).

Even the permitted upper limit of the registered capital has not been reached at the end of 2022, in order for the Board of Directors to take decision on increasing the capital, it is obligatory to receive authorization for a new duration in the meeting of the board of directors to be held by receiving the permission from the Capital Market Board for a previously permitted upper limit or a new upper limit amount. The duration of this authorization can be prolonged as 5 years of terms with the decision of the board of directors. In case the mentioned authorization has not been received, the Company cannot increase the capital with the decision of the board of directors.

The capital of the Company is 325.888.409,93 TL (threehundredtwentyfivemillioneighthundredeightyeightthousandfourhundredninepointnintythree Turkish Liras) and the shares representing this capital is grouped as follows.

Group	Number	Amount (Kr)
A	20	20
D	1.000.000	1.000.000
E	1.500.000	1.500.000
C	32.586.340.973	32.586.340.973
Total	**32.588.840.993**	**32.588.840.993**

The Company's capital of 325.888.409,93 TL (threehundredtwentyfivemillioneighthundredeightyeightthousandfourhundredninepointnintythree Turkish Liras) has been paid in cash and in full as free of collusion.

(A), (D) and (E) group shares have privilege and (C) group shares have no privilege. The privileges of the privileged shares shall be stated in the related parts of the Prime Contract.

No share with new priviliges including current privileges or providing different privileges can be issued.

Each share has one vote.

Nominative shares can be transferred via endorsement and transfer of possession. The Board of Directors cannot abstain from approving the transfer of the shares including the transferred shares as a result of the transactions implemented in the stock exchange and register in share ledger. In case of the transfer of (A) group shares, all the privileges owned by these shares shall terminate.

For the foreign partners in the capital, the permission document has been drafted by the Republic of Turkey Prime Ministry State Planning Organization Department of Foreign Currency dated 13.8.1991 and no 30/1388.

STATEMENT OF RESPONSIBILITY

Of the Board Resolution on the Approval of Financial Statements & Annual Report

Date: 11 March 2019
Number: 978

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF CAPITAL MARKETS BOARD COMMUNIQUÉ NO: II-14.1
Under the Capital Markets Board Regulations, within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company, we hereby announce and declare that: the Annual Report along with the Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF) prepared by the Company and the consolidated Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity along with the related Notes prepared by the Company and audited by the independent auditor KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. for the period of 01.01.2018 – 31.12.2018 under the CMB Financial Reporting Communique numbered as II.14.1. in accordance with Turkish Accounting Principles/ Turkish Financial Reporting Standards ("TAP/TFRS) and in line with the compulsory formats determined by the CMB;

- Have been reviewed by us;
- According to the information obtained within the scope of our duty and responsibility, as of the date of our statement, the reports do not contain any inaccuracy in all material respects and are free of omissions that may be regarded as misleading as of the issue date;
- According to the information obtained within the scope of our duty and responsibility, we hereby declare that the financial statements, prepared in accordance with the financial reporting standards in force, regarding the period concerned, present correctly and fairly the actual situation of our Company concerning its assets, liabilities, financial position and profit/loss, and that the annual report presents correctly and fairly the development and performance of business, the Company's financial position, its financial situation together with the important risks and uncertainties it is exposed to, and a truthful account of the results of its operations

Sincerely,

11 March 2019
Oğuz SATICI | Chairman of Audit Committee
Mehmet Kerem ESER | CFO

FINANCIAL OVERVIEW

Global Investment Holdings ("GIH" or the "Group") reports consolidated revenues of 1,128.4mn TL for 2018, representing a robust growth of 40% compared to 2017; while consolidated operating EBITDA surged by 67% during the same period, reaching TL 465.0mn. Global Holdings' Chairman, Mehmet Kutman, stated that "Despite the economic and political turmoil that reverberated around the world in 2018, this was a year of significant progress for Global Investment Holdings. Organically, our Group companies experienced another strong year overall and once again our operations and financials proved their resilience against external shocks. With the support of our diversified portfolio structure, prudent risk measures, and uninterrupted investments, we have continued to grow both our revenues and operating profits, concluding with solid free cash flow. 2019, Global Investment Holdings will continue to focus on its core businesses, grow sustainably and expand its investments into new markets."

Mr. Chairman further said that, "In our ports business, we successfully managed to continue expanding our presence worldwide. We are proud to take our first steps into the Americas by acquiring the management of Havana's cruise port and boosted our leading position in the Mediterranean cruise market with the concession for Zadar, Croatia. We made further progress in the Caribbean, where we recently signed a concession agreement for Antigua & Barbuda, and became a preferred bidder for Nassau Cruise Port, The Bahamas. 2018 has been a turning point for our CNG business; I am very pleased with their progress and contribution to the Group's overall performance, and I am confident that 2019 will be as good for this business. Our power business reached 83.3 MW with the commissioning of Mardin biomass power plant in 2018.

FINALLY I AM PROUD TO DECLARE THAT AFTER 4 YEARS OF EXTENSIVE CAPITAL COMMITMENTS, ALL OUR SUBSIDIARIES ARE CASHFLOW POSITIVE HENCE DO NOT REQUIRE ANY FURTHER CAPITAL INJECTION FOR OPERATIONAL PURPOSES."

GIH announced its financial results for 2018. Consolidated net revenues reached TL 1,128.4mn compared to TL 805.9mn in 2017, representing a strong increase of 40%. All the business divisions under the Company contributed to this increase, with Ports, Gas and Power divisions contributing the most.

In 2018, Operational Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to TL 465.0mn, compared to TL 278.4mn in 2017, which represents a robust 67% growth.

On a divisional basis, the Group's ports subsidiary, Global Ports Holding Plc (GPH) welcomed 4.4mn cruise passengers on a consolidated basis in 2018, indicating a growth rate of 8.8%. When all ports are taken into consideration, the equity accounted associate ports Venice, Lisbon and Singapore; GPH welcomed 8.4mn passengers, indicating a robust growth rate of 20% yoy. On the commercial ports business, General & Bulk Cargo volumes fell 9.2% and TEU Throughput fell by 5.1%. Despite no significant direct impact from tariffs or slowing trade, the general uncertainty around global trade should have played a part in the slowdown.

The Port Division's revenues reached TL 601.0mn in 2018, up by a robust 42% yoy. Revenue growth was attributable to solid growth in both cruise and commercial segments. Higher pax volume at Spanish Ports with favorable passenger mix and the favorable currency environment in Turkey were the main drivers of the revenue growth at our Cruise ports. On the commercial ports side, revenue growth was mainly driven by higher yielding project cargo along with new services introduced in the year to drive diversification in cargo exposure. Ports Division's revenues - which are mainly denominated in USD and EUR – further benefited from the depreciation of TL in value against those currencies during the period.

The Port Division's Operating Consolidated EBITDA was TL 402.7mn, up by a notable 47% yoy, delivering a 67.1% Consolidated EBITDA margin for the year. EBITDA growth was driven by both cruise and commercial segments. Cruise EBITDA growth was mainly attributable to the strong contribution from the equity accounted associate ports which do not contribute to revenue; as well as the solid performance at Spanish ports, thanks to the positive gearing impact of the higher PAX volumes and favorable turnaround passenger mix in the period. Likewise, the higher yielding project cargo effect, operational improvements, continued growth in new services, and a favorable currency environment in Turkey resulted in EBITDA improvement for Commercial division.

The Group's Gas Division distributed 138.2mn m^3 of CNG (excluding spot gas sales) in 2018 compared to 149.2mn m^3 in 2017. Revenues (excluding spot gas sales) increased by 32.0% yoy, reaching TL 242.1mn. The increase was mainly attributable to better pricing. Meanwhile, Gas Division's operating EBITDA almost quadrupled in 2018 yoy, reaching TL 40.0mn and translating into c.11pp EBITDA margin expansion. Expiry of the 2 year contract for gas hedging, improved efficiency in cost management, and better pricing supported Naturelgaz's solid profitability improvement in the period.

FINANCIAL OVERVIEW

The Power division including co-generation and biomass based renewable power production reported TL 83.0mn revenues in 2018, more than doubling yoy. The increase was mainly attributable to the first time consolidation effect of biomass operations with 17.2 MW installed capacity and feed-in tariff at USD 0.133 per kWh coupled with capacity increase in co/tri-generation business. On the EBITDA front, Power business generated TL 7.1mn EBITDA compared to a mere breakeven level in 2017 as the contribution from biomass plants to EBITDA has been highly effective since Q3 2018 as they have completed the ramp-up period and started working close to their optimum capacity.

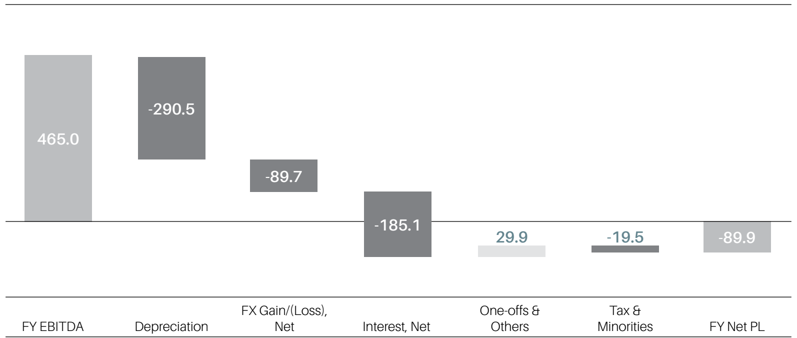
The Mining division realized 496,400 tons of sales, indicating 21% yoy volume reduction in 2018, yet sales of high-quality products increased 29% yoy. Ratio of high-quality products within the sales mix also increased to 36% in 2018 compared to 22% in 2017. The Mining Division reported revenues of TL 78.2mn, indicating a 29% increase yoy, while operating EBITDA was realized at TL 22.0mn compared to 1.7mn TL a year ago. Despite contracting sales volume, as a result of the increase of high quality product ratio in the sales mix, improvement in production performance as well as enhancement in pricing, operating margins improved remarkably during the period.

Real Estate Division's revenues almost doubled yoy, reaching TL 61.1mn in the year, while operating EBITDA stood at TL 25.6mn, remarkably higher than TL 20.6mn in 2017. The strong operating performance was mainly attributable to higher revenue recognition in SkyCity office project, coupled with solid performance at Van Shopping Mall.

The Brokerage & Asset Management Division reported revenues of TL 48.4mn in 2018, indicating a strong 17% increase yoy, and an EBITDA of TL 2.9mn, compared to TL 1.5mn in 2017. Strong operational performance can be attributed to the increase in trading volumes, as well as effective cost management.

GIH reported a consolidated net loss of TL 89.9mn in 2018, compared to a net loss of TL 329.2mn in 2017. Despite higher revenue recognition along with EBITDA maximization, net loss stemmed from non-cash depreciation and foreign currency translation differences incurred on Group's long term borrowings. Depreciation and amortization charges have increased from TL 206.8mn in 2017 to TL 290.5mn in 2018. Also, the Group has incurred TL 89.7mn net non-cash foreign exchange losses, compared to TL 24.4mn in the last year. Net interest expenses in 2018 were TL 185.1mn, slightly higher compared to 2017 (TL 165.2mn), despite the significant weakness in TL against hard currencies. This is a result of improvement in Group's net indebtedness, following the IPO of the Ports Business and subscription by Centricus.

NET PROFIT/(LOSS) BREAKDOWN 2018 (TL MN)



Commenting on the recent developments, CFO Kerem Eser stated that, "I am pleased to say that as Global Investment Holdings, 2018 was a solid year with significant improvement in all of our profitability metrics despite this shaky environment. We continued to benefit from our investments, growth in both domestic and international markets as well as our proactive approach and disciplined risk management. The Company will continue its policy of growth by means of new acquisitions and investments mainly into core businesses, which are infrastructure (ports), and clean energy.

Furthermore, Mr. Eser underlined that 2018 saw a decided turnaround in Naturelgaz, our compressed natural gas (CNG) business subsidiary, with the continuous, material and ongoing improvement in the operational and financial performance. We are evaluating the possibility of an initial public offering (IPO) of Naturelgaz, will further enhance the liquidity position of the Group, as well as strength Naturelgaz's growth strategy in Turkey and abroad. Naturelgaz has an 18-20% share in Turkey's non-piped natural gas transport sector, as well as a 75% share in the CNG market.

DEVELOPMENTS AFTER THE REPORTING PERIOD

Awarded the cruise port tender for Nassau Cruise Port

Global Investment Holdings' ports arm Global Ports Holding Plc ("GPH" or "Group"), the world's largest independent cruise port operator, following a competitive request for proposal process, has announced that the Government of the Bahamas has awarded, Nassau Cruise Port Ltd ("NCP"), a consortium comprising GPH, the Bahamian Investment Fund ("BIF") and the Yes Foundation the cruise port tender for a 25-year concession for the Prince George Wharf and related areas, at Nassau cruise port. Nassau Cruise Port is one of the most important and largest cruise ports in the world, and is expected to expand our passenger base by 50%, increasing our passenger number to 12 million, if/when materialized.

GPH is in advanced stage discussions with local and international banks over long term bank financing for the concession. Full financial closure and commencement of the concession is expected to occur in H2 2019, although there can be no certainty as to the timing or that the final conditions will be satisfied.

Signed 30-year concession agreement with the Government of Antigua and Barbuda

Global Investment Holdings' ports arm, Global Ports Holding Plc ("GPH" or "Group"), the world's largest independent cruise port operator, following it signing of a Memorandum of Understanding which was announced on 9 November 2018, has signed a 30-year concession agreement with the Government of Antigua and Barbuda for cruise port operations in Antigua on an exclusive basis. The concession also includes certain retail outlets in the project area. This concession marks the Group's important second step in its expansion into the Americas, after the signing of Havana in 2018.

The successful commencement of the concession is subject to a number of final conditions being satisfied, including, amongst others, the Group securing suitable financing. GPH is in advanced discussions with local and international banks in relation to long term bank financing for the concession. Full financial closure and commencement of the concession is expected to occur in H1 2019, although there can be no certainty as to the timing or that the final conditions will be satisfied.

DISCLAIMER

The projects and activities described in this Annual Report are undertaken through a number of companies ("Affiliates") affiliated with Global Investment Holdings A.Ş. (the "Global Investment Holdings Group," or the "Company"), also referred to herein, together with such Affiliates, as "the Group."

Unless otherwise specified, the information in this Annual Report is given as of 31 December 2018. The terms "current" and "currently," respectively, denote the status of the related information as of the time this Annual Report goes to print.

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

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

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

GLOBAL YATIRIM HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Convenience Translation into English of Consolidated Financial Statements As At and For The Year Ended 31 December 2018 Together With Independent Auditor's Report (Originally issued in Turkish)

11 March 2019
This report includes 5 pages of independent auditor's report and 127 pages of consolidated financial statements and their explanatory notes.

KPMG

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

INDEPENDENT AUDITOR'S REPORT
(Convenience Translation Into English)

To the Shareholder's of Global Yatırım Holding Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Global Yatırım Holding Anonim Şirketi and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated] financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Goodwill and Port Operation Rights

Refer to Note 2.4 and Note 17 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of goodwill and port operation rights.

The key audit matter	How the matter was addressed in our audit
As of 31 December 2018, the Group has recognised goodwill in the amount of TL 89.785.343 (31 December 2017: TL 71.986.732) and port operation rights in the amount of TL 2.056.421.028 (31 December 2017: TL 1.625.531.679). The amount of goodwill and port operation rights constitutes 38% of the Group's total assets (31 December 2017: 39%) The goodwill has been recognised for Ege Liman İşletmeleri A.Ş., a cruise port in Turkey which is only cash-generating unit ("CGU"). Group management carries out impairment testing for goodwill on an annual basis and port operation rights with finite live (port concession period) in case there are indicators of impairment. The recoverable amount of the CGU and port operation rights, which are based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future passenger numbers, calls, and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate). The impairment testing of goodwill and port operation rights are considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.	Our audit procedures in this area included, among others: - We involved our own valuation specialist to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the cash generating units (CGUs) operate; - We evaluated the appropriateness of the assumptions applied to key inputs such as ship calls, passenger numbers, prices, operating costs, inflation and long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry; - We performed our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the goodwill and port operation rights; and . Performing our own sensitivity analysis which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the cash generating units and - We evaluated the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

KPMG

Determination of fair value of investment properties

Refer to Note 2.4 and Note 15 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for determination of fair value of investment properties.

The key audit matter	How the matter was addressed in our audit
As of 31 December 2018, the Group's investment property amount is TL 473.395.000 (31 December 2017: 379.707.100). The amount of investment properties constitutes 8% of the Group's total assets (31 December 2017: 9%) Investment properties of the Group consist of shopping malls operating in Denizli and Van ("Sümerpark AVM" and "Van AVM"), school building and hospital land located in Denizli and the land located in Bodrum. The Group measures its investment properties at fair value and the fair value of investment properties has been determined by independent real estate valuation company. As of 31 December 2018, total of TL 3.517.453 impairment loss has been recognized in the financial statements at current period (31 December 2017: TL 50.429.707). Thereof TL 3.182.100 impairment is recognized for Sümerpark AVM (31 December 2017: TL 50.355.900) and TL 335.353 (31 December 2017: TL 73.807) related to Van AVM as a result of the value determined by the independent real estate valuation company. We identified the determination of fair value of investment properties as a key audit matter due to the fact that the investment properties constitutes significant part of the Group's total assets and the valuation methods include significant estimates and assumptions.	Our audit procedures in this area included, among others: - Evaluating the competence capabilities and objectivity of the real estate valuation expert appointed by the management; - By the help our valuation specialist, evaluation of the appropriateness of the valuation methods used in the valuation reports of the investment properties and the appropriateness of the significant assumptions used, such as the discount rate, the rate of increase in rent and the occupancy rate; - Reconciliation of the amount determined in the appraisal reports for the relevant investment properties with the amounts disclosed in Note 15; - Evaluation of the adequacy of inputs such as rental income, duration of lease agreements and occupancy rates, which are the basis of valuation studies related to - Sümerpark AVM and Van AVM; -Evaluation of sensitivity analyzes for the basic assumptions used in the valuation n reports and -Assessing of adequacy of other informations in the consolidated financial statements and disclosures.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 12 March 2018.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 11 March 2019.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2018 and 31 December 2018, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Ruşen Fikret Selamet; SMMM
Partner
11 March 2019
İstanbul, Türkiye

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

TABLE OF CONTENTS | PAGES

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

ASSETS	Notes	Audited 31 December 2018	Audited 31 December 2017
Current assets		**1.104.203.711**	**919.817.688**
Cash and cash equivalents	7	496.942.269	439.854.352
Financial investments	8	4.081.903	5.475.436
Trade receivables		143.598.112	122.423.797
- Due from third parties	*10*	*143.598.112*	*122.423.797*
Other receivables		96.644.521	64.520.760
- Due from related parties	*6*	*47.297.264*	*52.493.679*
- Due from third parties	*11*	*49.347.257*	*12.027.081*
Receivables from operations in finance sector		126.242.639	82.795.427
- Due from related parties	*6*	*1.632.427*	*9.946.600*
- Due from third parties	*12*	*124.610.212*	*72.848.827*
Inventories	13	93.436.870	98.291.519
Prepaid expenses	14	80.405.863	48.004.372
Current tax assets	31	9.379.558	13.505.023
Other current assets	22	52.609.225	44.084.251
Subtotal		*1.103.340.960*	*918.954.937*
Non-current assets or disposal groups classified as held for sale	35	862.751	862.751
Non-current assets		**4.543.788.523**	**3.451.218.085**
Other receivables		56.479.905	20.706.765
- Due from related parties	*6*	*43.421.466*	*-*
- Due from third parties		*13.058.439*	*20.706.765*
Financial investments	8	68.589.210	5.402.985
Investments accounted for using equity method	18	150.774.125	93.185.897
Investment property	15	473.395.000	379.707.100
Property, plant and equipment	16	1.284.995.853	930.235.293
Intangible assets and goodwill		2.331.172.127	1.871.096.261
- Goodwill	*17*	*89.785.343*	*71.986.732*
- Other intangible assets	*17*	*2.241.386.784*	*1.799.109.529*
Prepaid expenses	14	34.663.436	42.663.578
Deferred tax asset	31	127.171.309	92.289.733
Other non-current assets	22	16.547.558	15.930.473
TOTAL ASSETS		**5.647.992.234**	**4.371.035.773**

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 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 31 December 2018	Audited 31 December 2017
LIABILITIES			
Current liabilities		**1.203.373.382**	**729.492.534**
Current borrowings	9	180.149.679	90.497.822
Current portion of non-current borrowings	9	547.919.649	360.453.745
Trade payables		132.191.519	105.916.461
- Due to third parties	*10*	*132.191.519*	*105.916.461*
Payables related to employee benefits	21	10.880.115	9.770.715
Other payables		84.313.526	35.172.598
- Due to related parties	*6*	*31.609.401*	*595.597*
- Due to third parties	*11*	*52.704.125*	*34.577.001*
Payables on financial sector operations		110.767.894	66.922.491
- Due to third parties	*12*	*110.767.894*	*66.922.491*
Deferred income	14	8.740.776	22.631.498
Current tax liabilities	31	13.038.761	8.363.820
Current provisions		14.399.322	13.271.008
- Current provisions for employee benefits	*21*	*4.545.173*	*3.840.142*
- Other current provisions	*19*	*9.854.149*	*9.430.866*
Other current liabilities	22	100.972.141	16.492.376
Subtotal		*1.203.373.382*	*729.492.534*
Non-current liabilities		**2.768.736.603**	**2.046.747.748**
Non-current borrowings	9	2.169.937.684	1.537.023.467
Other payables		21.980.512	15.618.529
- Due to third parties		*21.980.512*	*15.618.529*
Liabilites due to investments accounted for using equity method	18	650.132	597.106
Deferred income		1.507.000	1.393.611
Derivative financial instruments		3.247.536	2.719.553
Non-current provisions		57.066.501	87.461.453
- Non-current provisions for employee benefits	*21*	*10.296.326*	*7.945.868*
- Other non-current provisions	*19*	*46.770.175*	*79.515.585*
Deferred tax liabilities	31	514.347.238	401.934.029
EQUITY		**1.675.882.249**	**1.594.795.491**
Equity attributable to equity holders of the Group		**951.904.088**	**986.682.093**
Paid-in capital	23	325.888.410	325.888.410
Adjustments to share capital	23	34.659.630	34.659.630
Treasury shares owned by the company (-)	23	(115.476.802)	(40.974.259)
Share premium (discount)	23	204.351.140	204.351.140
Other comprehensive income that will not be reclassified in profit or loss		(73.647.082)	11.903.277
- Other gains / (losses)	*23*	*(70.835.927)*	*14.497.128*
- Losses on remeasurements of defined benefit plans	*23*	*(2.811.155)*	*(2.593.851)*
Other comprehensive income that will be reclassified in profit or loss		439.449.504	227.892.808
- Currency translation differences	*23*	*856.335.598*	*513.285.903*
- Hedging reserve	*23*	*(416.886.094)*	*(285.393.095)*
Restricted reserves appropriated from profits	23	118.703.224	69.027.309
Prior years' profits or losses	23	107.840.389	483.087.996
Loss for the period	23	(89.864.325)	(329.154.218)
Non-controlling interests		**723.978.161**	**608.113.398**
TOTAL EQUITY AND LIABILITIES		**5.647.992.234**	**4.371.035.773**

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 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 1 January- 31 December 2018	Audited 1 January- 31 December 2017
PROFIT OR LOSS			
Revenue	24	1.080.038.879	764.513.639
Cost of revenues (-)	24	(744.134.554)	(559.621.717)
Gross profit from trade operations		**335.904.325**	**204.891.922**
Revenues from finance operations	24	48.400.613	41.395.127
Cost of revenues from finance operations (-)	24	(4.743.532)	(4.421.583)
Gross profit from operations in finance sector		**43.657.081**	**36.973.544**
GROSS PROFIT		**379.561.406**	**241.865.466**
Marketing expenses (-)	25	(63.052.576)	(54.738.017)
General administrative expenses (-)	25	(192.525.120)	(186.884.984)
Other income from operating activities	27	123.558.636	14.141.745
Other expense from operating activities (-)	27	(68.187.310)	(176.607.273)
OPERATING PROFIT/(LOSS)		**179.355.036**	**(162.223.063)**
Income from investing activities	28	5.276.817	4.934.175
Expense from investing activities (-)	28	(4.070.575)	(50.429.707)
Share of profit/(loss) of equity accounted investees	18	27.598.541	10.365.871
Impairment loss and reversal of impairment losses determined in accordance with TFRS 9	10	(3.734.085)	(3.092.724)
PROFIT/(LOSS) BEFORE FINANCE INCOME/EXPENSE		**204.425.734**	**(200.445.448)**
Finance income	29	93.888.612	55.290.736
Finance costs (-)	30	(384.471.654)	(258.820.411)
PROFIT/(LOSS) BEFORE TAX		**(86.157.308)**	**(403.975.123)**
Tax income/(expense)		**22.195.049**	**17.579.890**
- Current tax income/(expense)	31	(38.626.760)	(32.634.356)
- Deferred tax income /(expense)	31	60.821.809	50.214.246
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(63.962.259)**	**(386.395.233)**
LOSS FOR THE PERIOD		**(63.962.259)**	**(386.395.233)**
Loss for the period attributable to		**(63.962.259)**	**(386.395.233)**
-Non controlling interests		25.902.066	(57.241.015)
-Owners of the company	32	(89.864.325)	(329.154.218)
Earnings/(Loss) per share from continuing operations	32	**(0,3611)**	**(1,1889)**
Diluted earnings/(loss) per share from continuing operations	32	**(0,3611)**	**(1,1889)**
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Items not to be reclassified to profit or loss		**(217.304)**	**952.368**
Losses on remeasurements of defined benefit plans		(217.304)	952.368
Items to be reclassified to profit or loss		**367.359.037**	**170.310.980**
Currnecy translation differences		530.108.597	218.771.816
Other components of other comprehensive income to be reclassified to other profit or loss		(162.749.560)	(48.460.836)
OTHER COMPREHENSIVE INCOME / (EXPENSE)		**367.141.733**	**171.263.348**
TOTAL COMPREHENSIVE INCOME/(EXPENSE)		**303.179.474**	**(215.131.885)**
Total comprehensive income/(expense) attributable to		**303.179.474**	**(215.131.885)**
Non-controlling interests		164.809.723	15.402.544
Owners of the Company		138.369.751	(230.534.429)

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 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

					Other accumulated comprehensive income/ expense not to be reclassifiedto profit or loss		Other accumulated comprehensive income/ expense to be reclassified to profit or loss		Retained earnings					
	Paid-in capital	Adjustments to share capital	Treasury shares owned by the Company	Share premiums or discounts	Gains (Losses) on remeasurements of defined benefit plans	Other reserves of other gains (losses)	Hedging reserve	Currency translation differences	Restricted reserves appropriated from profits	Profit / (Loss) for the period	Prior years' profits or losses	Equity attributable to the owners of the company	Non-controlling interest	Total
Balance at 1 January 2017	**193.500.000**	**34.659.630**	**(19.909.777)**	**12.387.946**	**(3.546.219)**	**14.497.128**	**(333.083.300)**	**536.253.298**	**95.445.951**	**(129.904.135)**	**88.628.591**	**488.929.113**	**423.678.683**	**912.607.796**
Total comprehensive income														
Other comprehensive income (expense)	-	-	-	-	952.368	-	(48.837.012)	146.504.433	-	-	-	98.619.789	72.643.559	171.263.348
Increase (decrease) due to treasury share transactions	-	-	(21.064.482)	-	-	-	-	-	21.064.482	-	(21.064.482)	(21.064.482)	-	(21.064.482)
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	(329.154.218)	-	(329.154.218)	(57.241.015)	(386.395.233)
Increase (decrease) due to changes in ownership interests in subsidiaries without change in control	-	-	-	-	-	-	96.527.217	(169.471.828)	(50.140.180)	-	548.085.078	425.000.287	190.542.557	615.542.844
Capital increase	132.388.410	-	-	191.963.194	-	-	-	-	-	-	-	324.351.604	-	324.351.604
Dividends paid	-	-	-	-	-	-	-	-	2.657.056	-	(2.657.056)	-	(21.510.386)	(21.510.386)
Transfers	-	-	-	-	-	-	-	-	-	129.904.135	(129.904.135)	-	-	-
Balance at 31 December 2017	**325.888.410**	**34.659.630**	**(40.974.259)**	**204.351.140**	**(2.593.851)**	**14.497.128**	**(285.393.095)**	**513.285.903**	**69.027.309**	**(329.154.218)**	**483.087.996**	**986.682.093**	**608.113.398**	**1.594.795.491**
Balance at 1 January 2018	**325.888.410**	**34.659.630**	**(40.974.259)**	**204.351.140**	**(2.593.851)**	**14.497.128**	**(285.393.095)**	**513.285.903**	**69.027.309**	**(329.154.218)**	**483.087.996**	**986.682.093**	**608.113.398**	**1.594.795.491**
Changes in Accounting Policy - TFRS 9	-	-	-	-	-	-	-	-	-	-	(1.533.569)	(1.533.569)	-	(1.533.569)
Other comprehensive income (expense)	-	-	-	-	(217.304)	-	(162.749.560)	391.200.940	-	-	-	228.234.076	138.907.657	367.141.733
Increase (decrease) due to treasury share transactions	-	-	(74.502.543)	-	-	-	-	-	74.502.543	-	(74.502.543)	(74.502.543)	-	(74.502.543)
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	(89.864.325)	-	(89.864.325)	25.902.066	(63.962.259)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(93.856.973)	(93.856.973)
Increase (decrease) due to changes in ownership interests in subsidiaries without change in control	-	-	-	-	-	(3.024.700)	31.256.561	(48.151.245)	(123.859)	-	5.239.954	(14.803.289)	44.912.013	30.108.724
Others	-	-	-	-	-	(82.308.355)	-	-	-	-	-	(82.308.355)	-	(82.308.355)
Transfers	-	-	-	-	-	-	-	-	(24.702.769)	329.154.218	(304.451.449)	-	-	-
Balance at 31 December 2018	**325.888.410**	**34.659.630**	**(115.476.802)**	**204.351.140**	**(2.811.155)**	**(70.835.927)**	**(416.886.094)**	**856.335.598**	**118.703.224**	**(89.864.325)**	**107.840.389**	**951.904.088**	**723.978.161**	**1.675.882.249**

The detailed explanations related to equity items and transaction are presented in Note 23.

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 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 1 January- 31 December 2018	Audited 1 January- 31 December 2017
Loss for the period		**(63.962.259)**	**(386.395.233)**
Loss from continuing operations		(63.962.259)	(386.395.233)
Adjustments for depreciation and amortisation expense	26	290.458.006	206.796.473
Adjustments for / (Reversal of) provisions related with employee benefits	21	3.996.249	638.063
Adjustments for (Reversal of) Provisions Arised From Sectoral Requirements	27	(58.769.127)	-
Adjustments for / (Reversal of) other provisions	27	(6.396.959)	60.232.885
Adjustments for undistributed profits of investments accounted for using equity method	18	(27.598.541)	(10.365.871)
Adjustments for interest income		(24.258.704)	(26.454.659)
Adjustments for interest expense		213.583.293	188.363.975
Adjustments for fair value (gains) / losses on derivative financial instruments		-	1.324.977
Adjustments for tax (income) / expenses		(22.195.049)	(17.579.890)
Adjustments for unrealised foreign exchange losses / (gains)		179.307.102	55.338.815
Adjustments for losses / (gains) on disposal of property, plant and equipment		(409.937)	-
Adjustments for Fair Value Losses (Gains) of Investment Property		227.453	50.369.707
Adjustments for impairment loss (Reversal of impairment loss) of intangible assets	16-17	-	50.968.072
Other adjustments to reconcile profit (loss)		12.977.853	7.030.398
Adjustments to reconcile profit / (loss) for the period		**496.959.380**	**180.267.712**
Decrease / (increase) in financial sector receivables		(51.761.385)	(26.672.711)
Decrease / (Increase) in trade receivables from third parties		(42.348.630)	-
Decrease (Increase) in Other Third Party Receivables Related with Operations		-	(33.896.013)
Decrease (Increase) in Other Related Party Receivables Related with Operations		-	12.872.498
Adjustments for decrease / (increase) in inventories		5.556.973	883.759
Increase / (decrease) in trade payables to third parties		26.275.058	11.026.205
Increase / (decrease) in payables to finance sector operations		43.845.403	14.006.470
Increase / (Decrease) in employee benefit liabilities		1.109.400	(236.753)
Increase / (Decrease) in deferred income		70.702.432	3.346.363
Decrease / (Increase) in other assets related with operations		(38.697.702)	20.314.128
Increase / (Decrease) in other liabilities related with operations		(42.604.189)	23.126.210
Dividends Received		-	45.606
Interest paid		(3.919.852)	(3.692.758)
Interest received		11.691.200	8.144.697
Payments related with provisions for employee benefits	21	(1.645.791)	(1.099.358)
Income taxes refund / (payments)		(38.150.031)	(25.125.808)
Changes in working capital		**437.012.266**	**183.310.247**
Proceeds from sales of property, plant and equipment	16	1.133.485	8.004.176
Proceeds from sales of Intangible Assets	17	108.346	560
Acquisition of property, plant and equipment	16	(213.380.798)	(153.786.901)
Acquisition of intangible assets	17	(20.425.645)	(9.283.213)
Purchase of other non-current assets	8	(63.177.001)	-
Other payments from cash advances and payables		(19.096.316)	(40.054.706)
Interest received		18.194.981	16.528.853
Proceeds from changes in ownership interests in subsidiaries without a change in control		30.108.722	615.542.844
Cash Outflows from Acquition of Investment Property		(1.150.000)	-
Other cash inflows / (outflows)		681.985	(9.527.322)
Cash Flows from (used in) Investing Activities		**(267.002.241)**	**427.424.291**
Cash outflows from acquisition of treasury shares	23	(74.502.543)	(21.064.482)
Proceeds from borrowings	9	725.127.201	575.511.629
Proceeds from issue of debt instruments	9	150.000.000	35.000.000
Repayment of borrowings	9	(550.418.025)	(847.623.241)
Payments of issued debt instruments	9	(95.000.000)	(255.200.000)
Decrease in other payables to related parties		19.324.024	2.559.233
Dividends paid		(93.856.973)	(21.510.386)
Interest paid		(190.676.438)	(176.760.476)
Proceeds from issuing shares or other equity instruments		-	324.351.604
Other cash inflows / (outflows)		(9.562.346)	(16.797.467)
Cash flows from (used in) financing activities		**(119.565.100)**	**(401.533.586)**
Net Increase / (Decrease) in cash and cash equivalents before the effects of foreign currency differences		50.444.925	209.200.952
Effects of foreign currency differences on cash and cash equivalents		10.058.499	11.890.947
Net increase (decrease) in cash and cash equivalents		60.503.424	221.091.899
Cash and cash equivalents at the beginning of the period	7	382.036.192	160.944.293
Cash and cash equivalents at the end of the period	7	442.539.616	382.036.192

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

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS

Global Yatırım Holding A.Ş. ("the Company", or "Holding") was established in 1990 with the trade name Global Menkul Değerler A.Ş. as a brokerage company in İstanbul, Turkey. On 6 October 2004, the Company changed its trade name to Global Yatırım Holding A.Ş and its field of activity to 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"), energy generation, naturalgas, mining (formerly named as "naturel gas/mining/energy generation") , port operations (formerly named as "infrastructure") and real estate development sectors, and to minimize the volatility of its investments against economic fluctuations by handling managing the capital expenditure, financing, organization and administration of those its investment companies within portfolio, while contributing to such companies the achievingement of sustainable growth and ensuring the going concern of those such companies to the benefit of the national economy, and to engage in commercial, industrial and financial activities in line with these goals.

Global Yatırım Holding (parent company), its subsidiaries, its joint ventures and its associates are together referred to as "the Group". As at 31 December 2018, the number of employees of the Group is 1.437 (31 December 2017: 1.373).

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 FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS (continued)

The nature of the operations and the locations of the subsidiaries, and equity accounted investees of the Group are listed below:

(a) Subsidiaries

Subsidiaries	Location	Operations
Global Ports Holding B.V. [1]	Netherlands	Port Investments
Global Ports Holding Plc [1]	United Kingdom	Port Investments
Global Ports Europe B.V. ("Global BV") [2]	Netherlands	Port Investments
Global Ports Netherlands B.V.	Netherlands	Port Investments
Global Liman İşletmeleri A.Ş. ("Global Liman")	Turkey	Port Investments
Ege Liman İşletmeleri A.Ş. ("Ege Liman") [2]	Turkey	Port Operations
Bodrum Yolcu Limanı İşletmeleri A.Ş. ("Bodrum Liman") [2]	Turkey	Port Operations
Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Ortadoğu Liman") [2]	Turkey	Port Operations
Port of Adria ("Bar Limanı") [2]	Montenegro	Port Operations
Cruceros Malaga, S.A ("Malaga Cruise Port") [3]	Spain	Port Operations
Global Ports Malta Ltd. ("GP Malta")	Malta	Port Operations
Perquisite Holdings Ltd. ("Perquisite")	Malta	Port Operations
Valetta Cruise Port PLC ("VCP") [4]	Valetta-Malta	Port Operations
Creuers del Port de Barcelona, S.A. ("Barselona Limanı") [3]	Spain	Port Operations
Barcelona Port Investments, S.L ("BPI") [3] [2]	Spain	Port Operations
Port Operation Holding S.r.l [5][2]	Italy	Port Operations
Ravenna Terminali Passeggeri S.r.l. [5]	Italy	Port Operations
Cagliari Terminali Passeggeri S.r.l. [5]	Italy	Port Operations
Catania Terminali Passeggeri S.r.l. [5]	Italy	Port Operations
Zadar International Port Operations ("ZIPO") [14]	Croatia	Port Operations
Travel Shopping Limited	Malta	Tourism Operations
Global Depolama A.Ş. [2]	Turkey	Storage
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. ("Consus Enerji") [7]	Turkey	Energy Investments
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş ("Tres Enerji") [7]	Turkey	Energy Generation
Mavi Bayrak Enerji Üretim. A.Ş. ("Mavi Bayrak")	Turkey	Energy Generation
Mavi Bayrak Doğu Enerji Üretim A.Ş. [8]	Turkey	Energy Generation
Doğal Enerji Hizmetleri ve San.Tic. A.Ş. ("Doğal Enerji") [7]	Turkey	Electricity Generation
Consus Energy Europe B.V.	Netherlands	Energy Investments
Glowi Energy Investments Limited	Malavi	Energy Investments
Glozania Energy Investments Limited	Tanzania	Energy Investments
Glowell Energy Ltd. [9]	Dubai	Energy Generation
Glerih Energy Ltd.[9]	Dubai	Energy Generation
Global Africa Power Investments [9]	Mauritius	Energy Generation
Barsolar D.O.O. [9]	Montenegro	Energy Generation
Evergas Doğalgaz İthalat ve Tic. A.Ş. [10]	Turkey	Natural Gas Sales
Doğaldan Enerji Üretim A.Ş.	Turkey	Energy Generation
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş. ("Ra Güneş") [6] [7]	Turkey	Electricity Generation
Biyotek Enerji Üretim A.Ş. [9]	Turkey	Energy Generation
Naturelgaz Sanayi ve Tic. A.Ş. ("Naturelgaz")	Turkey	Compressed Natural Gas Sales
Straton Maden Yatırımları ve İşletmeciliği A.Ş. ("Straton")	Turkey	Mining
Tenera Enerji Tic. A.Ş. ("Tenera")	Turkey	Electricity and Natural Gas Trade
Edusa 1 Enerji San. Ve Tic. A.Ş. ("Edusa 1")[9]	Turkey	Energy Generation
KNY Enerji Üretim A.Ş. ("KNY Enerji") [9]	Turkey	Energy Generation
Edusa Atık Bertaraf Geri Kazanım ve Depolama San. ve Tic. A.Ş.[9] ("Edusa Atık")	Turkey	Energy Generation
Geliş Madencilik Enerji İnşaat Ticaret A.Ş. ("Geliş Madencilik") [11]	Turkey	Mining
Dağören Enerji A.Ş. ("Dağören") [7]	Turkey	Electricity Generation
Global Biyokütle Yatırımları A.Ş.[23]	Turkey	Energy Investments
Ardus Gayrimenkul Yatırımları A.Ş. [12]	Turkey	Real Estate Investments
Global Ticari Emlak Yatırımları A.Ş. [13]	Turkey	Real Estate Investments
Pera Gayrimenkul Yatırım Ortaklığı A.Ş. ("Pera")	Turkey	Real Estate Investments

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS (continued)

Subsidiaries	Location	Operations
Global Menkul Değerler A.Ş. ("Global Menkul") [15]	Turkey	Brokerage
Global MD Portföy Yönetimi A.Ş. [16]	Turkey	Brokerage
Actus Portföy Yönetimi A.Ş. [17]	Turkey	Brokerage
Global Sigorta Aracılık Hizmetleri A.Ş. ("Global Sigorta")	Turkey	Insurance Agency
Ege Global Madencilik San. ve Tic. A.Ş. ("Ege Global")	Turkey	Energy Generation
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş. ("Salıpazarı")	Turkey	Construction Investments
Güney Maden İşletmeleri A.Ş. ("Güney")	Turkey	Mining
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş. ("Neptune")	Turkey	Maritime Investments
Vespa Enterprises (Malta) Ltd. ("Vespa")	Malta	Tourism Investments
Tora Yayıncılık A.Ş. ("Tora")	Turkey	Publishing
Global Enerji Hizmetleri ve İşletmeciliği A.Ş. ("Global Enerji")	Turkey	Electricity Generation
Sem Yayıncılık A.Ş. ("Sem") [18]	Turkey	Publishing
Maya Turizm Ltd. ("Maya Turizm") [19]	Cyprus	Tourism Investments
Galata Enerji Üretim San. ve Tic. A.Ş. ("Galata Enerji") [20]	Turkey	Electricity Generation
Sümerpark Gıda İşletmeciliği A.Ş.	Turkey	Food Management
Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa") [21]	Turkey	Marine Vehicle Trade
Adonia Shipping Limited	Malta	Ship Management
Global Gemicilik ve Nakliyat Hizmetleri A.Ş. ("Global Gemicilik") [22]	Turkey	Maritime Investments
Vinte Nova	Cayman Islands	Financial Investments
Global Financial Products Ltd. ("GFP")	Cayman Islands	Financial Investments
Aristaeus Limited	Malta	Financial Investments
Rıhtım51 Gayrımenkul Yatırımları A.Ş.	Turkey	Real Estate Investments
Rainbow Tech Ventures Limited	Malta	Financial Investments
Rainbow Holdings Worldwide Limited	United Kingdom	Financial Investments

(1) On 11 May 2017, the Group has completed the initial public offering ("IPO") of its ordinary shares and is trading on the main market of the London Stock Exchange. Global Ports Holding Plc, the company which shares is started to be trading on the London Stock Exchange is owned by Global Ports Holding B.V (89,16% ownerhisp and 49.038.000 shares) (a wholly subsidiary of the Global Yatırım Holding) and European Bank for Reconstruction and Development ("EBRD") (10,84% ownership and 5.962.000 shares). Together with the additional shares sale option, 10.967.532 shares has been sold by the Group in IPO and as at 31 December 2018 the Company continue to own 56,74% of shares of Global Ports Holding Plc indirectly.

(2) These companies are consolidated to Global Liman.

(3) 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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS (continued)

(4) 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.

(5) Global Liman has acquired 51% shares of Ravenna Terminali Passeggeri S.r.l (operating Ravenna Passenger Port), 71% shares of Cagliari Terminali Passeggieri S.r.l (operating Cagliari Passenger Port) and 62% shares of Catania Terminali Passeggieri S.r.l (operating Catania Passenger Port) in 2016, through Port Operation Holding S.r.l, a subsidiary of the Global Liman with 100% shareholding rate.

(6) This company was established in 27 November 2012 and consolidated to Consus Enerji.

(7) Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. was established on 28 August 2014. Consus Enerji has acquired 95,83% of shares of Tres Enerji, 100 % of shares of Ra Güneş, 70 % of shares of Dağören and 100% of shares of Doğal Enerji held by Global Enerji (a subsidiary of the Group) and these companies are consolidated to Consus Enerji as at reporting date. According to the conservatism principle, the Group accounted an impairment provision amounting to TL 50.968.872 for HES License fee which accounted under intangible assets and for other tangible assets in Dağören's financial statements as of 31 December 2017.

(8) Mavi Bayrak Doğu Enerji Üretim A.Ş. was established 9 April 2015 to operate in energy generation sector.

(9) These companies were established for the purpose of the Group's energy investment.

(10) This company has been started to include in the scope of consolidation as at 31 December 2016 and operates in import and trade of natural gas.

(11) As of 3 October 2013, Global Enerji, a subsidiary of the Group, completed the acquisition of 85% of the shares of Geliş Madencilik and Geliş Madencilik has been included in the scope of consolidation.

(12) This company has been established on 30 December 2016 through a partial division to coordinate real estate projects under one entity.

(13) This company was established on 20 August 2014 to operate in real estate investment sector.

(14) Zadar International Port Operations ("ZIPO") a subsidiary of the Global Liman with 100% shareholding rate, was established in Zadar (Croatia) for attending to tender for concession of Gazenica cruise port operation rights. ZIPO has signed a 20-year concession agreement ("the Agreement"), with the Port Authority of Zadar for the operating rights of the Gazenica cruise port in Zadar, Croatia. The concession includes cruise ship passenger port and terminal services, an international ferry terminal, Ro-Ro services, vehicles and passenger services. It also contains a commercial area of 2,400sqm, with leasable retail and office space.

(15) The Group's effective ownership rate in this company decreased to 76,85% as at 31 December 2011 as a result of the sale of its shares in 2011 through an initial public offering and direct sale and subsequent purchase of some of its publicly traded shares. As at 31 December 2018, the Group's effective ownership rate in this company is 77,43% (31 December 2017: 77,43%).

(16) Global MD Portföy Yönetimi A.Ş. (formerly named as "Eczacıbaşı Portföy Yönetimi A.Ş.") was purchased by Global Menkul on 1 June 2015 and consolidated to Global Menkul.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS (continued)

(17) The company has acquired 90,1% of shares of Actus Portföy Yönetimi A.Ş. (formerly named was "Polsan Portföy Yönetimi A.Ş.), which operates in the finance sector, on 17 April 2015.

(18) This company is consolidated to Tora.

(19) This company is a joint venture of Pera and Vespa and consolidated to the Group.

(20) This company is consolidated to Global Enerji. In 2014, Galata Enerji cancelled Thermal Power Plant Project and license was rendered.

(21) This company was purchased by Global Liman, a subsidiary of the Group, on 17 February 2011 for a price amounting to EURO 10.000. This company is inactive and its financial statements are immaterial in the consolidated financial statements, so as at 31 December 2018 and 31 December 2017 it is excluded from the scope of consolidation (Note 2.1.e).

(22) This company was established in 13 May 2014. As at 31 December 2018 and 31 December 2017, it is excluded from the scope of consolidation since its financial statements are not significant in the consolidated financial statements (Note 2.1.e).

(23) This company was established in 14 June 2018 and operates in energy investments sector of the Group.

(b) Equity Accounted Investees

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

(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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS (continued)

(b) Equity Accounted Investees (continued)

(2) The Group has entered into the concession agreement of Lisbon Cruise Terminals within the framework of a public-service concession on 18 July 2014 as a part of the consortium comprised of Global Liman, RCCL, Creuers and Group Sousa – Investimentos SGPS, LDA.

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.

(3) Barcelona Port Investments, S.L ("BPI") which was established in partnership with Global Liman and Royal Caribbean Cruises Ltd. acquired majority shares of Barcelona Port and Malaga Cruise Port and minority shares of Singapore Cruise Port as at 30 September 2014. After the date of acquisition, Singapore Cruise Port has been started to be consolidated by equity accounting method.

(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 to own indirectly 44,48% of VTP with Finpax shares previously acquired.

(5) Aristaeus Limited, a subsidiary of the Group, has been acquired a 15% shares of Axel Corporation Grupo Hotelero SL, operating in Spain, on 15 July 2016. As at 30 September 2016, the Group started to consolidate its financial statements as equity accounted investment method.

(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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of Compliance to Turkish Financial Reporting Standards ("TFRS")

The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. TFRS's contain Turkish Accounting Standards ("TAS"), Turkey Financial Reporting Standards, TAS interpretations, and TFRS interpretations published by POA.

The consolidated financial statements of the Group are presented in compliance with "Announcement on Financial Statements and Disclosure Formats" announced by CMB and TAS taxanomy announced by POA.

Approval of consolidated financial statements:

The accompanying consolidated financial statements are approved by the Company's Board of Directors on 11 March 2019. General Assembly and related legal institutions have the right to correct these consolidated financial statements.

Additional paragraph for convenience translation to English:

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosures requirement of the POA.

(b) Preparation of Financial Statements in Hyperinflationary Economies

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

(c) Basis of measurement

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

The methods used for measuring fair value are disclosed in Note 2.3.

(d) Functional and Presentation Currency

Items included in the financial statements of the entities within the Group structure are presented in the functional currencies in their primary economic environments in which those companies operates.

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

US Dollar is significantly used in the operations of the subsidiaries Global Ticari Emlak, GFP, Vespa, Doğal Enerji, Mavi Bayrak Enerji, Barsolar, Biyotek, Edusa Atık, RA Güneş, KNY Enerji, Doğaldan, Mavi Bayrak Doğu, Global Ports Holding Plc 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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

EURO is significantly used in the operations of the subsidiaries; Port of Adria, 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., Aristaeus, Barcelona Port, ZIPO 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.

As at 31 December 2018 and 31 December 2017, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2018	31 December 2017
US Dollar ("USD")	5,2609	3,7719
Euro	6,0280	4,5155

The Company and its subsidiaries registered in Turkey maintains their accounting records and prepare their statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance.

(e) Basis of Consolidation

As at 31 December 2018 and 2017, 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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

(e) Basis of Consolidation (continued)

(ii) Subsidiaries

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

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

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

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

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

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

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

(e) 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 2018 and 2017 for all subsidiaries directly or indirectly controlled by the Group:

	Effective ownership rates		Voting power held	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Global Liman İşletmeleri A.Ş.	56,74	60,60	56,74	60,60
Ege Liman İşletmeleri A.Ş.	41,14	43,94	41,14	43,94
Bodrum Liman İşletmeleri A.Ş	34,04	36,36	34,04	36,36
Ortadoğu Antalya Liman İşletmeleri A.Ş.	56,74	60,60	56,74	60,60
Port of Adria	36,19	37,63	36,19	37,63
Cruceros Malaga, S.A. ("Port of Malaga")	28,14	30,06	28,14	30,06
Global Ports Holding B.V.	100,00	100,00	100,00	100,00
Global Ports Holding Plc	56,74	60,60	56,74	60,60
Global Ports Europe B.V ("Global BV")	56,74	60,60	56,74	60,60
Global Ports Melita Ltd.	56,74	60,60	56,74	60,60
Perquisite Holdings Ltd. ("Perquisite")	56,74	60,60	56,74	60,60
Valetta Cruise Port PLC ("VCP")	31,55	33,69	31,55	33,69
Creuers del Port de Barcelona, S.A. ("Creuers")	35,18	37,57	35,18	37,57
Barcelona Port Investments, S.L ("BPI")	35,18	37,57	35,18	37,57
Port Operation Holding S.r.l	56,74	60,60	56,74	60,60
Ravenna Terminal Passeggeri S.r.l.	30,45	32,52	30,45	32,52
Cagliari Cruise Port S.r.l.	40,22	42,96	40,22	42,96
Catania Terminali Passeggeri S.r.l.	35,30	37,69	35,30	37,69
Global Ports Netherlands B.V.	56,74	0,00	56,74	0,00
Zadar International Ports Operations d.o.o.	56,74	0,00	56,74	0,00
Global Depolama A.Ş.	56,74	60,60	56,74	60,60
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş.	95,83	93,75	95,83	93,75
Mavibayrak Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Mavibayrak Doğu Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Doğal Enerji Hizmetleri San. Ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Global Biyokütle Yatırımları A.Ş.	100,00	0,00	100,00	0,00
Consus Energy Europe BV	100,00	100,00	100,00	100,00
Glowell Energy LTD.	95,00	95,00	95,00	95,00
Glerih Energy LTD.	95,00	95,00	95,00	95,00
Global Africa Power Investments	100,00	100,00	100,00	100,00
Glowi Energy Investments Limited	100,00	95,00	100,00	95,00
Glozania Energy Investments Limited	100,00	95,00	100,00	95,00
Barsolar D.O.O.	51,00	51,00	51,00	51,00
Evergas Doğalgaz İthalat ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Doğaldan Enerji Ürt. A.Ş.	100,00	100,00	100,00	100,00
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Biyotek Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Naturelgaz Sanayi ve Tic. A.Ş.	95,86	94,36	95,86	94,36
Straton Maden Yatırımları ve İşletmeciliği A.Ş.	97,69	97,69	97,69	97,69
Tenera Enerji Tic. A.Ş.	100,00	100,00	100,00	100,00
Edusa 1 Enerji Sanayi ve Tic. A.Ş.	100,00	100,00	100,00	100,00
KNY Enerji Üretim A.Ş.	100,00	100,00	100,00	100,00
Edusa Atık Bertaraf Geri Kazanım ve Depolama San. ve Tic. A.Ş.	100,00	100,00	100,00	100,00
Geliş Madencilik Enerji İnşaat Ticaret A.Ş.	85,00	85,00	85,00	85,00
Dağören Enerji A.Ş.	70,00	70,00	70,00	70,00
Ardus Gayrimenkul Yatırımları A.Ş.	100,00	100,00	100,00	100,00

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

(e) Basis of Consolidation (continued)

	Effective ownership rates		Voting power held	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Global Ticari Emlak Yatırımları A.Ş.	100,00	100,00	100,00	100,00
Pera Gayrimenkul Yatırım Ortaklığı A.Ş.	39,56	49,99	39,56	49,99
Rıhtım51 Gayrimenkul Yatırımları A.Ş.	100,00	0,00	100,00	0,00
Global Menkul Değerler A.Ş.	77,43	77,43	77,43	77,43
Global MD Portföy Yönetimi A.Ş.	77,43	77,43	77,43	77,43
Actus Portföy Yönetimi A.Ş.	90,10	90,10	90,10	90,10
Global Sigorta Aracılık Hizmetleri A.Ş.	100,00	100,00	100,00	100,00
Ege Global Madencilik San. ve Tic. A.Ş.	84,99	84,99	84,99	84,99
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş.	100,00	100,00	100,00	100,00
Güney Madencilik İşletmeleri A.Ş.	100,00	100,00	100,00	100,00
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Tora Yayıncılık A.Ş.	100,00	100,00	100,00	100,00
Global Enerji Hizmetleri ve İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Sem Yayıncılık A.Ş.	65,00	65,00	65,00	65,00
Maya Turizm Ltd.	69,78	75,00	69,78	75,00
Galata Enerji Üretim San. ve Tic. A.Ş.	85,00	85,00	85,00	85,00
Randa Denizcilik San. ve Tic. Ltd. Şti.	56,74	60,60	56,74	60,60
Adonia Shipping Limited	56,74	100,00	56,74	100,00
Travel Shopping Limited	28,39	0,00	28,39	0,00
Global Gemicilik ve Nakliyat Hizmetleri A.Ş.	98,00	98,00	98,00	98,00
Vinte Nova	99,93	100,00	99,93	100,00
Global Financial Products Ltd.	100,00	100,00	100,00	100,00
Vespa Enterprises (Malta) Ltd.	99,93	99,93	99,93	99,93
Aristaeus Limited	100,00	100,00	100,00	100,00
Sümerpark Gıda İşletmeciliği A.Ş.	100,00	100,00	100,00	100,00
Rainbow Tech Ventutres Limited	100,00	0,00	100,00	0,00
Rainbow Holdings Worldwide Limited	100,00	0,00	100,00	0,00

(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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

(e) Basis of Consolidation (continued)

(v) Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity.

Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity under retained earnings.

(vi) Joint ventures and associates

Associates are those entities, in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are accounted for using the equity accounting method.

The Group's associates are accounted under equity accounting method in the accompanying consolidated financial statements. Under the equity accounting method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of net assets in the associate.

When the Group's share of losses exceeds its interest in an associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate or joint venture subsequently reports profits, the share of the profits, only after its share of losses not recognized, is recognized in the financial statements.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2018 and 2017 for the associates:

	Effective ownership rates		Voting power held	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Lisbon Cruise Terminals ("Port of Lisbon")	26,21	28,00	26,21	28,00
Singapur Limanı ("Port of Singapore")	14,07	15,03	14,07	15,03
Venezia Investimenti SRL	6,24	6,67	6,24	6,67
La Spezia Cruise Facility S.c.a.r.l	16,17	17,27	16,17	17,27
Axel Corporation Grupo Hotelero, S.L. (*)	15,00	15,00	15,00	15,00
IEG Kurumsal Finansman Danışmanlık A.Ş. (IEG)	38,72	38,72	38,72	38,72

(*) Although the effective ownership ratio of Axel Corporation Grupo Hotelero, S.L. is 15%, it is considered that the Group has a significant influence on the strategic, financial and operating policies established by the agreement under common control and is accounted for using the equity accounting method.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

(e) Basis of Consolidation (continued)

(vii) Equity Securities

Equity securities in which the Group owns either directly or indirectly less than 20% of the shares, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are showned as equity investments at fair value through fair value through other comprehensive income at consolidated financial statements.

As at 31 December 2018 Randa in which the Group has effective ownership interest of 56,74% (31 December 2017: 60,6%), Global Gemicilik in which the Group has effective ownership interest of 98%, Consus Energy BV with an effective ownership interest of 100%, Glowell Energy Ltd, and Glerih Energy Ltd., with effective ownership interests of 95% (31 December 2017: 95%) and Glowi Energy Investments Ltd., Glozania Energy Investments Ltd., Global Africa Power Investments, Rainbow Tech Ventures Limited with an effective ownership interest of 100% and Rainbow Holdings Worldwide Limited with an effective ownership interest of 100% which are immaterial to the consolidated financial statements are disclosed as equity investments at fair value through other comprehensive income. Equity investments at fair value through fair value through other comprehensive income is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. These assets are subsequently measured at fair value.

(viii) Consolidation adjustments

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

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

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies

Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group include comparative financial information to enable determination of the financial situation and performance trends. As of 31 December 2018, the Group prepared its consolidated statement of financial position with comparative as of 31 December 2017; The consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended 31 December 2018 prepared in comparison with for the year ended 31 December 2017. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are explained.

In the current period, the Group has made some reclassifications in the prior period consolidated financial statements. The nature, reason and amounts of the classifications are explained below:

- As at 31 December 2017, current prepaid expenses amounting to TL 20.766.459, which is comprised advances given, reclassified from current prepaid expenses to non-current prepaid expenses.

The reclassification which are explained above did not have impact on the consolidated profit or loss as of and for the year ended 31 December 2017.

For the year ended 31 December 2017, during the preparation of the consolidated statements of cash flows, reclassifications which are explained above were taken into consideration.

Changes and Errors in Accounting Estimates

Changes in accounting estimates are applied in the current period if the change is related with only one period. They are applied in the current period and prospectively if they are related to current and to the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated.

Except for the changes explained below, the accounting judgements, estimates and assumptions used in preparing the accompanying consolidated financial statements, are consistent with the accounting judgements, estimates and assumptions used in preparing the consolidated financial statements as at 31 December 2017.

2.2.1 TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced TAS 18 Revenue, TAS 11 *Construction Contracts* and related interpretations.

The Group has adopted a cumulative method to recognize the effect of the initial implementation of this standard at the date of initial application (1 January 2018). Accordingly, the information presented for 2017 has not been restated - in other words, as previously reported, TAS 18 is presented in accordance with TAS 11 and related interpretations.

TFRS 15 did not have a significant effect on the recognition of the revenue related to the Group's various goods and services.

The details of significant accounting policies and revenue recognition methods of the Group's various goods and services are disclosed in Note 2.3.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 TFRS 9 Financial Instruments

The Company has initially adopted TFRS 9 "Financial Instruments" with a date of initial application of 1 January 2018. TFRS 9 sets out requirements for recognising and measuring of financial assets and financial liabilities. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

The implementation of TFRS 9 on 1 January 2018 has no material impact on the carrying amount of financial assets, as explained in more detail below.

The following table and the accompanying notes below explain the original measurement categories under TAS 39 and the new measurement categories under TFRS 9 for each class of the Group's financial investments as at 1 January 2018.

	Original classification under TAS 39	New classification under TFRS 9	Original carrying amount under TAS 39	New carrying amount under TFRS 9
Cash and cash equivalents	Loan and receivables	Amortized cost	439.854.352	439.854.352
Trade receivables	Loan and receivables	Amortized cost	122.423.797	122.423.797
Other receivables	Loan and receivables	Amortized cost	85.227.525	85.227.525
Receivables related to operations in finance sector	Loan and receivables	Amortized cost	82.795.427	82.795.427
Financial Investments	Held-for-trading	Financial assets at FVTPL	2.838.567	2.838.567
Financial Investments	Available-for-sale	Equity investments at FVOCI	5.402.985	5.402.985
Bank loans	Other financial liabilities	Other financial liabilities	861.362.639	861.362.639
Financial leasing liabilities	Other financial liabilities	Other financial liabilities	90.286.929	90.286.929
Trade payables	Other financial liabilities	Other financial liabilities	105.916.461	105.916.461
Derivative instruments	Fair value-hedging instruments	Fair value-hedging instruments	2.719.553	2.719.553
Other payables	Other financial liabilities	Other financial liabilities	50.791.127	50.791.127
Payables on financial sector operations	Other financial liabilities	Other financial liabilities	66.992.491	66.992.491

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 TFRS 9 Financial Instruments (continued)

Effect of new impairment model

Details of the Group's accounting policy according to new model based on TFRS 9 disclosed in Note 2.3 "v. Impairment on financial assets".

For assets in the scope of the TFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of TFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows.

Loss allowance at 31 December 2017 under TAS 39	**11.590.377**
Additional impairment recognized at 1 January 2018 on:	
- Trade and other receivables as at 31 December 2017 (excluding tax effect)	1.966.114
Loss allowance at 1 January 2018 under TFRS 9	**13.556.491**

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2018

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

TFRS 16 Leases

On 16 April 2018, POA issued the new leasing standard which will replace TAS 17 Leases, TFRS Interpretation 4 Determining Whether an Arrangement Contains a Lease, TAS Interpretation 15 Operating Leases – Incentives, and TAS Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to TAS 40 Investment Properties. TFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts TFRS 16 Leases.

The Group is in the process of assessing the potential impact on its consolidated financial statements and consolidated financial performance resulting from the application of TFRS 16. However explanations related to preliminary analysis are presented as follows:

The Group plans to elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. Besides, the Group plans to adopt TFRS 16 using the simplified modified retrospective approach.

In this context, the Group will recognize a right-of-use asset and a lease liability with respect to rent contracts of building, office, vehicles and concession agreements.

As disclosed in Note 19.4, present value of lease payments which will be realised in foreseeable future according to the operational lease contracts will be calculated and their impacts will be recognized on the consolidated financial statements.

As a result of transition to TFRS 16, there will be an improvement in the Group's consolidated operating profit and an increase in consolidated finance costs. This is due to the fact that the leases that are accounted as operating leases according to TAS 17 in the previous periods will be included in the consolidated statement of financial position.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2018 (continued)

Standards issued but not yet effective and not early adopted (continued)

TFRS Interpretation 23 –Uncertainty Over Income Tax Treatments

On 24 May 2018, POA issued TFRS Interpretation 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. TAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. TFRS Interpretation 23 provides requirements that add to the requirements in TAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of TFRS Interpretation 23.

Amendments to TFRS 9 - Prepayment features with negative compensation

On December 2017, POA has issued amendments to TFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of TFRS 9. Under TFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract.

The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that application of these amendments to TFRS 9 will have significant impact on its consolidated financial statements.

Amendments to TAS 28- Long-term Interests in Associates and Joint Ventures

On December 2017, POA has issued amendments to TAS 28 to clarify that entities also apply TFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of TAS 28. In applying TFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying TAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 28.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2018 (continued)

Standards issued but not yet effective and not early adopted (continued)

The revised Conceptual Framework

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TAS.

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

IAS 12 Income Taxes

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

IAS 23 Borrowing Costs

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2018 (continued)

Annual Improvements to IFRSs 2015-2017 Cycle (continued)

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement -

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 19.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA

Amendments to IAS 1 and IAS 8 - Definition of Material

In October 2018 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 1 and IAS 8.

Amendments to IFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations that seek to clarify this matter. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 3.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies

(a) Revenues

General model for accounting of revenue

In accordance with TFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

Step 1: Identify the contract with a customer

A contract with a customer is in the scope of TFRS 15 when the contract is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

Step 2: Identify the performance obligations in the contract

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a:

(a) good or service (or a bundle of goods or services) that is distinct; or
(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Group may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

Step 3: Determine the transaction price

When determining the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. As a practical expedient, the Group is not required to adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. The Group assessed that for contracts with an overall duration greater than one year, the practical expedient applies if the period between performance and payment for that performance is one year or less.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(a) Revenues (continued)

Variable consideration

An entity assesses whether discounts, rebates, refunds, rights of return, credits, price concessions, incentives, performance bonuses, penalties, or similar items may result in variable consideration.

Step 4: Allocate the transaction price to the performance obligations in the contract

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation

The Group recognizes revenue over time when one of the following criterias are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

If a performance obligation is not fulfilled in time, then the Company recognizes revenue when the control of goods or services is transferred to the customer.

In cases where the costs to be incurred by the Company to fulfill the contractual obligations exceeds the expected economic benefit, the Company provides a provision in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

The Company recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The details of significant accounting policies and revenue recognition methods of the Group's various goods and services are explained as below.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(a) Revenues (continued)

(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 also obtains tube rental revenues in addition to compressed natural gas sales. Tube rental income is recognized in profit or loss on a straight-line basis over the lease term. Discount on sales are recognized as a reduction in gross sales.

(v) Port administration revenues and port rent income

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) Electricity sales

The Group sells electricity as a result of electricity generation from renewable energy sources and since electricity is not a storable stock sales and costs are realized simulaneously.

(vii) Other service revenues

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

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(a) Revenues (continued)

(vii) Mining revenues

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

(viii) Other revenues

Other service revenues and other sales are transferred to the consolidated statement of porfit or loss and comprehensive income on accrual basis.

Revenues from the sale of real estates and the expenses related to the investment properties are recognized in the consolidated statement of profit or loss and other comprehensive income as part of the real estate lease and service income.

(b) Expenses

Expenses are accounted for on accrual basis. Operational lease expenses are recognized in profit or loss on a straight line basis over the lease term.

Interest expenses

Interest expenses are accrued by using the effective interest method or applicable variable interest rate. Interest expenses arise from the difference between the initial cost of an interest bearing financial instrument and the value of the instrument discounted to its present value at the date of the maturity or the premium or discount, discounted to present value. The financial costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized.

(c) Inventories

(i) Inventories

Inventories are valued by using the weighted average method. Inventories are stated at the lower of cost and net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Trading property

Trading properties held by subsidiaries that operate in real estate sector are classified as inventories. Trading property is stated at the lower of cost at balance sheet date and net realizable value. Net realizable value represents the fair value less costs to sell. Borrowing costs directly attributable to the trading properties in progress are included in the cost of the trading property. Expenses are capitalized from the date they have been incurred to the date the asset is available for use. The duration of the completion of these trading properties is over one year and it varies from project to project.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(d) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant 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%-5%
Land improvements	3,38%-4,49%
Machinery and equipment	5%-25%
Motor vehicles	25%
Furniture and fixtures	33,33%
Leasehold improvements	3,33%-33,33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible Assets

(i) Recognition and measurement

Intangible assets comprise port operation rights, royalty and natural gas selling and transmission licenses, contract-based customer relationships, development costs, computer software, Vakıf Han building usage rights, other rights and other intangible assets. Intangible assets related to operations whose functional currency is TL and which were acquired before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004, less accumulated amortization and accumulated impairment losses. Intangible assets acquired after 1 January 2005 are stated at cost less accumulated amortization and permanent impairment losses.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(f) Intangible Assets (continued)

(i) Recognition and measurement (continued)

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.

Development activities involve a plan or design for the production of new or substantively improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

(ii) Service concession arrangements

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided.

Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing costs, less accumulated amortization and accumulated impairment losses.

Port operation rights arising from a service concession arrangement are recognised in line with TFRS Interpretation 12 'Service Concession Arrangements' when there is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets, and the private operator charges users for a public service, and when specific conditions are met.

The conditions include where the grantor (government or port authorities) controls or regulates what services the Group can provide with the infrastructure, to whom it must provide them to and at what price.

The grantor also has to control any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. These assets are amortized based on the lower of their useful lives or concession period.

Amortization is recorded in "depreciation and amortization" account under cost of sales.

Concession arrangements at Creuers, Cruceros, Ravenna and Catania were assessed as being within the scope of TFRS Interpretation 12.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(f) Intangible Assets (continued)

(iii) Amortization

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets.

The amortization rates applied by the Group are as follows:

Port operation rights (*)	2%-8,33%
Customer relationship	8,33%
Rights	2,22%-33,33%
Software	10%-33,33%
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 2067 for Bodrum Liman, by 2038 for ZIPO, by 2043 for Port of Bar, by 2030 for Barcelona Port, by 2067 for Malta Port, by 2038 for Malaga Port, by 2020 for Ravenna Port, by 2026 for Catania Port and by 2025 for Cagliari Port.
(**) The licenses of Naturalgaz include the compressed natural gas (CNG) sales licences in İzmir, Bursa, Adapazarı, Antalya, Konya, Bolu, Osmaniye, Kayseri, Rize, İstanbul, Kırıkkale, Elazığ and Kocaeli regions as well as the CNG transmission license. The CNG transmission license and the CNG sales licenses in Bursa, Antalya and Adapazarı have been obtained by Naturelgaz in 2005 whereas the CNG sales license in İzmir has been obtained in 2006, Bolu in 2012, in Konya, Osmaniye, Kocaeli in 2013, in Rize in 2014, in 2016 spot LNG, Kırıkkale, Kayseri, Elazığ in 2017 licenses has been obtained. The licenses are valid for 30 years.
(***) 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.

(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.

(h) Financial Instruments

i) Recognition and measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(h) Financial Instruments (continued)

ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- the purpose of the business model; manage daily liquidity needs, maintain a certain interest rate, or align the maturity of financial assets with the maturity of the debts that fund these assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(h) Financial Instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment: Policy applicable from 1 January 2018 (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or Premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Since the principal is the present value of expected cash flows, trade receivables and other receivables meets the solely payments of principal and interest criteria. It is managed in accordance with the business model based on collection of these receivables.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(h) Financial Instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

The following accounting policies apply to subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, see (iv) Derivative financial instruments and hedge accounting".
Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets – Policy applicable before 1 January 2018

The Group classifies its financial assets in the following categories: loans and receivables, held to maturity, avaiable for sale and at FVTPL and within this category as held for trading and designated as at FVTPL.

Financial assets – Subsequent measurement and gains and losFinancial assets – Policy applicable before 1 January 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss. However, see "(iv) Derivative financial instruments and hedge accounting".
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. See "(iv) Derivative financial instruments and hedge accounting" for financial liabilities designated as hedging instruments.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(h) Financial Instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

iv) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates. The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(h) Financial Instruments (continued)

iv) Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Under the interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held.

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

As of 31 December 2018 and 2017, all interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(h) Financial Instruments (continued)

iv) Derivative financial instruments and hedge accounting (continued)

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity.

Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Derivative financial instruments and hedge accounting – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018.

However, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affected profit or loss.a Furthermore, for cash flow hedges that were terminated before 2017, forward points were recognised immediately in profit or loss.

v) Impairment of financial assets

a. Non-derivative financial assets - Policy applicable from 1 January 2018

Financial instruments and contract assets

The Group recognizes loss allowances for the expected credit losses of the following items under TFRS 9:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI

The Group measures loss allowances at an amount equal to lifetime expected credit losses ("ECL"), except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(h) Financial Instruments (continued)

v) Impairment of financial assets (continued)

a. Non-derivative financial assets - Policy applicable from 1 January 2018 (continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90-120 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its obligations arising from lease contracts to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due.
- the borrower is unlikely to pay its obligations arising from natural gas sales and electricity sales to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 360 days past due.
- the borrower is unlikely to pay its obligations arising from other business activities to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 150-180 days past due.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime expected credit losses are that result from all possible default events over the expected life of a financial instrument 12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risks.

Measurement of expected credit losses:

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. Expected credit losses are discounted at the effective interest rate of the financial asset. For trade receivables, other receivables, other assets and contract assets the Company applies the simplified approach to providing for expected credit losses (TFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The Group performed the calculation of expected credit losses rates separately for receivables arising from different business lines. The expected credit losses were calculated based on actual credit loss experience over the past years.

Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables are estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)
2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)
2.3 Summary of signifiant accounting policies (continued)
(h) Financial Instruments (continued)
v) Impairment of financial assets (continued)
a. Non-derivative financial assets - Policy applicable from 1 January 2018 (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90-120 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses of trade and other receivables, including contract assets, are presented as a separate item in the statement of profit or loss. In this context, the Group reclassified impairment losses amounting to TL 3.092.724 which has been recognized under TAS 39, from 'general administrative' to "Impairment profit / (loss) and reversals of impairment losses in accordance with TFRS 9" in the consolidated statement of profit or loss for 31 December 2017.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial assets are written off when there is no reasonable expectation of recovery (such as a debtor failing to engage in a repayment plan with the Company). Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(h) Financial Instruments (continued)

v) Impairment of financial assets (continued)

b. Non-derivative financial assets - Policy applicable before 1 January 2018

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets were impaired includes that observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

For available-for-sale equity instruments, any impairment loss recognized in income statement in prior periods could not be reversed in income statement. The fair value gain arising from impairment loss is accounted for in other comprehensive income and is classified under the heading of revaluation provision related to investments. Impairment loss on available-for-sale debt securities is reversed in income statement in subsequent periods if the increase in the fair value of the investment is attributable to an event occurring after the impairment loss is recognized.

Carrying amount related to investments in equity accounted investee is tested for impairment by comparing its recoverable amount with its carrying amount. Any impairment loss are recognised in profit or loss. If there exist positive changes in assumptions used in the determiation of recoverable amounts, then the previously recognised impairment loss was reversed through profit or loss.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(h) Financial Instruments (continued)

vi) Non financial assets - Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are 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 generate 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss for an asset other than goodwill 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 amortisation, if no impairment loss had been recognised.

i) 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.

(j) 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 2018 and 2017. 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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(k) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities by using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

Companies, whose functional currencies are not TL, prepare their financial statements according to their functional currency and these financial statements are translated to TL for consolidation purpose in accordance with TAS 21.

Foreign currency differences arising on operations with foreign currency are 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 2018 and 2017, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	31 December 2018	31 December 2017
US Dollar / TL	5,2609	3,7719
Euro / TL	6,0280	4,5155

The average foreign currency buying exchange rates of the CBRT in 2018 and 2017 comprised the following:

	2018	2017
US Dollar / TL	4,8134	3,6477
Euro / TL	5,6627	4,1164

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, under the currency translation differences ("CTD"). When a foreign operation is disposed of, in part or in full, the relevant amount in the CTD is transferred to profit or loss as part of the profit or loss on disposal.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(l) Discontinued Operations, Assets Held For Sale and Liabilities Directly Associated with Assets Held For Sale

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the net assets of the discontinued operations are measured at fair value less cost of sale of the operation. The profit/(loss) before tax and the profit/(loss) after the tax of the discontinued operation are presented in the notes of the consolidated financial statements and a profit/(loss) analysis including the income and expenses is performed. Besides, the net cash flows related to operational, investing and financing activities of the discontinued operations are presented in the related note.

In compliance with TFRS 11 "Joint Arrangements" and TFRS 5 "Assets Classified as Held For Sale and Discontinuing Operations", the interests in jointly controlled entities are accounted for in accordance with TFRS 5. When an interest in a jointly controlled entity previously classified as held for sale no longer meets the criteria to be classified, it is accounted for using proportionate consolidation or the equity method as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale are amended accordingly. The operations of the joint venture whose operations have been previously classified as discontinued are classified as continued.

A group of assets is classified as asset held for sale if their carrying amount is planned to be recovered principally through a sale transaction rather than through continuing use. The liabilities directly associated with these assets are classified similarly. Such group of assets is accounted for at the lower of its carrying amount (being the net amount of the assets and liabilities directly associated with them) and fair value less costs to sell.

If the Group has classified an asset (or disposal group) as held for sale, but the criteria of such classification are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) Its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale.

(b) Its recoverable amount at the date of the subsequent decision not to sell.

The Group does not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheet for prior periods to reflect the classification in the balance sheet for the latest period presented.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(m) Earnings/(Loss) Per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, less own shared acquired.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period.

(n) Events After the Reporting Period

Events after the reporting period include all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or of other selected information.

The Group adjusts the amounts recognized in its consolidated financial statements to reflect adjusting events after the reporting period. Non adjusting events are disclosed in the notes to the consolidated financial statements, if material.

(o) Provisions, Contingent Assets and Liabilities

A provision is recognized in the accompanying consolidated financial statements if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements. Where an economic inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(p) Leases

(i) Determining whether an Arrangement contains a Lease

At the beginning of a lease agreement, the Group determine whether that agreement is a lease agreement or that agreement is an agreement which contains a lease.

Following the beginning of the agreement or reconsidering of the agreement, the Group classify related payments required by the agreement as rent payments and other payments according to their fair value. If the Group decide that related payments are not possible to be classified in a financial lease agreement, reliably an asset or a liability are recognized as much as fair value of related lease. With in the related lease payments, liability is decrased and financial cost added to liability is recognized by using alternative debt ratio of the Group.

(ii) Financial leases

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are classified as financial leases. Financial leases are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments and is reflected as a liability by the same amount in the consolidated financial statements of the Group. The finance lease obligations are reduced through principle payments and the finance charge portion is allocated to consolidated statement of comprehensive income of each period during the lease term. Capitalized leased assets are depreciated over the estimated useful life of the related asset.

If there is not reasonable certainty that the ownership will be obtained by the end of the lease term, and the lease term is shorter than the estimated useful life of the leased asset, the asset is depreciated over the lease term, otherwise the asset is depreciated over its estimated useful life.

(iii) Operating leases

Operating leases are the leases that the risks and rewards incidental to the ownership of the asset belongs to the lesser. Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(iv) Leased assets

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are called as financial leases. Firstly, tangible assets acquired via financial leases are measured at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Following the first record, related leased asset is recognized according to effective accounting policies.

Leased assets under other leases are classified as operating leases and are not recognized in the financial position of the Group.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(p) Leases (continued)

(v) Lease payments

Payments under operating leases are recognized in profit or loss via straight-line method during the lease term. Lease promotions are recognized as a part of lease expenses during the lease term.

Minimum lease payments under financial leases are distributed by decrasing finance cost and the rest liability. Finance costs are distributed to each periods on condition that determining a fixed interest rate for the period on the rest balance of related liability.

(r) Segment Reporting

An operating segment is a component of the Group that engages in business activities through which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The operating segments of the Group are finance, naturel gas/mining/energy generation, port operations, real estate and other segments, and they are disclosed in Note 5.

(s) Government Subsidies and Incentives

All subsidies and incentives, including non-monetary incentives stated at fair market values, are included in the consolidated financial statements when there is reasonable certainty that the Group will qualify for and receive such subsidies and incentives. Government subsidies and incentives utilized by the Group are presented in Note 36.

(t) Related Parties

Parties are considered related to the Company if:

(a) Directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with the Company (this includes Parent, subsidiaries and fellow subsidiaries);
(ii) has an interest in the Company that gives it significant influence over the Company; or
(iii) has joint control over the Company;

(b) The party is an associate of the Company
(c) The party is a joint venture in which the Company is a venturer;

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(t) 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.

(u) Taxes

Income tax expense comprises current and deferred tax. Current tax charge is recognized in profit or loss except for the effects of the items reflected under equity. Current tax except taxes recognized during business combination and taxes recognized under other comprehensive income are recognized in profit or loss.

Current tax liability is calculated on taxable profit for the current year based on tax laws and tax rates that have been effective for the reporting date including adjustment related to previous years' tax liabilities.

Deferred tax is recognized over temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the differences arising from the initial recognition of goodwill, differences of an asset or liability in a transaction that is not a business combination, at the time of the transaction, which affects neither the accounting profit nor taxable profit and for differences associated with the investments in subsidiaries, associates and interest in joint ventures, to the extent that they probably will not reverse in the foreseeable future.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes as mentioned 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 realized.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.3 Summary of signifiant accounting policies (continued)

(v) Receivables From Reverse Repurchase Agreements

The funds given in return for the financial assets subject to reverse repurchase are accounted for as receivables from reverse repurchase agreements under the cash and cash equivalents. For the difference between the purchase and re-sale prices determined in accordance with the related reverse repurchase agreements, which is attributable to the period, an income rediscount is calculated with the internal rate of return method and is accounted for by adding to the cost of the receivables from reverse repurchase agreements.

(y) Statement of Cash Flows

Cash flows for the period are classified as cash flows from operations, investing activities and financing activities. Cash flows from operations are the cash flows generated from the principal activities of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (purchase of property, plant and equipment and intangible assets and financial investments).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Cash and cash equivalents are current investments with high liquidity that comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

(z) Dividends

Dividend receivables are recorded as income in the period of declaration. Dividend payments are recognised in consolidated financial statements when a distribution of profit decided by General Assembly.

2.4 Summary of Significant Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make judgments, estimates and assumptions that affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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 2017.

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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.4 Summary of Significant Accounting Judgements, Estimates and Assumptions (continued)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 5 Segment reporting
- Note 15 Investment properties

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

- Note 2.3 (d,e,f) Useful lives of property, plant and equipments and intangible assets and concession intangible assets
- Note 10 Impairment losses on trade receivables
- Note 12 Impairment losses on receivables from finance sector operations
- Note 15 Fair value of investment properties
- Note 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 34 Determination of fair value

3 BUSINESS COMBINATIONS

The Group has no acquisition for the year ended 31 December 2018 and 31 December 2017.

4 INVESTMENT IN OTHER ENTITIES

Details of the Group's subsidiaries where the non-controlling interests are significant and summary financial information before consolidation adjustments are as follows:

Subsidiary	Non-controlling interests	Profit attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Global Ports Holding Plc				
31 December 2018	43,26%	32.483.654	762.715.728	93.856.973
31 December 2017	39,40%	(17.114.804)	605.758.164	21.510.386
Pera Gayrimenkul Yatırım Ortaklığı Anonim Şirketi				
31 December 2018	60,44%	(5.237.509)	31.785.247	-
31 December 2017	50,01%	(27.404.642)	46.822.158	-

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

4 INVESTMENT IN OTHER ENTITIES (continued)

Consolidated financial information of Global Ports Holding Plc, before consolidation adjustments and eliminations is as follows:

Global Ports Holding Plc	31 December 2018	31 December 2017
Condensed Consolidated Fincancial Statements		
Cash and cash equivalents	419.974.093	375.109.492
Trade receivables	110.614.429	65.258.434
Other current assets	32.752.823	91.740.578
Non-current assets	3.056.083.990	2.302.946.498
Total assets	**3.619.425.335**	**2.835.055.002**
Current portion of non-current borrowings	256.494.304	169.273.457
Other current liabilities	101.047.171	74.551.562
Non-current liabilities	2.221.437.273	1.524.997.904
Total liabilities	**2.578.978.748**	**1.768.822.923**
Equity	**1.040.446.587**	**1.066.232.079**
Total equity and liabilities	**3.619.425.335**	**2.835.055.002**

Global Ports Holding Plc	2018	2017
Condensed Consolidated Statements of Profit or Loss		
Revenue	601.031.096	424.469.670
Cost of revenues	(373.155.558)	(275.576.440)
Operating expenses	(54.837.434)	(109.004.219)
Income from investing activities	27.104.832	9.294.340
Finance expenses	(158.420.509)	(87.581.277)
Tax expenses	(7.122.881)	(13.128.072)
Net profit	**34.599.546**	**(51.525.998)**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

4 INVESTMENT IN OTHER ENTITIES (continued)

Consolidated financial information of Pera Gayrimenkul Yatırım Ortaklığı A.Ş., before consolidation adjustments and eliminations is as follows:

Pera	31 December 2018	31 December 2017
Condensed Consolidated Fincancial Statements		
Cash and cash equivalents	144.317	1.238.368
Trade receivables	3.095.059	1.574.900
Other current assets	21.185.854	42.080.073
Non-current assets	110.782.750	121.195.012
Total assets	**135.207.980**	**166.088.353**
Current portion of non-current borrowings	6.841.850	17.080.994
Other current liabilities	4.277.664	30.557.299
Non-current liabilities	33.897.608	19.237.386
Total liabilities	**45.017.122**	**66.875.679**
Equity	**90.190.858**	**99.230.674**
Total equity and liabilities	**135.207.980**	**166.106.353**

Pera	2018	2017
Condensed Consolidated Statements of Profit or Loss		
Revenue	28.965.028	7.139.261
Cost of revenues	(23.659.204)	(2.417.007)
Operating expenses	(7.103.220)	(54.626.381)
Income from investing activities	(297.118)	(250.557)
Finance expenses	(6.868.458)	(4.894.197)
Net loss	**(8.962.972)**	**(55.048.881)**

5 SEGMENT REPORTING

Operating segments considered in performance evaluation of the Group Management are determined by considering the Group's risks and resources and internal reporting structure. The Group's operating segments are port operations (previously named as "infrastructure"), energy generation, naturalgas, mining (previously named as "naturel gas/mining/energy generation"), brokerage and asset management segment(previously named as "finance"), real estate and other. Brokerage and asset management segment includes the finance operations, natural gas segment includes compressed natural gas distribution, energy generation segment includes electricity generation facilities and mining segment includes mining operations, port operations segment includes domestic and abroad commercial and cruise port operations and investments and real estate segment includes operations in respect of investment property and trading property operations.

Especially in the winter months (December, January, February), the operations of the subsidiaries of the Group operating in the port operation sector under the port operations segment decline in comparison with the other months of the year. The busiest period in the cruise port operations is the third quarter of the year. These seasonality of operations have an impact on the performance of the aforementioned segments.

Information regarding all the segments is stated below. Earnings before interest, tax, depreciation and amortization ("EBITDA") are reviewed in the assessment of the financial performance of the operating segments. The Group management does not present non-recurring income / expenses incurred by these companies in their EBITDA which are not arising from core operations in order to follow the operational and cash based results of the Group companies (Adjusted EBIDTA). These income and expenses include project expenses related to the acquisition/sale of subsidiary and the public offering of subsidiaries, valuation gains/ impairment losses and other non-cash income and expenses. Information related to the operating segments of the Group is presented later in this note.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

5 SEGMENT REPORTING (continued)

	Port Operations		Energy Generation		Naturel Gas		Mining		Real Estate		Brokerage & Asset Management		Other (*)		Total	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Segment assets	3.582.599.325	2.790.232.036	559.070.435	303.411.797	246.073.918	243.449.930	183.556.869	169.141.547	604.733.142	517.125.633	166.365.316	111.862.922	305.593.229	235.811.908	5.647.992.234	4.371.035.773
Segment liabilities	2.526.223.019	1.848.259.764	481.648.267	193.822.119	138.481.558	140.955.521	82.556.066	88.798.183	173.367.177	136.577.927	116.956.915	73.596.600	452.876.983	294.230.168	3.972.109.985	2.776.240.282

	Port Operations		Energy Generation		Naturel Gas		Mining		Real Estate		Brokerage & Asset Management		Other (*)		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
External revenues	601.031.096	424.469.670	82.979.423	35.509.601	248.227.072	212.163.111	78.153.486	60.686.600	61.131.597	31.432.587	48.400.613	41.395.127	8.516.205	252.070	1.128.439.492	805.908.766
EBITDA	402.722.039	274.597.804	7.123.489	105.828	39.955.736	11.351.365	21.971.501	1.683.104	25.647.737	20.640.862	2.879.818	1.516.147	(35.321.253)	(31.508.096)	464.979.067	278.387.014
Depreciation and amortisation expense (-)	(215.003.568)	(156.045.309)	(17.037.106)	(5.698.240)	(22.062.333)	(19.385.136)	(30.867.828)	(20.590.612)	(748.819)	(719.263)	(600.729)	(910.901)	(4.137.623)	(3.447.012)	(290.458.006)	(206.796.473)
Finance income	50.495.216	41.540.076	22.787.578	748.457	692.134	350.586	58.847	9.796	1.137.290	567.139	3.121.085	2.863.319	43.195.326	28.297.497	121.487.476	74.376.870
Finance expenses	(210.165.996)	(134.566.235)	(33.391.878)	(26.746.330)	(51.883.060)	(23.202.441)	(5.223.965)	(2.702.343)	(20.398.964)	(18.457.201)	(1.702.745)	(771.421)	(89.306.790)	(71.457.784)	(412.073.398)	(277.903.755)

(*) Includes Global Yatırım Holding A.Ş.'s operations.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

5 SEGMENT REPORTING (continued)

	1 January-31 December 2018	1 January-31 December 2017
Revenues		
Segment revenues	1.138.376.004	818.058.368
Elimination of inter-segment revenues	(9.936.512)	(12.149.602)
Consolidated revenues	**1.128.439.492**	**805.908.766**

	1 January-31 December 2018	1 January-31 December 2017
Consolidated EBITDA	464.979.067	278.387.014
Finance income (Note 29)	93.888.612	55.290.736
Finance cost (Note 30)	(384.471.654)	(258.820.411)
Non-operating income/(expenses) (*)	29.904.673	(272.035.989)
Depreciation and amortisation expenses (Note 26)	(290.458.006)	(206.796.473)
Consolidated profit/(loss) before income tax	**(86.157.308)**	**(403.975.123)**

	1 January-31 December 2018	1 January-31 December 2017
Segment finance income	121.487.476	74.376.870
Elimination of inter-segment finance income	(27.598.864)	(19.086.134)
Total finance income (Note 29)	**93.888.612**	**55.290.736**

	1 January-31 December 2018	1 January-31 December 2017
Segment finance cost	(412.073.398)	(277.903.755)
Elimination of inter-segment finance cost	27.601.744	19.083.344
Total finance cost (Note 30)	**(384.471.654)**	**(258.820.411)**

Fixed asset purchases (Cash)	1 January-31 December 2018	1 January-31 December 2017
Energy	159.160.399	102.372.854
Finance	1.828.048	6.948.856
Port operations	71.957.378	50.541.624
Real estate	172.711	2.270.610
Other	687.907	936.170
Total	**233.806.443**	**163.070.114**

(*) Includes project expenses related to the purchase / sale of the company and public offering of the companies, impairment and revaluation gain expenses, and non-cash other income and expenses.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

6 RELATED PARTY DISCLOSURES

Related party	Nature of relations
Mehmet Kutman	Shareholder and key management personnel
Erol Göker	Shareholder and key management personnel
IEG	Equity accounted investee
Global MD Portföy Investment Funds	Funds of a subsidiary
Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş. (Turkcom)	Company owned by shareholder

Due to related parties

As at 31 December 2018 and 31 December 2017, other current payables to related parties comprised the following:

Other current payables to related parties	31 December 2018	31 December 2017
Mehmet Kutman (*)	12.411.569	-
Turkcom (**)	18.433.567	-
Other	764.265	595.597
Total	**31.609.401**	**595.597**

(*) TL 11.607.690 of this amount comprised of the borrowing provided by Mehmet Kutman for financing of the Company. The related interest charge of the borrowing is reflected to the Company at the market conditions. As at 31 December 2018, the nominal value amounting to TL 17.127.229 of own shares acquired, which is explained in detail in Note 23.1, has been lended as a surety of the related borrowing.
(**) TL 18.421.128 (Euro 3.055.927) of this amount comprised of the borrowing provided by Turkcom for financing of the Company. The related interest charge of the borrowing is reflected to the Company at the market conditions. As at 31 December 2018, the nominal value amounting to TL 12.500.000 of own shares acquired, which is explained in detail in Note 23.1, has been lended as a surety of the related borrowing.

Due from related parties

As at 31 December 2018 and 31 December 2017, 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 2018	31 December 2017
Turkcom (*)	2.878	8.904.288
IEG Kurumsal Finansal Danışmanlık A.Ş.	1.095.713	934.716
Mehmet Kutman	463.899	-
Other	69.937	107.596
Total	**1.632.427**	**9.946.600**

(*) As at 31 December 2017, balances consist of overdraft securities transactions. The receivables are secured with equity securities. Interest is charged on those receivables based on market interest rates.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

6 RELATED PARTY DISCLOSURES (continued)

As at 31 December 2018 and 31 December 2017, other current receivables from related parties comprised the following:

Other current receivables from related parties	31 December 2018	31 December 2017
Mehmet Kutman (1)	9.890.746	9.494.076
Erol Göker (1)	235.906	211.194
Other	2.433.438	1.419.341
Total (2)	**12.560.090**	**11.124.611**

(1) These amounts are related with the personnel and job advances and they are not secured. Interest is charged on advances which are not job advances (Interest rate: 31 December 2018: 19,50 %, 31 December 2017: 9,75%)
(2) The amount excludes the loans provided to key management explained below.

A subsidiary of the Group has provided loans to key management with a limit of USD 10.000.000 and an interest rate of Libor +3,5%, having annual coupon payments and a principal payment at the end of period, which mature on 30 December 2013. The maturity of loan is revised as 31 January 2021 and interest rate is revised as 7,12%. As at 31 December 2018 and 31 December 2017, this receivable has been classified in other receivables from related parties in the balance sheet. As at 31 December 2018, the principal of this loan amounted to USD 7.777.778 and the accrued interest amounted to USD 1.237.361. The total loan amounted to USD 9.015.139 (equivalent to TL 47.427.741) (31 December 2017: USD 10.967.700 (TL 41.369.068)). As at 31 December 2018, the Group classified this receivable as current and non-current receivables. As of 31 December 2018, the Group has recognised these receivables as current and non-current amounting to TL 21.078.997 and TL 26.348.745, respectively. In addition, as of 31 December 2018, out of other receivables balances of the Group amounting to TL 30.730.899 (USD 5.841.377) with a maturity on 31 January 2021, TL 13.658.177 (USD 2.596.167) has been classified as current, and TL 17.072.722 (USD 3.245.209) has been classified as non-current receivables.

As at 31 December 2018, current other receivables due from related parties (including the loan provided to key management by the Group) amount to TL 47.297.264 (31 December 2017: TL 52.493.679) and non-current other receivables due from related parties amount to TL 43.421.466 (31 December 2017: none) in the consolidated financial statements.

Transactions with related parties

Transactions with key management personnel

The Company's key management personnel consists of the Chairman and members of the Board of Directors, general manager, assistant general managers and directors. The compensation of key management personnel includes wages, premiums and health insurance. As at 31 December 2018 and 2017, the details of compensation of key management personnel comprised the following:

	1 January-31 December 2018	1 January-31 December 2017
Salaries	26.430.783	17.954.530
Bonuses	2.803.113	39.431.945
Attendance fee	2.698.032	2.080.390
Other	1.179.562	712.028
Total	**33.111.490**	**60.178.893**

The Group's interest income resulting the loan provided to key management for the period 1 January-31 December 2018 amounts to TL 12.044.523 (1 January-31 December 2017: TL 1.160.182).

Regarding to the loans used by the Group, there is a personal surety amounting to TL 117.271.830 and USD 32.517.844, and there is pledge on personel property amounting to TL 32.500.000 given by Mehmet Kutman with respect to these loans.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

6 RELATED PARTY DISCLOSURES (continued)

For the year ended 31 December 2018 and 2017, significant transactions with related parties comprised the following:

	1 January-31 December 2018				1 January-31 December 2017		
	Interest Received	Interest Paid	Other expense	Commission for letter of guarantee given	Interest Received	Other expense	Commission for letter of guarantee given
Turkcom (*)	806.344	637.248	754.762	-	1.889.877	-	-
Mehmet Kutman (*)	1.628.225	1.557.690	-	350.000	732.436	-	700.000
Erol Göker	16.052	-	-	-	14.631	-	-
Global A Type and B Type Funds	-	-	-	-	118.683	5.407	-
Total	**2.450.621**	**2.194.938**	**754.762**	**350.000**	**2.755.627**	**5.407**	**700.000**

(*) Includes margin lending and advance interest.

7 CASH AND CASH EQUIVALENTS

As at 31 December 2018 and 31 December 2017, cash and cash equivalents comprised the following:

	31 December 2018	31 December 2017
Cash on hand	434.947	392.503
Cash at banks	492.755.880	362.458.782
-Demand deposits	*320.798.028*	*294.434.396*
-Time deposits	*171.957.852*	*68.024.386*
Receivables from reverse repurchase agreements	-	72.825.770
Other	3.751.442	4.177.297
Cash and cash equivalents	**496.942.269**	**439.854.352**
Blocked deposits (*)	(54.402.653)	(57.818.160)
Cash and cash equivalents for cash flow purposes	**442.539.616**	**382.036.192**

As at 31 December 2018 and 31 December 2017, maturities of time deposits comprised the following:

	31 December 2018	31 December 2017
Up to 1 month	171.957.852	67.965.650
1-3 months	-	58.736
	171.957.852	**68.024.386**

As at 31 December 2018 and 31 December 2017, the range of time deposit interest rates included in cash and cash equivalents is as follows:

	31 December 2018	31 December 2017
Interest rate range for time deposit - TL	13,25% - 26,00%	8,00% - 13,25%
Interest rate for time deposit - USD	1,25% - 4,00%	0,80% - 1,25%

(*) As at 31 December 2018, cash at banks amounting to TL 47.706.376 (31 December 2017: TL 29.835.291) is blocked by relevant banks due to bank borrowings and letters of guarantee. As at 31 December 2018, TL 5.537.318 deposited at the BIST Settlement and Custody Bank ("Takasbank") is blocked by CMB (31 December 2017: TL 8.156.844). As at 31 December 2018 TL 1.158.959 (31 December 2017: TL 19.826.025) of other cash equivalents are blocked at banks until their maturities. Financial risk with respect to cash and cash equivalents are detailed in Note 33.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

8 FINANCIAL INVESTMENTS

As at 31 December 2018 and 31 December 2017, the details of financial investments of the Group comprised the following:

Current assets	31 December 2018	31 December 2017
Financial assets mandatorily at fair value through profit or loss	3.703.871	2.838.567
Other	378.032	2.636.869
Total	**4.081.903**	**5.475.436**
Non current assets		
Financial assets at fair value through other comprehensive income-equity instruments	5.412.209	5.402.985
Financial assets mandatorily at fair value through profit or loss	63.177.001	-
Total	**68.589.210**	**5.402.985**

The details of the Group's financial assets classified as mandatorily at fair value through profit or loss are as follows:

	31 December 2018	31 December 2017
Debt securities (governmental bonds)	446.017	112.475
Equity securities	1.757.844	1.726.082
Investment funds participations	1.500.010	1.000.010
	3.703.871	**2.838.567**

All financial assets mandatorily at fair value through profit/loss are financial assets at fair value thorugh profit/loss. The changes in fair value of these assets are accounted in gain/(loss) on investing activities, at consolidated statement of profit or loss and other comprehensive income.

All the equity securities included in the financial assets mandatorily at fair value through profit/loss are traded in active markets. The cost of shares that are not traded in an active market, due to lack of adequate recent information of the management regarding the fair value measurement of management are used to measure fair value.

As at 31 December 2018 the equity shares amounting to TL 9.402 are pledged for an ongoing lawsuit case (31 December 2017: TL 9.402).

As at 31 December2018 and 31 December 2017, the letters of guarantee given to BIST, Settlement and Custody Bank, Derivative Market ("VIOP") and the CMB are explained in Note 20.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

8 FINANCIAL INVESTMENTS (continued)

	31 December 2018	31 December 2017
Equity instruments unquoted to an active market	5.412.208	5.402.985
Convertible debt instrument [*]	63.177.001	-
Total	**68.589.209**	**5.402.985**

[*] The Group's subsidiary Global Ports Holding Plc formed an exclusive partnership with Dreamlines GmbH ("Dreamlines"). Dreamlines is a cruise tourism oriented online travel agency and operating in 12 countries. The Group has acquired bond in May 2018 that is convertible to the shares of this company in 12 months in . If Global Ports Holding Plc uses the conversion option, the percentage of shares in Dreamlines capital is expected to realize about at 5%. As at 31 December 2018, the carrying value of convertible debt instrument amount to TL 63.177.001. The Group's convertible debt instrument, issued by Dreamlines, has been included in Level 3 of the fair value hierarchy.

Details of equity securities which are not quoted in an active market comprised the following:

	31 December 2018		31 December 2017	
	Share ratio (%)	Book value	Share ratio (%)	Book value
Borsa İstanbul A.Ş.	0,08	3.034.508	0,08	3.034.508
Bakü Borsası	4,68	137.594	4,68	137.523
Other	-	2.240.106	-	2.230.954
Total		**5.412.208**		**5.402.985**

The cost of the shares that are not traded in the organized markets is used to measure the fair value because the management does not have sufficient recent information about the measurement of the fair value.

9 FINANCIAL BORROWINGS

As at 31 December 2018 and 31 December 2017, financial borrowings comprised the following:

Current borrowings	31 December 2018	31 December 2017
Current bank loans	180.149.679	74.456.396
-TL Loans	*79.051.778*	*20.883.171*
-Foreign currency loans	*101.097.901*	*53.573.225*
Other financial liabilities	-	16.041.426
Total	**180.149.679**	**90.497.822**

Current portion of non-current borrwings	31 December 2018	31 December 2017
Current portion of non-current bank loans	313.482.436	196.282.290
-TL Loans	*13.733.293*	*22.930.614*
-Foreign currency loans	*299.749.143*	*173.351.676*
Debt securities issued	201.481.710	129.140.783
- TL debt securities	*102.557.494*	*53.650.780*
-Foreign currency debt securities	*98.924.216*	*75.490.003*
Finance lease obligations	32.955.503	35.030.672
Total	**547.919.649**	**360.453.745**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

9 FINANCIAL BORROWINGS (continued)

Non-current borrowings	31 December 2018	31 December 2017
Non-current bank loans	872.780.252	590.623.953
-TL Loans	31.998.093	27.188.053
-Foreign currency loans	840.782.159	563.435.900
Debt securities issued	1.241.476.833	891.143.257
- TL debt securities	8.244.847	13.021.251
-Foreign currency debt securities	1.233.231.986	878.122.006
Finance lease obligations	55.680.599	55.256.257
Total	**2.169.937.684**	**1.537.023.467**
Total borrowings	**2.898.007.012**	**1.987.975.034**

Maturity profile of non-current bank loans and debt securities issued comprised the following:

Years	31 December 2018	31 December 2017
2019	-	243.692.332
2020	374.681.651	195.899.733
2021	1.362.693.523	843.332.555
2022 and onwards	376.881.911	198.842.590
Total	**2.114.257.085**	**1.481.767.210**

Maturity profile of finance lease obligations comprised the following:

	31 December 2018			31 December 2017		
	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	37.386.669	4.431.166	32.955.503	38.894.984	3.864.312	35.030.672
Between one and five years	61.335.281	5.654.682	55.680.599	62.826.333	7.570.076	55.256.257
Total	**98.721.950**	**10.085.848**	**88.636.102**	**101.721.317**	**11.434.388**	**90.286.929**

The movement of financial borrowings as of 31 December 2018 and 2017 is as follows:

	2018	2017
Opening balance as at 1 January	**1.987.975.034**	**2.259.248.835**
Additions	875.127.201	610.511.629
Repayments	(645.418.025)	(1.102.823.241)
Changes in foreign currency exchange rates	179.307.102	55.338.815
Changes in interest accruals	37.040.816	24.599.184
Currency translation difference	463.974.884	141.099.812
Closing balance as at 31 December	**2.898.007.012**	**1.987.975.034**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

9 FINANCIAL BORROWINGS (continued)

						31 December 2018	
Loan Type	Company Name	Currency	Maturity	Interest Type	Nominal Interest Rate %	Principal (TL)	Carrying Value (TL)
Loans and issued debt securities used to finance							
Debt securities issued (i)	Holding	USD	2022	Fixed	8,00%	17.066.360	17.070.735
Bond issued(ii)	Holding	TL	2019	Floating	GDS + 3,75%	50.000.000	51.823.237
Bond issued(ii)	Holding	TL	2019	Floating	GDS + 5,25%	14.800.000	15.075.560
Secured loan (iii)	Holding	EURO	2019	Floating	Euribor + 6,70%	4.049.285	4.167.388
Secured loan (iii)	Holding	EURO	2020	Floating	Euribor + 7,35%	85.446.900	88.253.634
Bond issued(ii)	Holding	TL	2019	Fixed	23,00%	15.000.000	15.753.855
Bond issued(ii)	Holding	TL	2019	Fixed	31,00%	15.000.000	15.937.294
Bond issued(ii)	Holding	TL	2020	Floating	GDS + 4,25%	25.000.000	25.971.075
Secured loan (xiii)	VCP	EURO	2029	Fixed	3,00%	46.464.638	46.464.638
Secured loan	Global Ports Holding BV	EURO	2021	Floating	Euribor + 6,75%	180.840.000	182.179.373
Secured loan (xii)	Global Ports Europe BV	EURO	2020	Floating	Euribor+ 4,6 %	58.773.000	58.797.851
Bond issued(iv)	Global Liman	USD	2021	Fixed	8,125%	1.315.225.000	1.316.402.348
Secured loan(xiv)	Bar Limanı	EURO	2025	Floating	Euribor +4,25 %	113.401.894	114.198.042
Secured loan	Ege Liman	USD	2019	Fixed	6,50%	1.736.097	1.826.290
Secured loan	Ege Liman	EURO	2020	Fixed	3,54%	25.136.760	25.764.640
Secured loan	Ege Liman	TL	2020	Fixed	15,84 - 18,50%	3.025.433	3.024.519
Secured loan	Ortadoğu Liman	USD	2020	Fixed	3,6 - 6,60%	3.677.109	3.684.301
Secured loan	Ortadoğu Liman	EURO	2019	Fixed	3,40 - 6,00%	3.009.560	3.017.627
Unsecured loan	Ortadoğu Liman	EURO	2022	Fixed	3,80 - 8,75%	78.260.633	79.628.128
Secured loan	Naturelgaz	TL	2020	Fixed	10,08 - 30,70%	9.691.404	10.125.024
Secured loan (v)	Naturelgaz	TL	2022	Floating	TR Libor + 2,50 %	14.707.199	15.846.659
Secured loan (v)	Naturelgaz	USD	2022	Floating	USD Libor + 5,25 %	87.554.534	88.636.367
Secured loan	Straton Maden	TL	2019	Fixed	24,80 - 33,00%	4.398.385	4.442.448
Secured loan (vi)	Straton Maden	EURO	2021	Floating	Euribor +0,65 - 3,00 %	43.686.012	44.585.173
Secured loan	Straton Maden	EURO	2020	Fixed	5,00 %	947.123	947.295
Secured loan	Güney Maden	TL	2019	Rotative	-	20.000.000	20.002.192
Secured loan (xi)	BPI	EURO	2024	Floating	Euribor + 4 %	134.790.418	131.728.886
Secured loan (xi)	Malaga Limanı	EURO	2025	Floating	Euribor +1,75 %	28.647.797	28.079.749
Secured loan	Tres Enerji	TL	2019	Rotative	-	20.000.000	20.002.192
Secured loan	Tres Enerji	TL	2020	Fixed	16,08 %	479.894	479.800
Secured loan	Tenera Enerji	TL	2019	Fixed	33,00 %	3.750.000	3.829.794
Secured loan	Tenera Enerji	TL	2019	Rotative	-	20.000.000	20.002.192
Secured loan	Tenera Enerji	TL	2020	Floating	Libor+ 1,34 %	479.894	479.800
Secured loan	Mavi Bayrak Enerji	USD	2025	Floating	Libor + 5,95 %	73.915.665	74.286.363
Secured loan	Mavi Bayrak Enerji	USD	2019	Rotative	-	5.839.599	5.839.599
Secured loan	Doğal Enerji	USD	2024	Floating	Libor +6,50 %	28.651.671	29.043.025
Secured loan	Mavi Bayrak Doğu	USD	2026	Floating	Libor + 5,95 - 7,00 %	84.174.400	84.024.932
Secured loan	Port Operation Holding	EURO	2026	Fixed	2,75 %	3.131.030	3.131.030
Secured loan	Pera	TL	2021	Floating	TR Libor + 5,00 %	6.928.950	7.078.533
Secured loan	Pera	TL	2021	Fixed	14,50 %	5.770.942	5.711.327
Secured loan (xv)	Global Ticari	USD	2025	Floating	Libor + 6,20 %	139.358.146	142.027.995
						2.792.815.732	**2.809.370.910**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

9 FINANCIAL BORROWINGS (continued)

						31 December 2018	
Loan Type	Company Name	Currency	Maturity	Interest Type	Nominal Interest Rate %	Principal (TL)	Carrying Value (TL)
Finance Lease Obligations							
Leasing (vii)	Ortadoğu Liman	USD	2020	Fixed	7,35 %	2.802.109	2.802.109
Leasing	Ege Liman	USD	2020	Fixed	5,50 %	921.751	921.751
Leasing (viii)	Ege Liman	EURO	2020	Fixed	7,75 %	5.947.123	5.947.123
Leasing (ix)	Naturelgaz	USD	2019	Fixed	5,75 %	952.234	952.234
Leasing (ix)	Naturelgaz	EURO	2019	Fixed	7,94 - 9,90 %	720.279	720.279
Leasing	Straton maden	EURO	2021	Fixed	5,25 %	1.337.008	1.337.008
Leasing (x)	Tres Enerji	EURO	2025	Fixed	4,98 %	14.771.784	14.771.784
Leasing (x)	Tres Enerji	EURO	2022	Fixed	5,13 %	17.760.104	17.760.104
Leasing (x)	Tres Enerji	EURO	2022	Fixed	5,15 %	9.468.325	9.468.325
Leasing (x)	Tres Enerji	EURO	2021	Fixed	5,44 %	12.466.154	12.466.154
Leasing (x)	Tres Enerji	EURO	2023	Fixed	7,00 %	12.553.461	12.553.461
Leasing	Mavi Bayrak Doğu	EURO	2020	Fixed	5,25 %	4.937.276	4.937.276
Leasing	Port Operation Holding	EURO	2021	Fixed	1,96 %	334.177	334.177
Leasing	Edusa Atık Bertaraf	EURO	2021	Floating	Libor +6,00 %	2.350.602	2.350.602
Leasing	Pera	TL	2020	Fixed	13,90 %	1.313.712	1.313.715
						88.636.099	**88.636.102**
						2.881.451.831	**2.898.007.012**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

9 FINANCIAL BORROWINGS (continued)

Loan Type	Company Name	Currency	Maturity	Interest Type	Nominal Interest Rate %	31 December 2017 Principal (TL)	31 December 2017 Carrying Value (TL)
Loans and issued debt securities used to finance							
Debt securities issued (i)	Holding	USD	2022	Fixed	8,00%	12.839.548	12.735.716
Bond issued (ii)	Holding	TL	2018	Floating	GDS+ 5,25 %	50.000.000	51.603.309
Bond issued (ii)	Holding	TL	2019	Floating	GDS+5,25 %	14.800.000	15.068.722
Secured loan (iii)	Holding	EURO	2018	Floating	Euribor+6,76 %	17.010.179	17.611.865
Secured loan (iii)	Holding	EURO	2019	Floating	Euribor +6,70 %	9.322.237	9.590.767
Secured loan (iii)	Holding	EURO	2020	Floating	Euribor + 7,35%	90.084.225	93.021.954
Secured loan (xii)	Global Ports BV	EURO	2020	Fixed	3,00%	66.152.075	66.062.952
Secured loan (xiii)	VCP	EURO	2020	Floating	Euribor+ 4,6%	38.001.956	39.981.190
Bond issued (iv)	Global Liman	USD	2021	Fixed	8,13%	942.975.000	940.876.293
Secured loan	Ege Liman	USD	2018	Fixed	4,5%	12.530.811	13.042.621
Secured loan	Ege Liman	TL	2020	Fixed	15,60 %	2.362.541	2.362.541
Secured loan	Ortadoğu Liman	USD	2018	Fixed	5,93 %	13.982.550	14.211.200
Secured loan	Ortadoğu Liman	USD	2019	Fixed	3,60-4,56 %	3.831.702	3.838.956
Secured loan	Ortadoğu Liman	EUR	2022	Fixed	5,45 %	20.635.835	20.807.162
Unsecured loan	Bodrum Liman	TL	2018	Fixed	16,56 %	272.708	177.332
Secured loan	Pera	TL	2021	Floating	TR Libor+ 5%	9.700.530	9.784.325
Secured loan	Pera	TL	2021	Fixed	14,50%	6.978.759	6.901.024
Secured loan	Pera	TL	2018	Floating	TR Libor+4,95 %	9.571.429	10.324.121
Secured loan (v)	Naturelgaz	TL	2022	Floating	TR Libor +2,50 %	18.580.976	19.038.308
Secured loan (v)	Naturelgaz	USD	2022	Floating	Libor + 5,25%	79.308.912	80.362.284
Secured loan (v)	Naturelgaz	TL	2018	Fixed	10,08-18,85 %	10.381.664	10.381.664
Secured loan (v)	Naturelgaz	USD	2018	Fixed	5,40%	5.103.378	5.103.378
Secured loan	Straton Maden	TL	2018	Fixed	17,40-19,45 %	4.100.000	4.101.726
Secured loan (vi)	Straton Maden	EURO	2021	Floating	Euribor + 3,25%	36.506.176	36.850.666
Secured loan	Straton Maden	EURO	2018	Fixed	1,34 %	594.584	595.744
Secured loan	Straton Maden	EURO	2018	Fixed	5,52 %	499.503	499.503
Secured loan	Straton Maden	EURO	2020	Fixed	5 %	1.213.617	1.213.833
Secured loan (xi)	BPI	EURO	2023	Floating	Euribor +4 %	140.893.083	137.770.379
Secured loan (xi)	BPI	EURO	2024	Floating	Euribor + 4 %	10.831.520	10.631.305
Secured loan (xi)	Malaga Limanı	EURO	2025	Floating	Euribor + 1,75 %	24.429.528	24.055.719
Secured loan	Tres Enerji	TL	2018	Fixed	15,25-19,45 %	433.713	435.998
Secured loan	Tres Enerji	TL	2020	Floating	TR Libor+ 1,34 %	820.629	831.727
Secured loan (xv)	Global Ticari Emlak	USD	2025	Floating	Libor+6,20 %	115.287.014	117.606.263
Secured loan	Tenera Enerji	TL	2018	Fixed	16,5%	228.464	228.464
Secured loan	Tenera Enerji	TL	2020	Floating	TR Libor+ 1,34 %	820.629	831.727
Secured loan	Mavi Bayrak Enerji	USD	2025	Floating	Libor+5,95 %	56.578.500	55.994.023
Secured loan	Mavi Bayrak Enerji	USD	2018	Rotative	-	3.741.725	3.741.725
Secured loan	Doğal Enerji	USD	2024	Floating	Libor+6,50 %	22.254.210	22.189.593
Secured loan	Mavi Bayrak Doğu	USD	2026	Floating	Libor+5,95%	18.859.500	18.870.177
Secured loan	Port Operation Holding	EURO	2026	Fixed	2,75 %	2.310.423	2.310.423
						1.874.829.833	**1.881.646.679**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

9 FINANCIAL BORROWINGS (continued)

Loan Type	Company Name	Currency	Maturity	Interest Type	Nominal Interest Rate %
Finance Lease Obligations					
Leasing (vii)	Ortadoğu Liman	USD	2018 - 2020	Fixed	5,92 - 7,35%
Leasing	Ege Liman	USD	2020	Fixed	5,80 - 6,50%
Leasing (viii)	Ege Liman	EURO	2020	Fixed	5,75-7,75 %
Leasing (ix)	Naturelgaz	USD	2019	Fixed	7-7,77 %
Leasing (ix)	Naturelgaz	EURO	2018	Fixed	6,04 - 10,30 %
Leasing	Straton maden	EURO	2021	Fixed	5,80 %
Leasing (x)	Tres Enerji	EURO	2018	Fixed	4,98 %
Leasing (x)	Tres Enerji	EURO	2020	Fixed	5,13 %
Leasing (x)	Tres Enerji	EURO	2023	Fixed	5,15 %
Leasing (x)	Tres Enerji	EURO	2021	Fixed	5,44%
Leasing	Mavi Bayrak Doğu	EURO	2020	Fixed	5 %
Leasing	Pera	TL	2020	Fixed	13,90 %
Leasing	Port Operation Holding	EURO	2021	Fixed	1,96 %

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

9 FINANCIAL BORROWINGS (continued)

Detailed information related to the significant financial borrowings of the Group is as follows:

(i) The Company has borrowed amounting to USD 100.000.000 non-current loan with a 5 year maturity and an interest rate of 9,25 % "loan participation notes" issued on 1 August 2007. The principal amount would be paid on maturity and interest would be paid in January and July each year. On the day the loan was issued, a special purpose entity of the Group invested USD 25.000.000 in the notes, which were issued by Deutsche Bank Luxembourg SA. With subsequent repurchases on various dates, the amount of notes owned by the Group reached a nominal value of USD 26.860.300 as at 31 December 2010. The Group presented these notes acquired as a result of these transactions by netting off its investments in the notes and Group's loan participation notes in accordance with TAS 32 "Financial Instruments: Presentation".

As at 28 December 2011, the Group exchanged the portion of the aforementioned notes amounting to USD 39.333.000 with the new notes issued by the Company having a nominal value of USD 40.119.000, with a maturity date of 30 June 2017 and an interest rate of 11% p.a. Interest will be paid in January and June each year. Thus, as at 31 December 2011, the nominal value of the aforementioned loan participation notes is USD 60.667.000. As of 31 July 2012, the loan participation notes has been closed by repayment of all interest and principal amounts.

The General Assembly of the Bonds Owned by the Bondholders of the CMB on 15 June 2017; it has been decided to extend the market by 30 June 2022, by setting various improvements in favor of the Company, including the reduction of the bond interest to 8%. In addition, a total amount of USD 11.986.000 is paid to the debt holders who demanded the deposit of their treasury deposits and the remaining net debt amount is USD 3.244.000 as at 31 December 2018.

As at 31 December 2018, the portion amounting to USD 10.360.000 of the new notes issued by the Company with a total amount of USD 13.604.000 are the notes held by the Company and its subsidiaries (31 December 2017: USD 24.144.000). As of 6 February 2018 the portion of the shares held by the Group amounting to USD 13.944.600 has been amortized using the "right of sale option". These bonds are available in the accounts of the Group. The Group presented these notes acquired as a result of these transactions by netting off its investments in the notes and Group's notes issued in accordance with TAS 32 "Financial Instruments". As at 31 December 2018, the net nominal value (principal amount) of the issued new notes (presented as debt securities issued) is USD 3.244.000 (31 December 2017: USD 3.404.000).

(ii) 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 loan amount was paid on maturity and the loan was closed on 13 July 2018.

The Company has issued bonds to qualified investors amounting to TL 14.800.000 with 819 days maturity and an interest rate of GDS+5,25 % on 17 November 2016. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 14 February 2019.

The Company has issued bonds to qualified investors amounting to TL 50.000.000 with 370 days maturity and an interest rate of GDS+3,75% on 5 January 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2019.

The Company has issued bonds to qualified investors amounting to TL 25.000.000 with 735 days maturity and an interest rate of GDS+4,25% on 5 January 2018. The interest is paid every three months.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

9 FINANCIAL BORROWINGS (continued)

The Company has issued bonds to qualified investors amounting to TL 15.000.000 with 181 days maturity and an interest rate of 23,00% on 13 July 2018. The interest is paid every three months. The loan amount was paid on maturity and the loan was closed on 10 January 2019.

The Company has issued bonds to qualified investors amounting to TL 15.000.000 with 176 days maturity and an interest rate of 31,00% on 18 October 2018. The interest is paid every three months.

(iii) As at 31 December 2014, the Company has borrowed a total of EURO 9.000.000, with an interest rate of Euribor + 6,76 % and maturity on 31 December 2018. The loan amount was paid on maturity and the loan was closed on 31 December 2018. (31 December 2017: EURO 3.767.064).

On 30 January 2015, the Company has borrowed a total of EURO 5.000.000, with an interest rate of Euribor + 6,70 % and maturity on 30 January 2019. Interest and principal are paid every six months. The remaining principal amount of the loan as at 31 December 2018 is EURO 671.746 (31 December 2017: EURO 2.064.497). The loan amount was paid on maturity and the loan was closed on 30 January 2019.

On 23 January 2017, the Company has borrowed a total of EURO 21.000.000, with an interest rate of Euribor + 7,35 % and maturity on 23 January 2020. Interest and principal are paid every six months. The remaining principal amount of the loan as at 31 December 2018 is EURO 14.175.000 (31 December 2017: EURO 19.950.000).

(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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

9 FINANCIAL BORROWINGS (continued)

(v) Naturelgaz has borrowed a total of TL 14.707.199 and USD 16.642.501, with a maturity date of 2022, with an interest rate of TRLibor+2,5 % and USD Libor+5,25% respectively to finance investing activities. Interest and principal are paid every six months. Under this loan agreement, the shares of Naturelgaz amounting to TL 13.600.000 nominal value has been pledged. The Company, is joint guarantor for the refinancing loans over the term of all commitments and liabilities arising from these loans. The principal payments will start 18 months later and will be paid every six months within a certain payment plan. These loans have financial commitments as defined specifically in relation to their respective debt agreements.

(vi) Straton Maden entered into a loan agreement with interest rates of Euribor + 0,65% and Euribor + 3% to finance investing activities. The remaining principal amount of the loan as at 31 December 2018 is EURO 7.247.182 (31 December 2017: EURO 8.084.636).

(vii) On 12 August 2014, Ortadoğu Liman has signed a finance lease agreement with the expiry date of 16 July 2020 and interest rate of 7,35% for the purchase of a port tugboat.

(viii) On 25 June 2014, Ege Liman has signed a finance lease agreement with an interest rate of 7,75% and expiry in 2020 to finance investments.

(ix) Financial lease agreements signed by Naturelgaz with an interest rate of 5,75%-9,90% and expiry date of 2019 for the purpose of leasing machinery and motor vehicles.

(x) Finance lease agreements signed by Tres Enerji to finance investments.

(xi) Barcelona Port Investments (BPI) has entered into a syndication loan amounting to EURO 60.249.642 with a maturity date on 2024, an interest rate of Euribor+4%. The remaining principal amounts of the loans as at 31 December 2018 are EURO 22.360.720 (31 December 2017: EURO 33.600.842). There is a pledge on BPI shares amounting to EURO 19.640.360 (TL 118.392.090) and Creuers shares amounting to EURO 1.863.138 (TL 11.230.996) related to this loan.

On 12 January 2010, Malaga Port has borrowed a loan from Unicaja amounted EURO 9.000.000 with an interest rate of Euribor+1,75% for a new terminal construction. The loan is a nonrecourse loan which has a 15 year maturity and 18 months non-refundable right effective from the term of the agreement related with Euribor conditions. Malaga Port has guaranteed repayment of principal and interest amounts of the loan by mortgaging its concession right. The remaining principal amount of the loan as at 31 December 2018 is EURO 4.752.455 (31 December 2017: EURO 5.410.149).

(xii) Global Ports Europe BV entered into a loan amounting to EURO 22.000.000, on 16 November 2015 with a maturity date on 2020, 12 months grace period and an interest rate of Euribor+4,60%. Principal and interest is paid twice, in May and November each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement. The remaining principal amount of the loan as at 31 December 2018 is EURO 9.750.000.

(xiii) The loan used by Valetta Cruise Port to finance investing activities.

(xiv) Port of Adria entered into a loan amounting to EURO 17.859.012 on 18 May 2018 with a maturity date on 2025, an interest rate of Euribor+4,25% to finance investing activities. Under this loan agreement, there is a pledge amounting to EURO 9.304.887 over property, plant and equipment.

(xv) Global Ticari Emlak entered into a loan amounting to USD 34.640.000 with an interest rate of Libor+6,20% to finance construction of Van AVM. The interest is paid every six-monhts (April and October). The remaining principal amount of the loan as at 31 December 2018 is USD 26.489.412 (31 December 2017: USD 30.564.706).

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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

10 TRADE RECEIVABLES AND PAYABLES

Current trade receivables

As at 31 December 2018 and 31 December 2017, current trade receivables other than related parties comprised the following:

	31 December 2018	31 December 2017
Receivables from customers	141.146.012	119.443.362
Doubtful receivables	17.898.261	11.590.377
Allowance for doubtful receivables	(17.898.261)	(11.590.377)
Other	2.452.100	2.980.435
Total	**143.598.112**	**122.423.797**

The movement of the allowance for doubtful trade receivables during the year ended 31 December 2018 and 31 December 2017 comprised the following:

	2018	2017
Balance at the beginning of the period (1 January)	(11.590.377)	(9.251.994)
Changes in Accounting Policy - TFRS 9 (Note 2.2.3)	(1.966.114)	-
Allowance for the period	(3.734.085)	(3.092.724)
Cancellation of allowances and collections	1.167.434	749.585
Currency translation differences	(1.775.119)	4.756
Balance at the end of the period (31 December)	**(17.898.261)**	**(11.590.377)**

The expenses related to the allowance for doubtful receivables are presented under impairment losses (gains) and reversal of impairment losses determined in accordance with TFRS 9.

The average maturity of trade receivables arising from port operations is between 30 and 90 days, the average maturity of trade receivables arising from energy generation activities is between 30 and 180 days, the average maturity of trade receivables arising from natural gas sales activities is between 10 and 33 days, the average maturity of trade receivables arising from mining operations is between 30 and 180 days, the average maturity of trade receivables arising from real estate activities is between 30 and 90 days. The details of credit risk, currency risk and impairment of the Group's current trade receivables are disclosed in Note 33.

Current trade payables

As at 31 December 2018 and 31 December 2017, current trade payables other than related parties comprised the following:

	31 December 2018	31 December 2017
Payables to suppliers	132.191.519	105.916.461
Total	**132.191.519**	**105.916.461**

The details of liquidity risk and currency risk of the Group's current trade payables are disclosed in Note 33.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

11 OTHER RECEIVABLES AND PAYABLES

Other current receivables

As at 31 December 2018 and 31 December 2017, current other receivables other than related parties comprised the following:

	31 December 2018	31 December 2017
Deposits and advances given	38.205.495	4.643.015
Receivables from subsidiaries' and joint ventures' other shareholders	2.902.437	549.254
Tax returns	2.138.783	3.103.206
Other	6.100.542	3.731.606
Total	**49.347.257**	**12.027.081**

Other current payables

As at 31 December 2018 and 31 December 2017, current other payables other than related parties comprised the following:

	31 December 2018	31 December 2017
Due to subsidiaries' and joint ventures' other shareholders	28.284.770	5.117.122
Taxes payable and others	18.670.871	21.768.939
Other	5.748.484	7.690.940
Total	**52.704.125**	**34.577.001**

The details of credit risk, liqudity risk, currency risk and impairment of the Group's current other receivables and payables are disclosed in Note 33.

12 RECEIVABLES FROM AND PAYABLES TO OPERATIONS IN FINANCE SECTOR

Current receivables

As at 31 December 2018 and 31 December 2017, current receivables from operations in finance sector other than related parties comprised the following:

	31 December 2018	31 December 2017
Receivables from customers	36.430.411	41.741.528
Receivables from money market	88.144.477	30.855.000
Doubtful receivables	1.228.017	1.228.392
Allowance for doubtful receivables	(1.228.017)	(1.228.392)
Other trade receivables	35.324	252.299
Total	**124.610.212**	**72.848.827**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

12 RECEIVABLES FROM AND PAYABLES TO OPERATIONS IN FINANCE SECTOR (continued)

Current liabilities

As at 31 December 2018 and 31 December 2017, current liabilities due to operations in finance sector other than related parties comprised the following:

	31 December 2018	31 December 2017
Payables to money market	94.839.680	58.954.055
Payables to customers	6.145.499	4.003.738
Payables to suppliers	5.110.486	3.945.359
Other	4.672.229	19.339
Total	**110.767.894**	**66.922.491**

13 INVENTORIES

As at 31 December 2018 and 31 December 2017, inventories comprised the following:

	31 December 2018	31 December 2017
Properties held for sale (*)	36.423.060	57.380.433
Raw materials (**)	38.873.775	26.750.257
Trading goods (***)	19.164.127	18.111.058
Provision for impairment on inventories (***)	(10.674.141)	(10.131.158)
Other	9.650.049	6.180.929
Total	**93.436.870**	**98.291.519**

The details of properties held for sale are as follows:

	31 December 2018	31 December 2017
Balance at the beginning	57.380.433	42.618.320
Additions	702.324	15.742.886
Disposals (****)	(21.659.697)	(980.773)
	36.423.060	**57.380.433**

(*) The Group's land classified as inventory transferred from investment property consist of the land plots on which residential flats started to be built in 2011 in the scope of the residential project in Denizli.. The land is located in Denizli, Plot 6224, Parcel numbered 1. In addition, the offices of the Sky City Office Project and the apartments in the Sümerpark Houses 3rd Block are included in the properties held for sale.
(**) A significant portion of the raw materials comprised of inventories held by the Group's subsidiaries which operates in energy generation, natural gas sales, and mining.
(***) As at 31 December 2018 and 31 December 2017 trading goods and provision for impairment on inventories amounting to TL 9.435.881 consists of asphaltite stocks belongs to Geliş Madencilik.
(****) As at 31 December 2018 disposals amounting to TL 21.429.945 include cost of sales related to Sky City Office (amounting to TL 20.474.913) and Sümerpark Residences (amounting to TL 955.032) (31 December 2017: TL 731.400).

As at 31 December 2018 and 31 December 2017, the mortgage or pledge on the inventory of the Group is explained in Note 20.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

14 PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses-current

As at 31 December 2018 and 31 December 2017, current prepaid expenses comprised the following:

	31 December 2018	31 December 2017
Prepaid expenses (*)	21.353.980	10.485.973
Advances given (**)	58.757.752	30.403.664
Advances given for inventories	6.889	448.196
Other	287.242	6.666.539
Total	**80.405.863**	**48.004.372**

Prepaid expenses-non current

As at 31 December 2018 and 31 December 2017, non-current prepaid expenses comprised the following:

	31 December 2018	31 December 2017
Advances given (**)	28.868.939	38.126.711
Prepaid expenses (*)	5.235.947	3.680.958
Other	558.550	855.909
Total	**34.663.436**	**42.663.578**

(*) As at 31 December 2018 and 31 December 2017, the major part of prepaid expenses comprises of prepaid expenses for energy, mining and port operation activities of the Group.
(**) As at 31 December 2018 and 31 December 2017, the major part of current and non-currents advances given comprises of advances given for developing projects of the Group for energy, mining and port operation investments.

Deferred income-current

As at 31 December 2018 and 31 December 2017, current deferred income comprised the following:

	31 December 2018	31 December 2017
Advances received	7.758.294	20.887.863
Deferred income	933.104	1.713.361
Other	49.378	30.274
Total	**8.740.776**	**22.631.498**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

15 INVESTMENT PROPERTY

Movements of investment property during the year ended 31 December 2018 and 2017 are as follows:

Investment Properties	1 January 2018	Additions	Valuation gain/(loss) (Note 28.1)	Transfers	Currency translation differences	31 December 2018
Non-operating investment properties						
- Hospital land in Denizli	13.380.000	-	1.665.000	-	-	15.045.000
- Land in Bodrum	-	1.150.000	-	-	-	1.150.000
Operating investment properties						
- Sümerpark Shopping Mall ("Sümer-park AVM")	109.622.100	-	(3.182.100)	-	-	106.440.000
- Van Shopping Mall ("Van AVM")	235.070.000	-	(335.353)	-	92.765.353	327.500.000
- School in Denizli	21.635.000	-	1.625.000	-	-	23.260.000
Total	**379.707.100**	**1.150.000**	**(227.453)**	**-**	**92.765.353**	**473.395.000**

Investment Properties	1 January 2017	Additions	Valuation gain/ (loss) (Note 28.1)	Transfers	Currency translation differences	31 December 2017
Non-operating investment properties						
- Hospital land in Denizli	13.325.000	-	55.000	-	-	13.380.000
Operating investment properties						
- Sümerpark Shopping Mall ("Sümer-park AVM")	159.978.000	-	(50.355.900)	-	-	109.622.100
- Van Shopping Mall ("Van AVM")	219.390.250	-	(73.807)	1.600.731	14.152.826	235.070.000
- School in Denizli	21.630.000	-	5.000	-	-	21.635.000
Total	**414.323.250**	**-**	**(50.369.707)**	**1.600.731**	**14.152.826**	**379.707.100**

Denizli Sümerpark Shopping Mall ("Sümerpark AVM")

	2018		2017	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Denizli Sümerpark AVM	28 December 2018	106.440.000	5 January 2018	109.622.100
		106.440.000		**109.622.100**

Sümerpark AVM, that is the property of Pera GYO, which has been officially opened on 12 March 2011.

As at 31 December 2018, there is an insurance amounting to TL 89.760.600 on Sümerpark AVM (31 December 2017: TL 114.719.020).

As at 31 December 2018 and 2017, Sümerpark AVM is first degree pledged as collateral in favor of a bank amounting to TL 35.000.000.

As of 31 December 2018, the supermarket within the shopping center is registered as the lessee in the land registry records for 13 years.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

15 INVESTMENT PROPERTY (continued)

Denizli Sümerpark Shopping Mall ("Sümerpark AVM") (continued)

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 28 December 2018, the fair value of the Sümerpark AVM has been determined as TL 106.440.000 by using the income approach method. The income approach method determines the present value of the real estate by capitalizing the future benefits and the net income it brings.

The main assumptions contained in the valuation reports related to the income capitilization method of investment properties are as follows:

Main assumptions used in income capitalization method:

	2018	2017
Discount rate (%)	17,5-12,5	12,5
Occupancy rate (%)	67,5 – 75	75 – 70
Capitalization rate (%)	5	7
Rent increase rate (%)	15,9-9,8	6

Sensitivity analysis of the investment property is as follows:

		Changes in fair value	
		2018	2017
Discount rate			
	1% increase	(7.600.316)	(7.092.795)
	1% decrease	8.329.692	7.748.147
Rent increase rate			
	1% increase	8.409.788	7.458.901
	1% decrease	(7.800.132)	(6.973.622)
Occupancy rate			
	1% increase	1.431.818	1.650.437
	1% decrease	(1.431.818)	(1.650.437)

For the year ended 31 December 2018, loss amounting to TL 3.182.100 resulting from change in fair value of Sümerpark AVM has been recognized under expenses from investing activities.

As at 31 December 2018, the fair value of investment properties is in the scope of level 3 based on the methods used for valuation. (31 December 2017: level 3)

Van Shopping Mall ("Van AVM")

	2018		2017	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Van AVM	31 January 2019	327.500.000	12 January 2018	235.070.000
		327.500.000		235.070.000

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

15 INVESTMENT PROPERTY (continued)

Van Shopping Mall ("Van AVM") (continued)

Investment properties consist of Van AVM which has completed construction process on 2015 and has been officially opened on 15 December 2016. Van AVM is the property of Global Ticari Emlak, one of the Group companies.

As at 31 December 2018, there is an insurance amounting to TL 91.485.509 on Van AVM (31 December 2017 : TL 89.760.600).

As at 31 December 2018 and 2017, Van AVM is first degree pledged as collateral in favor of a bank amounting to USD 50.000.000. In addition, there is a pledge on shares, that owned by the Group, of Global Ticari Emlak amounting to nominal value of TL 38.600.000.

In accordance with the valuation report prepared by an independent real estate appraisal company, which has the authorization license of CMB, dated 31 January 2019, the fair value of the Van AVM has been determined as USD 62.251.706 (TL 327.500.000) by using the income approach method. The income approach method determines the present value of the real estate by capitalizing the future benefits and the net income it brings. In accordance with the expertise reports dated 12 January 2018, the fair value of Van AVM has been determined as USD 62.321.376 (TL 235.070.000) as at 31 December 2017.

The conciliation protocol was signed between the Group and Municipality with respect to withdrawing lawsuits and operating the project based on the decisions of Van City Council and related counciliation comission on 5 July 2014. According to the conciliation protocol, ownership of the property belongs to the Group and the project is started to actualize based on the fullfilment of the certain conditions specified in the protocol (Note 22).

As at 31 December 2018, the fair value of investment properties is in the scope of level 3 based on the methods used for valuation. (31 December 2017: level 3)

School and Land

	2018		2017	
	Valuation Report Date	Fair Value	Valuation Report Date	Fair Value
Denizli Land (Hospital)	28 December 2018	15.045.000	12 January 2018	13.380.000
Denizli Land (School)	28 December 2018	23.260.000	12 January 2018	21.635.000
		38.305.000		35.015.000

These land plots of the Group in Denizli include the plots on which the investments made on them 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 2018 , the fair values of these land plots have been determined by market approach method according to the valuation reports dated 28 December 2018 prepared by an independent real estate apprasial company, which has the authorization licence of CMB.

As at 31 December 2017 , the fair values of these land plots have been determined according to the valuation reports dated 12 January 2018 prepared by an independent real estate apprasial company, which has the authorization licence of CMB.

The Group has made a lease agreement with Final Okulları to operate a school building on the land plot of the Group located in Denizli #6225 Parcel 1 with respect to Sümerpark Multicomponent Project which functions as a shopping mall, flats, a hospital, a hotel and a school and carried out by one of the subsidiary of the Group, in Denizli. According to the agreement, Final Okulları has a right to operate on the land plot mentioned above as a school for fifteen years. The school has started operations in 2014-2015 education period, consist of 11.450 square meter long closed area with seventy-four classrooms, gym, swimming pool, dining hall, library, conference and meeting rooms.

As at 31 December 2018, the fair value of investment properties is in the scope of level 2 based on the methods used for valuation. (31 December 2017: level 2)

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

16 PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the year ended 31 December 2018 is as follows:

	Land	Land improvements	Buildings	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Other fixed assets	Construction in progress	Total
1 January 2018										
Cost	19.521.753	36.834.208	108.784.107	347.492.914	116.221.102	137.005.665	319.111.390	3.722.180	144.389.520	1.233.082.839
Accumulated depreciation	-	(2.308.502)	(14.768.690)	(115.635.594)	(49.149.475)	(50.595.745)	(69.753.503)	(636.037)	-	(302.847.546)
Carrying value	**19.521.753**	**34.525.706**	**94.015.417**	**231.857.320**	**67.071.627**	**86.409.920**	**249.357.887**	**3.086.143**	**144.389.520**	**930.235.293**
Additions	5.096.554	4.605.526	199.549	37.191.639	4.601.071	7.740.473	7.646.967	589.060	145.709.959	213.380.798
Current period depreciation	-	(1.700.995)	(4.030.643)	(49.112.804)	(18.380.216)	(9.418.657)	(23.866.143)	(514.067)	-	(107.023.525)
Disposals	(299.000)	-	-	(1.038.591)	(131.522)	(47.223)	(26.381)	-	(705)	(1.543.422)
Transfer	(20.589)	-	-	144.977.102	(1.455.245)	776.309	12.552.654	97.012	(157.375.715)	(448.472)
Foreign currency translation differences	6.935.941	10.763.105	24.843.931	92.641.717	22.152.956	5.159.821	81.860.297	1.005.919	5.031.494	250.395.181
Carrying value at the end of the period	**31.234.659**	**48.193.342**	**115.028.254**	**456.516.383**	**73.858.671**	**90.620.643**	**327.525.281**	**4.264.067**	**137.754.553**	**1.284.995.853**
31 December 2018										
Cost	31.234.659	52.202.839	133.827.587	621.264.781	141.388.362	150.635.045	421.144.927	5.414.171	137.754.553	1.694.866.924
Accumulated depreciation	-	(4.009.497)	(18.799.333)	(164.748.398)	(67.529.691)	(60.014.402)	(93.619.646)	(1.150.104)	-	(409.871.071)
Carrying value	**31.234.659**	**48.193.342**	**115.028.254**	**456.516.383**	**73.858.671**	**90.620.643**	**327.525.281**	**4.264.067**	**137.754.553**	**1.284.995.853**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

16 PROPERTY, PLANT AND EQUIPMENT (continued)

Movements of property, plant and equipment for the year ended 31 December 2017 is as follows:

	Land	Land improvements	Buildings	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Other fixed assets	Construction in progress	Total
1 January 2017										
Cost	13.179.747	30.744.658	94.990.169	246.182.494	105.255.595	128.756.218	240.796.978	417.151	127.908.736	988.231.746
Accumulated depreciation	-	(1.123.721)	(11.715.572)	(93.561.976)	(34.691.705)	(38.634.155)	(53.677.128)	(327.368)	-	(233.731.625)
Carrying value	**13.179.747**	**29.620.937**	**83.274.597**	**152.620.518**	**70.563.890**	**90.122.063**	**187.119.850**	**89.783**	**127.908.736**	**754.500.121**
Additions	8.844.959	1.722	327.254	9.637.182	2.864.788	5.986.733	13.348.012	604.707	112.171.544	153.786.901
Current period depreciation	-	(1.184.781)	(3.053.118)	(22.073.618)	(14.457.770)	(11.961.590)	(16.076.375)	(308.669)	-	(69.115.921)
Disposals	(4.009.748)	(37.334)	(119.503)	(2.113.629)	(1.281.954)	(442.008)	-	-	-	(8.004.176)
Transfer	-	485.690	-	80.462.366	-	239.011	17.813.961	2.417.659	(103.345.236)	(1.926.549)
Foreign currency translation differences	1.506.795	5.639.472	13.586.187	13.324.501	9.382.673	2.465.711	47.152.439	282.663	7.652.210	100.992.651
Addition to scope of consolidation (i)	-	-	-	-	-	-	-	-	2.266	2.266
Carrying value at the end of the period	**19.521.753**	**34.525.706**	**94.015.417**	**231.857.320**	**67.071.627**	**86.409.920**	**249.357.887**	**3.086.143**	**144.389.520**	**930.235.293**
31 December 2017										
Cost	19.521.753	36.834.208	108.784.107	347.492.914	116.221.102	137.005.665	319.111.390	3.722.180	144.389.520	1.233.082.839
Accumulated depreciation	-	(2.308.502)	(14.768.690)	(115.635.594)	(49.149.475)	(50.595.745)	(69.753.503)	(636.037)	-	(302.847.546)
Carrying value	**19.521.753**	**34.525.706**	**94.015.417**	**231.857.320**	**67.071.627**	**86.409.920**	**249.357.887**	**3.086.143**	**144.389.520**	**930.235.293**

(i) Includes the property, plant and equipments of Edusa 1 and Edusa Atık Bertaraf included in the scope of consolidation by the Group.
Mortgage and pledges related to property plant and equipment are presented in Note 20.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

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 2018 and 31 December 2017, the carrying values of the leased assets in property, plant and equipment are as follows:

	31 December 2018	31 December 2017
Furniture and fixtures	236.647	12.611.491
Motor vehicles	69.037.166	61.865.875
Machinery, plant and equipments	50.665.457	51.290.404
Land improvements	3.999.543	7.868.010
	123.938.813	**133.635.780**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

17 INTANGIBLE ASSETS AND GOODWILL

a) Intangible assets:

Movements of intangible assets for the year ended 31 December 2018 is as follows:

	Rights	Software	Port operation rights	Customer relationships	Royalty rights	Naturel gas licenses	Other intangible assets	Total
1 January 2018								
Cost	12.929.592	7.570.018	2.262.210.693	11.073.587	144.210.144	78.234.741	9.912.189	2.526.140.964
Accumulated amortization	(10.844.913)	(3.194.189)	(636.679.014)	(7.528.202)	(54.838.031)	(13.553.303)	(393.783)	(727.031.435)
Carrying value	**2.084.679**	**4.375.829**	**1.625.531.679**	**3.545.385**	**89.372.113**	**64.681.438**	**9.518.406**	**1.799.109.529**
Additions	4.626.448	272.834	10.803.456	-	-	30.000	4.692.907	20.425.645
Current period amortization	(852.599)	(1.362.694)	(152.334.760)	(1.621.213)	(21.151.810)	(3.017.616)	(3.093.789)	(183.434.481)
Transfers	448.472	-	-	-	-	-	-	448.472
Diposals	(108.346)	-	-	-	-	-	-	(108.346)
Foreign currency translation differences	(76.474)	339.677	572.420.653	1.082.970	28.571.228	-	2.607.911	604.945.965
Carrying value at the end of the period	**6.122.180**	**3.625.646**	**2.056.421.028**	**3.007.142**	**96.791.531**	**61.693.822**	**13.725.435**	**2.241.386.784**
31 December 2018								
Cost	17.819.692	8.182.529	2.845.434.802	12.156.557	172.781.372	78.264.741	17.213.007	3.151.852.700
Accumulated amortization	(11.697.512)	(4.556.883)	(789.013.774)	(9.149.415)	(75.989.841)	(16.570.919)	(3.487.572)	(910.465.916)
Carrying value	**6.122.180**	**3.625.646**	**2.056.421.028**	**3.007.142**	**96.791.531**	**61.693.822**	**13.725.435**	**2.241.386.784**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

17 INTANGIBLE ASSETS AND GOODWILL (continued)

a) Intangible assets (continued):

Movements of intangible assets for the year ended 31 December 2017 is as follows:

	Rights	Software	Port operation rights	Customer relationships	Royalty rights	HEPP License [*]	Naturel gas licenses	Other intangible assets	Total
1 January 2017									
Cost	11.940.025	4.418.281	2.039.443.954	10.324.826	127.065.569	50.672.736	78.201.341	283.863	2.322.350.595
Accumulated amortization	(9.131.950)	(1.691.778)	(523.484.535)	(6.348.557)	(37.968.306)	-	(10.441.894)	(283.863)	(589.350.883)
Carrying value	**2.808.075**	**2.726.503**	**1.515.959.419**	**3.976.269**	**89.097.263**	**50.672.736**	**67.759.447**	**-**	**1.732.999.712**
Additions	894.731	2.241.169	-	-	-	-	33.400	6.113.913	9.283.213
Current period amortization	(1.712.963)	(1.502.411)	(113.194.479)	(1.179.645)	(16.869.725)	-	(3.111.409)	(109.920)	(137.680.552)
Transfers	-	352.011	-	-	-	-	-	3.270.738	3.622.749
Diposals	(560)	-	-	-	-	-	-	-	(560)
Impairment [*]	-	-	-	-	-	(50.672.736)	-	-	(50.672.736)
Foreign currency translation differences	95.396	558.557	222.766.739	748.761	17.144.575	-	-	243.675	241.557.703
Carrying value at the end of the period	**2.084.679**	**4.375.829**	**1.625.531.679**	**3.545.385**	**89.372.113**	**-**	**64.681.438**	**9.518.406**	**1.799.109.529**
31 December 2017									
Cost	12.929.592	7.570.018	2.262.210.693	11.073.587	144.210.144	-	78.234.741	9.912.189	2.526.140.964
Accumulated amortization	(10.844.913)	(3.194.189)	(636.679.014)	(7.528.202)	(54.838.031)	-	(13.553.303)	(393.783)	(727.031.435)
Carrying value	**2.084.679**	**4.375.829**	**1.625.531.679**	**3.545.385**	**89.372.113**	**-**	**64.681.438**	**9.518.406**	**1.799.109.529**

[*] As at 31 December 2017, the Group has accounted provision related to HEPP license as intangible asset, amounting to TL 50.672.736 which is accounted for impairment loss accounted under intangible assets.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

17 INTANGIBLE ASSETS AND GOODWILL (continued)

Port Operations

As a result of the implementation of the International Financial Reporting Interpretations Committee ("IFRIC") 12 standards, except for BPI and Port Operation Holding S.r.l.'s port operation rights, all port operation rights have emerged as a result of TFRS 3 Business Combinations standard. Each port, in accordance with Standard TAS 36 Impairment of Assets, represents a separate cash generating unit.

The recoverable amount of the cash generating unit for the Bodrum Port is based on the value in use determined by discounting the future cash flows that will arise from the continuous use of the cash generating unit. The net book value of the cash-generating unit was found to be lower than the recoverable amount of TL 81.543.950 (USD 15.000.000) and no impairment loss for 2018 was recognized. (2017: no impairment)

The important assumption here is the assumption that the expected increase in the intensity of port activity will increase operational profitability. The cash flows used to calculate the usage value are prepared in EURO currency units. As of the reporting date, the discount rate used to discount future cash flows is 15,13%. The increase in the number of passengers was accepted as 50% per annum until 2025, then as 10% per annum by 2032, and no growth rate was foreseen within the remaining concession period. The 49-year cash flow is included in the discounted cash flow model.

The cash flow model is based on the after tax base and the discount rate used is after tax. The pre-tax discount rate that equates the future cash flows to the present value will be 16,25%. Growth is estimated according to the evaluation of the business in the sector. The other important assumptions used in the model are the determination of the average day in the cruising season as 210 days, the use of the average course of travel for 7 days in the 2016-2018 periods in the estimated period. On average, 8 ships were added to the route change for the regions.

The estimated recoverable amount of the cash-generating unit has exceeded its carrying amount by approximately USD 10.200.000 equivalent to TL 53.661.180 (2017: USD 5.700.000 equivalent of TL 21.499.830). The Group management has determined that a reasonable change in the number of passengers or the discount rate may cause the carrying amount to exceed the recoverable amount. In the event that the after-tax discount rate is 27,4% per annum or alternatively there will be a 40% annual increase in the number of passengers until 2023 and a 2% increase in the follow-up until 2032 and if the Group does not foresee any growth rate during the remaining concession, the recoverable amount is equal to its carrying amount.

b) Goodwill:

During the years ended 31 December 2018 and 31 December 2017, movement of goodwill is as follows:

	2018	2017
Carrying value as at 1 January	**71.986.732**	**64.111.729**
Currency translation differences	17.798.611	7.875.003
Carrying value as at 31 December	**89.785.343**	**71.986.732**

The distribution of the goodwill according to the segments as at 31 December 2018 and 31 December 2017 is as follows:

Distribution by segments	31 December 2018	31 December 2017
Port Operations	70.935.555	53.136.944
Finance	12.137.491	12.137.491
Real Estate	6.712.297	6.712.297
Total	**89.785.343**	**71.986.732**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

17 INTANGIBLE ASSETS AND GOODWILL (continued)

b) Goodwill: (continued)

Port operations

As at 31 December 2018, the Group has carried EURO 11.767.677 (TL 70.935.555) goodwill related to the acquisition of Ege Liman in its consolidated financial statements (31 December 2017: TL 53.136.944).

As at 31 December 2018 and 2017, 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 and alternatively there will be a 40% annual increase in the number of passengers until 2023 and a 2% increase in the follow-up until concession period. Cash flows used to calculate value in use are prepared in EURO. As at 31 December 2018, post tax rates of 13,37% is used for discounting future cash flows.

The estimated recoverable amount of the cash-generating unit has exceeded its book value by approximately USD 23 million (2017 : USD 27,7 million). The Group management has determined that a reasonable change in the number of passengers or the discount rate may cause the carrying amount to exceed the recoverable amount. In the event that the after-tax discount rate is 22% per annum or alternatively there will be a 17% annual increase in the number of passengers until 2025 and a 2% increase in the follow-up until 2032, the recoverable amount is equal to its carrying amount.

Finance operations

The Group tested impairment of assets of Global Menkul in order to test the goodwill as at 31 December 2018 and 2017 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. 22% discounted rate (2017: 16%) is used for discounting future cash flows.

Real estate operations

The Group tested the impairment of the goodwill related to the acquisition of Maya amounting to TL 6.712.297 as at 31 December 2018 and 2017. In such work, the Group compared the amount of goodwill carried in the consolidated financial statements, with Maya's fair value and has concluded that there is no impairment. Maya leased land in Tatlısu Magosa, from the Government of Northern Cyprus in order to build hotels, villas and apartments for the Holiday Village project on the leased land. As at the reporting date, the construction has not been started on the leased land, because the expropriation studies have not been completed. As at 31 December 2018 and 2017, the fair value of this leased land is obtained from the appraisal reports prepared by an independent real estate appraisal company. The real estate appraisal company, which is authorized by CMB, uses market approach by reference to market prices of similar properties in the market to determine the fair value and concluded that the fair value of the property is TL 14.375.000 (31 December 2017: TL 14.235.000) which is above the total investment of the Group in Maya recognized in the consolidated financial statements.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

18 EQUITY ACCOUNTED INVESTEES

As at 31 December 2018 and 31 December 2017, the details of financial information related to equity accounted investees are as follows:

			Carrying value	
	Effective voting power	Effective ownership held	31 December 2018	31 December 2017
Assets				
Port of Singapore	40,00 %	14,07 %	39.218.325	12.386.484
Port of Lisbon	50,00 %	26,21 %	48.966.551	32.721.018
Venezia Investimenti Srl (**)	25,00 %	6,24 %	50.108.644	37.731.377
Axel Corporation Grupo Hotelero SL (***)	15,00 %	15,00 %	12.269.390	10.188.799
La Spezia	30,00 %	16,17 %	211.215	158.219
Total Assets			**150.774.125**	**93.185.897**
Liabilities				
IEG (*)	50,00 %	38,72 %	(650.132)	(597.106)
Total Liabilities			**(650.132)**	**(597.106)**
			150.123.993	**92.588.791**

(*) Since the Group will compansate the liabilities of IEG based on the its shareholding rates, the Group recognized a loss on IEG's financial statements under liabilities related to the equity accounted investees.
(**) Venezia Investimenti Srl is an international consortium formed for investing in Venezia Terminal Passegeri S.p.A (VTP). The international consortium formed by Global Ports Holding (GPH), Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having 25% share of the Company. As of reporting date the Group consolidate its financial statements as equity accounted investment method.
(***) Aristaeus Limited, a subsidiary of the Group, has 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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

18 EQUITY ACCOUNTED INVESTEES (continued)

The total assets, liabilities and year-ended results of the Group's investments accounted for using the equity method as of 31 December are as follows:

31 December 2018	Current Assets	Non Current Assets	Total Assets	Current Liabilities	Non-curren Liabilities	Total Liabilities	Income	Expenses	Net Profit/ Loss for the period
IEG	591.406	8.875	600.281	(1.900.545)	-	(1.900.545)	58.865	(164.915)	(106.050)
Port of Lisbon	31.512.992	162.851.948	194.364.940	(18.343.921)	(78.087.918)	(96.431.839)	30.107.901	(23.104.281)	7.003.620
Port of Singapore	114.994.961	17.729.572	132.724.533	(34.678.721)	-	(34.678.721)	138.352.386	(81.464.263)	56.888.123
Venezia Investimenti Srl	15.607.238	184.560.552	200.167.790	266.787	-	266.787	-	(509.352)	(509.352)
Axel Corporation Grupo Hotelero SL	50.181.929	65.491.634	115.673.563	(20.306.431)	(2.203.122)	(22.509.553)	119.472.478	(115.825.746)	3.646.732
La Spezia	704.050	-	704.050	-	-	-	-	-	-

31 December 2017	Current Assets	Non Current Assets	Total Assets	Current Liabilities	Non-curren Liabilities	Total Liabilities	Income	Expenses	Net Profit/ Loss for the period
IEG	540.092	8.875	548.967	(1.743.181)	-	(1.743.181)	39.856	(100.626)	(60.770)
Port of Lisbon	30.466.329	108.931.798	139.398.127	(21.451.908)	(52.504.183)	(73.956.091)	21.451.069	(14.395.535)	7.055.534
Port of Singapore	50.710.514	10.568.587	61.279.101	(23.351.293)	(6.961.597)	(30.312.890)	54.647.611	(40.762.699)	13.884.912
Venezia Investimenti	7.316.621	144.267.047	151.583.668	(658.162)	-	(658.162)	3.845.197	-	3.845.197
Axel Corporation Grupo Hotelero SL	33.702.614	51.450.160	85.152.774	(13.116.105)	(4.111.331)	(17.227.436)	86.457.428	(78.946.541)	7.510.888
La Spezia	527.395	-	527.395	-	-	-	-	-	-

For the years ended at 31 December 2018 and 2017, the movement of the Group's investments accounted under equity method is as follows:

	2018	2017
Balance at the beginning of the period (1 January)	**92.588.791**	**67.228.150**
Shares in profit / (loss) of associates and joint ventures	27.598.541	10.365.871
Currency translation difference	29.936.661	14.994.770
Balance at the end of the period (31 December)	**150.123.993**	**92.588.791**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

19.1 Other provisions

As at 31 December 2018 and 31 December 2017, the details of other provisions are as follows:

Other Current Provisions

	31 December 2018	31 December 2017
Provision for lawsuits	6.304.167	6.586.852
Other current provisions	3.549.982	2.844.014
	9.854.149	**9.430.866**

Other Non-current Provisions

	31 December 2018	31 December 2017
Provisions for the purchase of Port of Barcelona (*)	32.286.020	67.582.003
Provisions for the purchase of Port of Adria (**)	7.233.600	5.644.375
Provisions for the purchase of Port Operation Holding (***)	7.250.555	6.289.207
	46.770.175	**79.515.585**

(*) The provisions are related to the purchase of the Port of Barcelona and are separated within the scope of the Transfer of Operating Rights Agreement between the Creuers and the Port Authority of Barcelona and Malaga.
(**) The restructuring provisions are related to the acquisition of the Port of Adria and are allocated within the scope of the Transfer of Operating Rights Agreement signed between Global Liman and the Government of Montenegro on 15 November 2013. Port of Adria had an obligation to pay a concession fee to the Government of Montenegro of EURO 500.000 per year until the end of the agreement.
(***) On 6 December 2009, Ravenna Port Authority and Ravenna Passenger Terminal S.r.l. ("RTP") has signed a contract in connection with the concession right of the Ravenna Passenger Terminal operating expiry on 27 December 2019. RTP is obliged to pay a concession fee to the Port Authority of EURO 86.375 per year until the concession is over. The expenses related to this concession agreement are recorded linearly over the duration of the concession period and accrued in the relevant years.

On 13 June 2011, Catania Port Authority and Catania Passenger Terminal S.r.l. ("CCT"), reached an agreement on the concession rights of the Catania Passenger Terminal, which will expire on 12 June 2026. CCT is obliged to pay a concession fee to the Port Authority of EURO 135.000 per year until the concession is over. The expenses related to this concession agreement are recorded linearly over the duration of the concession period and accrued in the relevant years.

On 14 January 2013, Cagliari Cruise Port ("CCP") and Cagliari Port Authority signed a contract in connection with the concession right of the Cagliari Cruise Terminal operating expiry on 13 January 2027. CCP is obliged to pay a concession fee to the Port Authority of EURO 44.315,74 per year until the concession is over. The expenses related to this concession agreement are recorded linearly over the duration of the concession period and accrued in the relevant years.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

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 in favour of Ege Liman. The Privatization Administration applied to the Council of State for rectification of this judgement. This time the Council of State reversed its decision and affirmed the judgment of the lower court. As all the legal remedies are exhausted Ege Ports applied to the Constitutional Court using its individual application right. The Council of State also rejected the Group's appeal and upheld the judgment of the lower court relating to Port Akdeniz-Antalya. The Group lawyers applied for rectification of this judgment.

Bodrum Cruise Port's objection was approved by the court and rejection decision of the Ministry of Transportation, Maritime Affairs and Communication (Ministry) had been cancelled in favor of Bodrum Cruise Port. Upon affirmation of this decision by the Council of State, the rectification request of the Ministry has also been overruled by the Council of State on July 2018, and such court decision has become final in favor of the Group.

On the other hand, extending operation right terms to 49 years is now a possibility for certain facilities and investments including Bodrum Cruise Port as per provisional clause 23 of the Law on Evaluation of Public Immovable Assets and Amendment on VAT Law No 4706 ("the Code")which was introduced by the Law No 7061 published on the Official Gazette of 5 December 2017. The Regulation mentioned in the Code has been published in the Official Gazette on 4 May 2018.An application to extend the operation period of Bodrum Cruise Port as per the Code has been made to the administration and an amendment agreement to extend the operation period until 2067 has been signed.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

(ii) The former owner of the shares of a subsidiary of the Group filed a lawsuit against the Group for the restitution of the shares. On 4 January 2008 a trustee had been appointed for the subsidiary's management and the subsidiary was therefore excluded from the consolidated accounts. On 2 March 2010, the court decided on return of shares on a free of charge basis to the former owners and that the trustee, previously appointed by the Court, shall remain in charge until the final decision. The Group lawyers appealed the decision on 28 April 2010 upon the notification of the justified decision. Although the decision was overruled the first instance court decision was against the Group and the judgment became final on 3 March 2016. The shares that are subject matter of the case was transferred to a foreign company in the course of court hearings and examinations in 2015. On the other hand, the Group has filed counter claims in order to collect the expenditure made for the purposes of the project against the 4 partners on 21 April 2016. Three of the court claims have been ruled in favor of the Group and the other one is still pending. Group lawyers succeeded in their application to take and impose an interim injunction on company shares of one of the debtors.

(iii) GYH and Global Liman were part of a consortium which participated in the tender process relating to the privatization of İzmir Port. The joint venture in which the Group also attended placed as the highest bid for the tender regarding the privatization of the operating rights of TCDD İzmir Ports via transferring method conducted by the Privatization Administration on 3 July 2007. The High Council of Privatization Administration approved the tender. Liman-İş and Kamu İşletmeciliğini Geliştirme Merkezi Vakfı separately filed lawsuits for the cancellation of the tender. These lawsuits were rejected by the Council of State. Plaintiffs appealed the verdicts. 1st Department of Council of State has approved the Privatization of Operating Rights without waiting for the approval of the 13th Department of Council of State. High Council of Privatization has invited the Joint Venture to sign the Agreement with a declaration dated 23 September 2009.

The Group, on behalf of the joint venture partnership participating in the tender, requested an extension from the PA to complete the privatization by 15 April 2010. The PA granted a 45-day extension on 10 November 2009, permitting the joint venture to complete the privatization by 24 December 2009. Pursuant to the terms of the tender, on 7 January 2010 the PA cancelled the tender and called the USD 15.000.000 bid bond provided by GYH and its joint venture partners during the bid process. On 8 January 2010, the Group deposited USD 6.900.000 in escrow, its portion of the bid bond, and on 12 January 2010 the PA received the bid bond in full from all joint venture partners. Following forfeiture of the bid bond, the Group and its joint venture partners fulfilled all of their obligations to the PA in connection with the tender.

The Group initiated a pilot debt recovery procedure of USD 10.000 against the PA with the Ankara Enforcement Authority (which then is to be followed by the actual procedure) claiming the repayment of the Bid Bond with a total amount of USD 12.750.000 which was liquidated on unjustifiable grounds. However, the proceeding was suspended upon defendant's objection. The cancellation of the defendant's claim and a penalty amounting to 40% of the total amount were requested from Ankara Commercial Court on the ground that defendant's claim was unjustifiable. The expert, in the report, has the opinion that Group's request was rightful. The defendant, Privatization Administration, made an objection to the Report. Although the latter expert report has also represented in favor of the Group, the Group has requested for correction of the expert report due to insufficient examination. The Court dismissed the lawsuit. The Group have appealed the Court decision. The Court of Appeal rejected the appeal whereupon the Group have made a request for rectification of the Court of Appeal decision.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

(iv) On 14 March 2008 the joint venture ("JV") consisting of Energaz (newly titled as Enerya Gaz Dağıtım A.Ş. ("Enerya")) and GYH placed the highest bid USD 1.610.000.000 for the tender relating to the privatization of the shares of "Başkent Doğalgaz Dağıtım A.Ş." owned by the Municipality of Ankara via the block sale method. STFA Yatırım Holding A.Ş. and ABN Amro Infrastructure Capital Management Ltd. (newly named "Eiser Infrastructure Limited") also became members of the JV. Along with other reasons, as the information in relation to Başkent Doğalgaz Dağıtım A.Ş. within the tender specifications was misleading the shares of Başkent Doğalgaz Dağıtım A.Ş. were not transferred to the JV. As the procedure was continuing, the Municipality applied to the guarantor bank to enable the liquidation of the USD 50.000.000 Letter of Guarantee, procured by the Consortium, submitted to the Municipality as a requirement under specifications by GYH, the 51,66 % participant of the JV.

The Group filed a lawsuit before the Ankara Administrative Court against the Municipality, requesting cancellation of the Municipality Council's resolution dated 22 January 2009, numbered 86/325 regarding the forfeiture of the letter of guarantee given by JV according to Article 10/c of the tender specification. The Group also requested an injunction on 15 January 2010. Ankara Administrative Court decided incompetence and the case has been taken over by the Thirteenth Chamber of Council of State. The Thirteenth Chamber of Council of State rejected the request for a stay for execution. The Group appealed and the Administrative Division of the High Council of the State overturned the rejection on 8 July 2010. At this point, 13th Chamber of Council of State completed the parts which were missed before. Afterwards, 13th Chamber of Council of State dismissed the case and the judgement of dismissal received on 4 August 2014. The decision has been appealed in due of time by the Group lawyers on 2 September 2014. The Chamber of Council of State approved the decision and it was notified on 28 July 2016. Request of rectification has been submitted by the Group lawyers but this request of rectification has been rejected by the Pleanary Session of the Administrative Law Chamber and the court file has returned to the 13th Chamber of Council of State on 21 June 2018. The reasoned decision has been served on the parties and thereby became final.

On 2 July 2009, a decision of the Turkish High Council of Privatization Administration was published in the Official Gazette. Accordingly, the Privatization Administration shall be in charge in order to conduct and finalize the privatization process of the Başkentgaz shares as at the date of the decision as the Municipality could not close the tender in the two years period according to the Law No.4046. Thus, the Turkish Privatization Administration finalized the privatization process of the Başkentgaz shares by means of making several tenders in 2014.

In the meantime Boru Hatları ile Petrol Taşıma A.Ş. ("BOTAŞ") initiated an execution process in accordance with the Article 79 of the Collection of the Public Receivables Act No. 6183 against the Municipality. As a precautionary measure, the Group applied to Beyoğlu Commercial Court to prevent the liquidation of the Letter of Guarantee amounting to USD 50.000.000. The court issued a precautionary measure for 15% of the collateral of the Letter of Guarantee which prevented the liquidation. The Municipality raised an objection against the measure, which was rejected by the Court.

Continuing with their precautionary measure, a lawsuit was filed by the Group against the Ankara Metropolitan Municipality and BOTAŞ before the First Chamber of the Beyoğlu Commercial Court claiming to dissolve the discrepancy for the payment of the bid amount and the restitution of the Letter of Guarantee. The court decided that it is not a competent court to conduct the case and that Ankara courts were the most appropriate forum for the litigation. The guarantor bank that provided the Letter of Guarantee requested an intervention in the lawsuit, which was then approved by the Court. The court additionally allowed the plaintiff to file a separate lawsuit against the PA and enabled this separate lawsuit to be combined with the pending lawsuit. Upon this order, the Consortium filed another lawsuit against the PA, as it became the competent authority to conduct the privatization process. The court decided to combine this lawsuit with the pending lawsuit which is behind Ankara 3rd Chamber Commercial Court.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

The file has been sent to a three person expert commission for detailed examination on 17 January 2012. Commission declared in their report that the outcome of the Administrative Court case may be a prejudicial question however the Court, has not taken the objections to the Commission report into account and, rejected the case and cancelled the preliminary injunction on the Bid Bond on 26 February 2013. The Bid Bond amounting to USD 50.000.000 has been paid by the Group. The decision has been appealed. As a result of the appeal, the Supreme Court of Appeals acknowledged all objections and reversed the decision in favor of the Group. The defendant Municipality requested for the revision of decision and such revision request has been rejected by the Supreme Court. The file has been sent to Ankara 4th Chamber Commercial Court with the file number 2016/37 and been approved the remittitur and ruled an interim decision to wait the decision of the Chamber of Council of State. Following that the Group lawyers submitted a revocation petition in relation to that there is no reasoning to wait for the decision of the Chamber of Council of State. However, at the hearing held on 31 May 2017, such request of Group lawyers was rejected. The court decided in the hearing dated 27 June 2018 to refer the court file to expert examinationand adjourned the hearing to 13 March 2019.

Briefly as at 31 December 2012, the Group allocated provision amounting to USD 50.000.000 (TL 89.130.000) under "provisions" in its consolidated financial statements. The reimbursement of the provisions is accounted for under "other receivables" as "reimbursement of provisions" amounting to USD 24.170.000 (TL 43.085.422) and a net amount of provision and reimbursement of the provision amounting to USD 25.830.000 (TL 46.044.558) is accounted for as provision expense under "finance costs" in the consolidated financial statements. As of 31 December 2013, since the liability have been paid, the receivables amounting to TL 51.586.031 (31 December 2014: TL 38.656.063) accounted as "reimbursement of payments" in the other receivables. As at 31 December 2014, the Group has come to agreement with the other partners of the Consortium, Enerya and STFA, and the related amount has been collected. The difference between the receivable arising from the recourse and the agreed amount has been written off and expensed under finance costs in the amount of TL 9.379.317. As of 31 December 2016, USD 16.670.000 is accounted for under "other receivables" as "reimbursement of provisions". However, the legal process with regards to the other member of the Consortium is still ongoing and yet the Group management considers that collection of the receivables from the other members of the Consortium shall have a positive impact on the process. Although preparations to start legal proceedings abroad with regards to such receivable, in order to speed up the collectability of such receivable which is already in a high chance upon winning the case, based on the precautionary principle, the Group has allocated provision amounting to TL 62.877.573 for the provision to be indemnified which are accounted under the other receivables as "reimbursement of provisions" in the consolidated financial statements as of 31 December 2017.

On the other hand, the Municipality filed a lawsuit against the Company and Enerya before 4th Ankara Commercial Court on the date of 26 March 2013 in request for the compensation for unlawful preliminary injunction. The requested compensation amount is USD 10.000.000, save for the rights to surplus related to lawsuit, request and other damages especially interest income loss of the municipality and damages arising from forced loan, with accruing commercial interest as from 31 December 2008. The lawsuit petition and interim decision related to the lawsuit have been received on 7 May 2013. In the rebuttal petition dated 15 May 2013, the Group's lawyers claimed for nonsuit and requested for awaiting the finalization of the decision of the superior court by reason of the fact that the compensation lawsuit was filed before giving ruling on the primal lawsuits conducted before 4th Ankara Commercial Court numbered 2010/308 E. and the Thirteenth Chamber of Council of State numbered 2010/920 E. Besides, the Group's lawyers requested for evidencing of tangible damages of plaintiff and determining of the scope of compensation in accordance with the Code of Obligation Article 51. The Court has decided to pend the filing until the decision of the file before the same Court with the file number of 2016/37 detailed above. Next hearing will be held on 10 April 2019 . The Group management did not account for provision in its consolidated financial statements in accordance with its legal advisors' opinion.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

(v) The Company filed a lawsuit of USD 15.000 against ABN Amro Infrastructure Capital Management Ltd. before Beyoğlu Commercial Court claiming that the defendant, with regards to the related articles of the JV Agreement signed between the Parties after the Tender of the Privatization of Başkent Doğalgaz Dağıtım A.Ş. arranging to share jointly all the financial, accounting, legal, tax, commercial and insurance expenses, has not paid its share of USD 236.918, reserving the right to claim the whole amount. The expert report and the additional report has been received and the parties has raised objections to such reports. In the hearing held on 3 March 2014, it has been decided to be pended the filing until the decision of the file numbered 2010/920 E before 13th Council of State. Since the lawsuit with the file numbered 2010/920 E before 13th Council of State which is regarding the forfeiture of the letter of guarantee has been decided to be pended, interrelation with and the differences from the lawsuit have been indicated in the most recent petition. In the said petition, it has been stated that the decision taken by the Administrative Court has no defect evaluation for Global Holding; and only has an defect evaluation for the JV, and therefore it has been defended that the interrelation of the parties are different and lawsuit must be approved without making it a pending issue. During the hearing held on 24 February 2016, the Court has removed the pending decision and rejected the lawsuit.The decision of the first instance court is appealed by the Group on 27 May 2016. The Court of Appeal has accepted the appeal and overruled the Court decision on 26 November 2018. The Court will re-examine the court file in accordance with the Court of Appeal decision.

(vi) Dağören, one of GYH's subsidiaries made an application to the General Directorate of State Hydraulic Works (the "Administration") to obtain a generation licence for the Dağören Hydroelectric Power Plant ("HEPP").

According to correspondence sent by the Administration dated 18 July 2008, the Administration accepted the application 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 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 13th Chamber of the Council of State which carried on the appeal process approved the decision of the Court of the First Instance and such decision was received by Group Lawyers on May, 2017. The Group Lawyers applied for a request of rectification of the decision on 29 May 2017. The request of rectification of the decision has been rejected by the Council of State, the decision is served on 11.01.2019 and thereby the decision of the Court of First Instance became firm. As a result of exhaustion of legal remedies, the Group Lawyers have made an individual application to Constitutional Court on 11 February 2019. The Group also considers to file a full remedy action against the Administration for recovery of damages incurred in respect of HEPP Project.

As at 31 December 2017, based on the precautionary principle and according to the current existing situation, the Group has accounted for an impairment provision amounting to TL 50.968.072 for the HEPP license and for the other tangible assets accounted in the consolidated financial statements.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.2 Legal issues (continued)

(vii) Raiffeisen Centrobank AG ("Raiffeisen") filed a lawsuit before the 14th Commercial Court of First Instance in request for recognition and approval of the decision numbered 600337-2013 dated 14 October 2014 made by Swiss Chambers' Arbitration Institution and the reimbursement of litigation cost, lawyer expense and other compensable expenses by the Group. The Group lawyers submitted a petition and claimed that the conflict causing arbitration process was out of the scope of the conditions of the agreement signed by the parties so the arbitrator was unauthorized and also Group lawyers asserted other reasons to the Court. Afterwards, Raiffeisen submitted a counter petition against Group's declarations and the Group lawyers submitted rebuttal petition dated 6 July 2015 together with the legal opinion prepared by Prof. Dr. Cemal Şanlı. The Court without holding a hearing made an examination on 12 June 2015 and decided upon that preliminary hearing will be held on 19 November 2015 before the board of the Court. In the preliminary hearing, the copy of registration files of the Company has been requested from the related registry of commerce and granted an extension to Raiffeisen's lawyer for submitting their rebuttal petition against Group's rebuttal petition and legal opinion. Raiffeisen submitted their replies to the file however; this replication has not received yet by the Group. In the hearing held on 10 March 2016, the expert report was submitted to the Court and the parties have raised objections and statements to the report. However, in the hearing held on 02 February 2017, the Court accepted the case and decided to the recognition and approval of the decision numbered 600337-2013 dated 14 October 2014 made by Swiss Chambers' Arbitration Institution. The Group lawyers appealed the decision before the Provincial High Court. The Provincial High Court ruled on rescission of the court decision due to short payment of the court claim fee by the claimant. The file has returned to the first instance court and the new hearing is adjourned to 29 November 2018. On the hearing dated 29 November 2018, the Court ordered the claimant to remit the remaining court claim fee amount until the next hearing which is adjourned to 16 May 2019. The Group has accounted provision amounting to TL 4.087.204 for this lawsuit in its consolidated financial statements in 2014.

(viii) Global Enerji Hizmetleri ve İşletmeciliği A.Ş. which is a subsidiary of the Group filed a lawsuit before 2nd Commercial Court of First Instance claiming that the compensation of its damages stemming from the share purchase agreement signed with the former shareholders of Geliş Madencilik Enerji İnşaat A.Ş. The value of the claim was USD 7.958.000 (TL 21.760.355) which was the amount of the advance payment in accordance with the shareholders agreement. The defendants have submitted their rebuttal petition and filed a counter lawsuit for the purpose of compensation of USD 19.000.000 which was an unpaid part of share transfer price of USD 26.958.500. This counter lawsuit has been filed as partial therefore in the first phase; the defendants requested USD 20.000 for share transfer price, TL 25.000 for expenses and lost profit damages, TL 50.000 for the compensation of positive damages stemming from decreasing of share price and USD 40.000 for penal clause. The Group lawyers have submitted the entire petitions to the first lawsuit and counter lawsuit. The expert report was submitted to the Court and the parties submitted their statements to the report in February 2018. In the hearing dated 7 June 2018, the Court has accepted the first lawsuit and ruled that the defendants are jointly and severally liable from and will pay to the Group USD 7.958.000 together with accrued interest as of the court claim date, the Group to return 85% of the Gelis Madencilik Enerji Insaat A.S' shares to the defendants, namely Mustafa Acar, Mehmet Sıddık Balkan and Veysi Gelis, Muhammet Fatih Bahşiş, to concurrent fulfillment of mutual obligations and rejection of the counter lawsuit. The Defendants have applied to Regional Court of Appeal against the Court decision. The Group Lawyers also appealed the Court decision on the ground that the default interest commencement date adjusted by the Court is erroneous. The Group have also commenced enforcement procedure of the Court decision and obtained attachment order over some cash and various company shares, immovables and vehicles.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.3 Contingent liabilities

The details related to the Group's guarantees, pledges and mortgages given are presented in Note 20. Moreover, the Group has the following contingent liabilities:

Ege Liman

The details of the Transfer of Operational Rights Agreement("TOORA") dated 2 July 2003, executed by and between Ege Liman and Privatization Authority ("PA") together with Turkish Maritime Organization ("TDI") are stated below:

Ege Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Kuşadası Cruise Port for an operational period of 30 years. Ege Liman is liable for the maintenance of Kuşadası Cruise Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ege Liman.

Ortadoğu Liman

The details of the TOORA dated 31 August 1998, executed by and between Ortadoğu Liman and PA together with TDI are stated below:

Ortadoğu Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Antalya Port for an operational period of 30 years. Ortadoğu Liman is liable for the maintenance of Antalya Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ortadoğu Liman.

Bodrum Liman

The details of the BOT Contract dated 23 June 2004, executed by and between Bodrum Liman and the State Railways, Ports and Airports Construction Company ("DLH") are stated below:

Bodrum Liman had to construct the Bodrum Cruise Port in a period of 1 year and 4 months following the delivery of the land and thereafter, will operate the Bodrum Cruise Port for 12 years. The final acceptance of the construction was performed on 4 December 2007, and thus the operation period has commenced. Bodrum Liman is liable for the maintenance of the port together with the port equipment in good repair and in operating condition throughout its operating right period. The facilities, equipment, installations and the systems together with the tools and other equipment belonging thereto shall be surrendered to the DLH after the expiry of the contractual period.

Bodrum Liman also executed an extension on prior Concession Agreement with the General Directorate of National Property on 15 November 2018 ("Bodrum Port Concession Agreement"). The BOT Agreement is attached to the Bodrum Port Concession Agreement and Bodrum Liman is entitled to use the Bodrum Cruise Port under these agreements for an extended period of 49 years starting from 31 December 2019.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.3 Contingent liabilities (continued)

Port of Bar

The details of the TOORA dated 15 November 2013, executed by and between Global Liman and Ministry of Transportation and Maritime and Port Administration of Montenegro ("PAM") are stated below:

The contract with respect to acquisition of 62,09 % shares of general freight and cargo terminal of Port of Bar located in Montenegro has been signed on 15 November 2013 after a subsidiary of Group, Global Liman, offered the tender comprised the repair and maintenance of the Port, financing, construction and operating the Port for 30 years and initiated by Ministry of Transportation and Maritime and Port Administration of Montenegro at best, approvals and procedures related to sales transaction was completed on 30 December 2013 which is the Group obtained management and control of the company.

Barcelona Cruise Port

The details of the TOORA Contract dated 29 July 1999, executed by and between Creuers del Port de Barcelona and the Barcelona Port authority are stated below:

Creuers del Port de Barcelona, S.A. ("Creuers") will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in World Trade Center Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of World Trade Center Wharf terminals North and South together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

The details of the TOORA Contract dated 26 July 2003, executed by and between Creuers and the Barcelona Port authority are stated below:

Creuers will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in Adossat Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of Adossat Wharf Terminals A, B and C together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

19.3 Contingent liabilities (continued)

Malaga Cruise Port (continued)

The details of the TOORA Contract dated 11 December 2011, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to adapt the of Terminal El Palmeral of the Malaga Port and its exploitation, for a 30-year period. However, the Port concession period can be extended automatically for 5 years provided that Creuers has complied with all the obligations set forth in the Port Concession. Therefore, the concession period is considered as 35 years. Cruceros will perform passenger services, terminal usage and luggage services. Cruceros is liable for the maintenance of Terminal El Palmeral together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Malaga Port Authority.

19.4 Operating leases

Group as lessee

The Group entered into various operating lease agreements. As at 31 December 2018 and 2017, operating lease rentals are payable as follows:

	2018	2017
Less than one year	22.478.858	13.026.375
Between one and five years	90.336.809	48.089.429
More than five years	719.268.207	526.217.065
Total	**832.083.874**	**587.332.869**

The Group's main operating lease agreements as lessee are the port rent agreement of Bodrum Liman until 2067, VCP until 2066, Port of Bar until 2043 and the rent agreement which will be terminated in 2019 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 2018, payments recognized as rent expense are TL 19.172.230 (2017: TL 19.172.230).

Group as lessor

As at 31 December 2018 and 2017, the future lease receivables under operating leases are as follows:

	2018	2017
Less than one year	28.934.522	13.564.630
Between one and five years	46.226.278	40.436.541
More than five years	43.476.124	17.938.001
Total	**118.636.924**	**71.939.172**

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 2018, TL 62.702.256 (2017: TL 75.798.690) have been recognized as rent income in the consolidated financial statements.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

20 COMMITMENTS

As at at 31 December 2018 and 31 December 2017guarantees, pledges and mortgages (GPMs) given by the Group are presented below:

		Original Amount		
	TL Equivalent	TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	511.186.357	238.075.837	10.200.000	36.405.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	3.657.885.110	1.006.055.455	244.986.372	226.108.303
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	-	-	-	-
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C (*)	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
Total	**4.169.071.467**	**1.244.131.292**	**255.186.372**	**262.513.303**

31 December 2017

		Original Amount		
	TL Equivalent	TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	445.454.591	244.423.211	10.200.000	36.000.000
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	3.074.928.126	992.270.996	287.633.577	220.957.157
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	**3.520.382.717**	**1.236.694.207**	**297.833.577**	**256.957.157**

As at 31 December 2018 the ratio of other GPMs given to the Group's equity is 0% (31 December 2017: 0%).

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

20 COMMITMENTS (continued)

The details of the GPMs (contingent liabilities) given by the Group are presented below:

	31 December 2018	31 December 2017
Given to Energy Market Regulatory Authority (1)	5.266.880	3.638.780
Given for tenders	5.943.900	2.893.590
Given as a guarantee for commercial contracts	40.140.175	29.948.425
Given to Borsa Istanbul	2.012.500	2.812.500
Given to Takasbank	30.525.000	33.075.000
Given to Privatization Administration	2.969.440	2.107.709
Given to supply for natural gas	57.755.562	34.457.082
Given to courts, ministries, Tax Administration	5.449.082	6.442.717
Given to Capital Markets Board	4.576	4.576
Other	100.635.444	130.419.079
Total letters of guarantee	**250.702.559**	**245.799.458**
Mortgages and pledges on inventory, property plant and equipment and investment property (2)	2.482.183.609	2.572.080.916
Pledges on equity securities (3)	740.354.851	251.677.068
Sureties given (4)	695.830.448	450.825.275
Total contingent liabilities	**4.169.071.467**	**3.520.382.717**

(1) The amounts include the letters of guarantee given by the Group for its subsidiaries operating in energy sector to EMRA.
(2) Mortgages and pledges on inventory, property, plant and equipment and investment property:

As at 31 December 2018, there is a mortgage amounting to TL 120.000.000 and EURO 15.000.000 (TL 90.420.000) over one of the buildings of Global Yatırım Holding A.Ş. (which is classified as property, plant and equipment) with respect to the loans obtained (31 December 2017: TL 120.000.000 and EURO 15.000.000).

As at 31 December 2018, there is mortgage on the land of the Group located in Denizli , as collateral of the Group's bank loans amounting to TL 84.500.000 (31 December 2017 : TL 84.500.000 and EURO 15.000.000). Additionally, as at 31 December 2018, there is a mortgage on the land of the Group located in Van, related with the loans utilized by Global Ticari Emlak amounting to USD 50.000.000 (TL 263.045.000) (31 December 2017 : USD 50.000.000 (TL 188.595.000)).

As at 31 December 2018, there is a mortgage over the property, plant and equipment of the Group's subsidiaries which are operating in energy generation sector amounting to USD 100.000.000 (TL 526.090.000), EURO 109.863.000 (TL 662.226.220) and TL 535.400.000 with respect to the loans utilized by those subsidiaries.

As at 31 December 2017, there is mortgage over the property, plant and equipment of the Group's subsidiaries which are operating in energy generation sector amounting to USD 100.000.000 (TL 377.190.000), EURO 91.200.000 (TL 411.813.600 TL) and TL 535.400.000 with respect to the loans utilized by those subsidiaries.

As at 31 December 2018, there is a mortgage over the property, plant and equipment of Port of Barcelona, Ortadoğu Liman, VCP and Port of Adria amounting to EURO 13.493.042 (TL 81.336.057), USD 3.150.000 (TL 16.571.835), EURO 7.708.135 (TL 46.464.638) and EURO 9.304.887 (TL 56.089.859) respectively due to the loans utilized by those companies.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

20 COMMITMENTS (continued)

(3) Pledges on equity securities:

As at 31 December 2018, the Group gave marketable securities with a nominal value of USD 10.200.000 (TL 53.661.180) (31 December 2017: USD 10.200.000 (TL 38.473.380)) and equity shares amounting to TL 9.402 (31 December 2017: TL 9.400) as collateral with respect to ongoing legal proceedings. There are pledges on shares with a nominal value of a subsidiary of Group amounting to TL 118.588.083, on shares of the subsidiaries which operating in port operations amounting to TL 391.800.699, on shares of the subsidiaries which operating in naturel gas/mining/energy generation amounting to TL 101.000.000 and on shares of the subsidiaries which operating in real estate development amounting to TL 38.600.000 with respect to the loans obtained by the Group.

As at 31 December 2018, treasury shares amounting to nominal value of TL 12.240.000 (31 December 2017: TL 15.650.000) as mentioned in Note 23.1 has been pledged for loans and debt securities. As at 31 December 2018, there is a blockage of financial investments with a carrying value of TL 97.888 in Takasbank.

(4) Securities given:

As at 31 December 2018, the Group provided surety amounting to EURO 22.186.947, USD 81.951.157 and TL 130.950.686, a total of amounting to TL 695.830.448 (31 December 2017: TL 450.825.275) with respect to loans and lease agreements of subsidiaries of the Group.

21 EMPLOYEE BENEFITS

Payables related to employee benefits

As at 31 December 2018 and 31 December 2017, payables related to employee benefits comprised the following:

	31 December 2018	31 December 2017
Payables to personnel	4.102.152	5.135.514
Social security premiums payable	6.087.411	3.846.697
Other	690.552	788.504
Total	**10.880.115**	**9.770.715**

Provisions for employee benefits

As at 31 December 2018 and 31 December 2017, current and non-current provisions for employee benefits comprised the following:

Current provisions

	31 December 2018	31 December 2017
Provision for notice pay and vacations	4.504.014	3.675.502
Provision for personnel premium	41.159	164.640
	4.545.173	**3.840.142**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

21 EMPLOYEE BENEFITS (continued)

Non-current provisions

Non-current provisions consist of provision for employment termination indemnities. The details of the non-current provisions are as follows:

	31 December 2018	31 December 2017
Provision for employment termination indemnity	10.296.326	7.945.868
	10.296.326	**7.945.868**

The assumptions used to recognize provision for employment termination indemnity are explained below:

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. The amount payable consists of one month's salary limited to a maximum of TL 5.434 for each period of service as of 31 December 2018 (31 December 2017: TL 5.001,76).

Provision for employment termination indemnity are not subject to any statutory funding.

For the year ended 31 December 2018 and 2017, the movement of the provision for employement termination indemnity as follows:

	2018	2017
Opening balance	7.945.868	9.960.330
Interest for the period	593.961	292.651
Service costs	2.721.828	1.444.770
Payments within the period	(1.645.791)	(1.099.358)
Currency translation differences	401.865	(1.462.065)
Actuarial gain/losses	278.595	(1.190.460)
Closing balance	**10.296.326**	**7.945.868**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

22 OTHER ASSETS AND LIABILITIES

a) Other current assets

As at 31 December 2018 and 31 December 2017, other current assets comprised the following:

	31 December 2018	31 December 2017
Deferred value added tax (*)	37.736.836	33.291.347
Job and salary advances given to personnel	7.569.375	6.711.706
Income accruals	6.018.017	2.968.688
Other	1.284.997	1.112.510
Total	**52.609.225**	**44.084.251**

(*) The Group has classified deferred VAT assets as current or non-current assets on basis of future realizable projections.

b) Other non current assets

As at 31 December 2018 and 31 December 2017, other non-current assets comprised the following:

	31 December 2018	31 December 2017
Deferred value added tax (*)	2.056.029	4.416.802
Job and salary advances given to personnel (**)	14.491.529	11.513.671
Total	**16.547.558**	**15.930.473**

(*) The Group has classified deferred VAT assets as current or non current assets on basis of future realizable projections.
(**) As a state-owned company before being acquired by the Group, Port of Adria had granted housing loans to its employees up to a maturity of 35 years. The housing loans were acquired as part of business combinations and recognised at fair value on acquisition date. Subsequent to the acquisition date the loans have been held, at amortised cost. Whilst there is credit risk associated with the collection of these loans the Group has mortgages over the relevant properties and the value of the properties is expected to cover the outstanding amount in the event of a default.

c) Other current liabilities

As at 31 December 2018 and 31 December 2017, other current liabilities comprised the following:

	31 December 2018	31 December 2017
Liabilities related to share repurchase commitment (Note 23.8)	82.308.355	-
Liabilities related with real estate (*)	4.168.000	4.168.000
Expense accruals	12.652.614	9.859.297
Other	1.843.172	2.465.079
Total	**100.972.141**	**16.492.376**

(*) Includes liabilities based on the protocol between the Group and Van Municipality.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

23 CAPITAL, RESERVES AND OTHER EQUITY ITEMS

23.1 Share capital / Treasury shares

Share capital:

As at 31 December 2018 the Company's statutory nominal value of paid-in share capital consists of 325.888.410 registered shares with a par value of TL 0,01 each. As at 31 December 2017 the Company's statutory nominal value of paid-in share capital consists of 325.888.410 registered shares with a par value of TL 0,01 each. Number of shares is presented in lots in the consolidated financial statements and the accompanying notes (1 lot= 100 shares).

The issued capital of the Company is TL 325.888.410 and the authorized capital ceiling is TL 650.000.000. The authorized capital ceiling permit given by the Capital Markets Board is valid for the years 2018-2022 (5 years). The shareholder structure of the Company is as follows:

	31 December 2018		31 December 2017	
	Proportion of share %	Value of share	Proportion of share %	Value of share
Mehmet Kutman (*)	24,33%	79.301.914	21,89%	71.327.853
Centricus Holdings Malta Limited	31,25%	101.826.967	30,68%	100.000.000
Erol Göker	0,15%	488.707	0,15%	488.707
Publicly traded other shares	44,27%	144.270.822	47,28%	154.071.850
Total	**100 %**	**325.888.410**	**100 %**	**325.888.410**
Adjustment related to inflation		34.659.630		34.659.630
Inflation adjusted capital		**360.548.040**		**360.548.040**

(*) Disclosed together with the shares of Turkcom Turizm Enerji İnşaat Gıda Yatırımlar A.Ş. which is owned by Mehmet Kutman.

The Company, as per CMB's approval dated 14 April 2017, the application regarding the capital increase has been approved, and, in line with CMB's same dated resolution, the Board of Directors of the Company has resolved to issue up to 100.000.000 new shares to existing new shareholders, that increase the issued capital of TL 193.500.000 considering the authorized capital ceiling which is TL 650.000.000. Following the completion of the rights issue, with a nominal value of TL 32.388.410 shares have been issued to and subscribed by existing shareholders and unused preemptive rights amounting to TL 67.611.590 have been cancelled.

Following the completion of the rights issue in The Wholesale Market of Borsa Istanbul, 100.000.000 new shares has been issued to and subscribed by Centricus Holdings Malta Limited (F.A.B. Partners LP) on 14 June 2017.

The shares of the Company include privileged shares. The privileges of the (A), (D) and (E) group shares are explained below:

Two of the members of the Board of Directors are chosen among the candidates nominated by the owners of the group (A) shares. One of the members of the Board of Directors is chosen among the candidates nominated by the owners of the group (D) shares and one of them is chosen among the candidates nominated by the owners of the group (E) shares. Each member of the board is chosen by the decision of the majority of the shareholders of the privileged share group that nominated the candidate. All the shareholders have the right to nominate any candidate but, in order to select such candidates for the General Assembly; the nominations should be approved by the group (A) shares before the selection. All the shareholders have the right to nominate for two candidates for the Board. In case that group (D) and group (E) shares cannot nominate any candidate, any shareholder can nominate a candidate.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

23 CAPITAL, RESERVES AND OTHER EQUITY ITEMS (continued)

Treasury shares

The Company and some of the subsidiaries of the Group repurchased shares of the Company from the capital markets in prior periods. These repurchased shares are called as treasury shares. The shares can be sold back to the market. Profit or loss that arises as the result of the sale of the shares is accounted for under retained earnings in the consolidated financial statements. The shares are accounted for at cost under treasury shares owned by the Company and treasury shares owned by the subsidiaries. Amounts related to these transactions are presented under "Treasury shares owned by the Company" in the consolidated statement of changes in equity. As at 31 December 2018, the Company and the subsidiaries of the Group held 46.572.505 shares of Global Yatırım Holding A.Ş (31 December 2017: 24.591.587 shares), with the cost of TL 115.476.802 (31 December 2017: TL 40.974.259). Those shares has been reclassified as "Treasury shares" and "Capital adjustments due to cross ownership" under equity.

In accordance with Article 520 of the Turkish Commercial Code no 6102, reserve provision is made for the treasury shares owned by the Company as the amount allocated to meet the acquisition value. As at 31 December 2018, the Group made provision for the shares owned by the Group amounting to TL 115.476.802 accounted under restricted reserves in the consolidated financial statements (31 December 2017: TL 40.974.259).

23.2 Share premium/discounts

Share premium represents the inflow of cash arising from the sales of shares on market value. The premium amount is included in equity and cannot be distributed. It can only be used for the future capital increases.

23.3 Accumulated other comprehensive income/expense not to be reclassified to profit or loss

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and in no case transferred directly in equity through profit or loss such as following:

a) Gain/Loss on Revaluation and Remeasurement

- Actuarial gain/(loss) on employee benefits

Based on the transitional provisions of the TAS 19 standard, starting from 1 January 2012 actuarial gains and losses in accordance with the announcement on the financial statements and footnote formats stated in the Communiqué Serial: II, 14.1 published in the Official Gazette No. 28676 dated 13 June 2013 followed under these accounts.

b) Other Gain/Loss

Special funds

The application filed by Pera, a subsidiary of the Group operating in the real estate segment, to the CMB in relation to permission for a share capital decrease by TL 35.900.000 and simultaneous share capital increase (in cash) by TL 29.000.000, was approved by the CMB on 24 January 2011 in the decision numbered 86-928. The amendment to Article 8 of the Association of Pera was approved by the Extraordinary General Assembly Meeting on 15 February 2011, and the share capital of Pera was decreased to TL 60.100.000. The pre-emptive rights of the existing shareholders were used between 1 March and 15 March 2011 and after that the remaining shares were offered to investors between 1 April and 15 April 2011. 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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

23 CAPITAL, RESERVES AND OTHER EQUITY ITEMS (continued)

23.3 Accumulated other comprehensive income/expense not to be reclassified to profit or loss (continued)

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 14.497.128) has been reflected in the consolidated financial statements of the Group. As of 31 December 2018 amounting to TL 11.472.428 classified as "Special Reserve" in the consolidated financial statements.

23.4 Other comprehensive income/expense to be reclassified to profit or loss

This item comprises, income/expenses defined as a component of other comprehensive income and reported for the period in which they arise and subsequently transferred directly in equity through profit or loss such as following:

a) Currency translation differences

Currency translation differences comprise the foreign exchange differences arising from the translation of the financial statements of subsidiaries and joint ventures from their functional currencies to the presentation currency (TL) recognized in the equity.

b) Gain or loss on hedging

Gain or loss on net investment hedge

A subsidiary of the Group, Global Liman's foreign exchange differences arising from foreign currency loans into currency of the related subsidiary's functional currency other than TL which are part of net investments made to its subsidiaries have been considered as hedging instruments and effective portion of them has been recognized in other comprehensive income in the consolidated financial statements. The accounting method mentioned above has been applying since 1 October 2013 and the Group has recognized loss amounting to TL 163.278.075 for the year ended 31 December 2018 and has recognized loss amounting to TL 48.837.012 year ended 31 December 2017 in other comprehensive income within equity.

Gain or loss on cash flow hedge

In order to maintain its position against the change in interest rates, the Group entered into an interest rate swap transaction. The effective portion of the cash flow hedge accounting recognized in other comprehensive income is TL 528.514 loss (31 December 2017: TL 125.717 loss).

Within the cash flow hedge transactions, the amount classified from equity to profit or loss, in other words effective portion of changes in the fair value row for the current period is TL 595.653 (31 December 2017: TL 859.887) accounted under finance expense in profit or loss.

23.5 Restricted reserves

As at 31 December 2018, the Group's restricted reserves are total of TL 118.703.224 (31 December 2017: TL 69.027.309).

As disclosed 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 2018, the Group made provision for the shares owned by the Group amounting to TL 115.476.802 accounted under restricted reserves in the consolidated financial statements (31 December 2017: TL 40.974.259).

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)
23 CAPITAL, RESERVES AND OTHER EQUITY ITEMS (continued)

23.6 Retained earnings / accumulated losses and non-controlling interests

The retained earnings/accumulated losses excluding the net income/loss for the period, and the general reserves which have retained earnings/accumulated losses nature are included in retained earnings/accumulated loss account.

For the year ended 31 December 2018 the Group entered into sale and purchase transactions of shares in Pera, operating in real estate, which shares are publicly traded at BIST. As a result of the sale and purchase of Pera shares by the Group, the effective shareholding rate of the Group in Pera decreased to 39,56 % (31 December 2017: 49,99%). The result of these transactions is recognized under equity and is shown as change in ownership interests in subsidiaries without change in control in Consolidated Statement of Changes in Shareholders' Equity.

Accounting for this transaction is made in accordance with TAS 27 "Consolidated and Separate Financial Statements", paragraphs 30 and 31. According to these paragraphs; changes in the ownership rate of a parent company in the event of a without loss of control despite the change in the ownership of the subsidiary is accounted as equity transactions. In such cases, the carrying values of the non-minority shares or the controlling power and non-controlling interests are adjusted to reflect the changes in their relative shares in the subsidiary. The difference between the amount in which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly accounted in equity and owned by the owners of the parent company.

23.7 Dividend Distribution

Publicly held companies distribute dividends according to "Dividend Distribution Announcement" numbered II-19.1 and issued by CMB at 1 February 2014. Dividends of companies are distributed based on dividend distribution policy and related regulations approved by General Assembly There is not any minimum rate for distribution in the announcement mentioned-above. Companies distribute dividends according to their prime contracts or dividend distribution policy. In addition, it is possible to pay dividends in equal or different instalments and distribute dividend advance in cash for profit in interim financial statements.

The Group recognized net loss amounting to TL 106.846.864 for the period 1 January-31 December 2018 (1 January-31 December 2017: TL 176.358.875 net profit) in its stand-alone statutory financial statements prepared in accordance with Tax regulation and TCC.

23.8 Transactions with owners of the Company, recognized directly in equity

The Group has completed the initial public offering ("IPO") of its' port operations ordinary shares and is trading on the main market of the London Stock Exchange. Global Ports Holding Plc, shareholder of Global Liman, the company which shares is started to be trading on the London Stock Exchange is owned by Global Liman (89,16% ownerhisp & 49.038.000 shares) (a wholly subsidiary of the GIH) and European Bank for Reconstruction and Development (EBRD) (10,84% ownership & 5.962.000 shares).

The Offer Price has been set at 740 pence per share and 7.826.963 new shares has been issued with the share capital increase. EBRD has sold 2.802.140 shares. Together with the additional shares sale option (724.553 shares), GIH has sold a total of 10.967.532 shares in IPO and continue to own 60,6% (31 December 2017: 60,60%) of shares of Global Ports Holding Plc indirectly. As of 31 December 2018, the Company's ownership ratio was 56,74% as a result of the share purchase / sales transactions in 2018. In accordance with the put option agreement agreement signed with EBRD, the Group has accounted for share purchase liability amounting to TL 82.308.355 (EURO 13.654.340) under other current liabilities.

Since the Group has not lost its control in Global Liman, the transaction is a transaction that does not result in loss of control in the subsidiaries and is therefore recorded in equity rather than income statement.The IPO contributed to Equity Attributable to the Owners of the Company by TL 425.000.287 in consolidated financial statements.

Accounting for this transaction is made in accordance with TAS 27 "Consolidated and Separate Financial Statements", paragraphs 30 and 31. According to these paragraphs; changes in the ownership rate of a parent company in the event of a without loss of control despite the change in the ownership of the subsidiary is accounted as equity transactions. In such cases, the carrying values of the non-minority shares or the controlling power and non-controlling interests are adjusted to reflect the changes in their relative shares in the subsidiary. The difference between the amount in which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly accounted in equity and owned by the owners of the parent company.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

24 REVENUE AND COST OF SALES

For the years ended 31 December 2018 and 2017, the Group's gross profit on the basis of operations comprised the following:

Revenue	1 January-31 December 2018	1 January-31 December 2017
Natural gas revenues	248.227.072	212.163.111
Port operating revenues	601.031.096	424.469.670
Mining revenues	78.153.486	60.686.600
Real estate rent and service revenues	61.131.597	31.432.587
Energy generation and sales revenue	82.979.422	35.509.601
Other	8.516.206	252.070
Total	**1.080.038.879**	**764.513.639**
Cost of sales		
Cost of natural gas sales and services	(193.190.826)	(187.927.459)
Cost of port operations	(373.525.737)	(275.578.648)
Cost of mining operations	(62.325.308)	(52.638.111)
Cost of Energy generation and sales	(81.645.383)	(31.135.891)
Cost of real estate service	(24.859.725)	(4.498.288)
Other	(8.587.575)	(7.843.320)
Total	**(744.134.554)**	**(559.621.717)**
Gross Profit from Non-finance Operations	**335.904.325**	**204.891.922**

Revenues from Finance Operations	1 January-31 December 2018	1 January-31 December 2017
Agency commissions	27.731.111	25.942.320
Interest received from customers	11.691.200	8.144.697
Portfolio management fees	1.881.084	2.059.230
Gain on sale of marketable securities, net	1.044.259	911.260
Other revenue	6.052.959	4.337.620
Total	**48.400.613**	**41.395.127**
Cost of Revenues from Finance operations (-)		
Commission charges	(823.680)	(728.825)
Interest charges from loans delivered to customers	(3.919.852)	(3.692.758)
Total	**(4.743.532)**	**(4.421.583)**
Gross Profit from Finance Operations	**43.657.081**	**36.973.544**
GROSS PROFIT	**379.561.406**	**241.865.466**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

25 GENERAL AND ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

25.1 Marketing expenses

For the years ended 31 December 2018 and 2017, marketing expenses comprised the following:

	1 January-31 December 2018	1 January-31 December 2017
Personnel expenses	8.491.673	7.517.431
Depreciation and amortization expenses (Note 16-17)	10.509.135	6.487.021
Export expenses of mining operations	18.272.154	21.561.713
Advertising and promotion expenses	5.959.002	4.552.674
Taxes and duties	3.003.563	2.390.355
Commission expenses of derivative exchange market	1.024.004	1.575.233
Representation expenses	452.704	400.291
Stock market participation share	2.285.136	1.477.668
Rent expense	1.242.655	1.207.872
Money market settlement and custody expenses	615.434	666.163
Vehicle expenses	534.547	416.443
Repair and maintenance expenses	702.473	744.612
Building management expenses	826.358	704.044
Insurance expenes	3.634.788	2.432.833
Other	5.498.950	2.603.664
	63.052.576	**54.738.017**

25.2 General and administrative expenses

For the years ended 31 December 2018 and 2017, general and administrative expenses comprised the following:

	1 January-31 December 2018	1 January-31 December 2017
Personnel expenses	95.973.094	111.605.816
Consultancy expenses	21.968.460	18.314.298
Travelling expenses	11.768.267	6.929.994
Taxes and duties other than on income	6.037.711	5.623.622
Depreciation and amortization expenses (Note 16-17)	18.115.388	16.938.208
IT expenses	7.437.210	5.472.702
Communication expenses	2.475.194	1.861.183
Building management expenses	2.670.150	1.918.901
Vehicle expenses	4.319.998	3.081.400
Representation expenses	7.922.383	6.206.370
Repair and maintenance expenses	955.776	631.853
Other expenses	12.881.489	8.300.637
	192.525.120	**186.884.984**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

26 EXPENSES BY NATURE

For the years ended 31 December 2018 and 2017 the breakdown of personnel, depreciation and amortization expenses comprised the following:

Personnel expenses	1 January- 31 December 2018	1 January- 31 December 2017
Cost of sales	64.896.480	41.651.561
Marketing expenses	8.491.673	7.517.431
General administrative expenses	95.973.094	111.605.816
	169.361.247	160.774.808

Depreciation and amortization expenses	1 January- 31 December 2018	1 January- 31 December 2017
Cost of sales	261.833.483	183.371.244
Marketing expenses	10.509.135	6.487.021
General administrative expenses	18.115.388	16.938.208
	290.458.006	206.796.473

27 OTHER OPERATING INCOME / EXPENSES

27.1 Other operating income

For the years ended 31 December 2018 and 2017, other operating income comprised the following:

	1 January- 31 December 2018	1 January- 31 December 2017
Other miscalleneous income (Note 6)	22.464.595	-
Foreign currency exchange gain on trade operations, net	18.930.121	2.979.667
Reversal gain/(loss) of provisions (*)	62.620.785	1.342.436
Other income	19.543.135	9.819.643
Total	123.558.636	14.141.745

(*) As explained in Note 19, as part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities, the Group has an obligation to maintain the port equipment in good operating condition throughout its operating period. Therefore, replacement provisions have been recognised based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement. During 2018, the Group engaged an expert to provide an updated estimate of the likely capital expenditure required to replace the port equipment assets. This estimate was significantly lower than previous estimates, related to a reduction in the number of components of the port equipment and infrastructure that would require replacement. As a result, an amount of TL 58.769.127 was released from the provision in 2018.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

27 OTHER OPERATING INCOME / EXPENSES (continued)

27.2 Other operating expenses

For the years ended 31 December 2018 and 2017, other operating expense comprised the following:

	1 January- 31 December 2018	1 January- 31 December 2017
Donations	613.198	673.271
Project expenses (*)	46.178.698	43.769.564
Impairment loss (**)	510.078	50.968.072
Provision for Başkent Doğalgaz lawsuit (Note 19)	-	62.877.574
Concession fee expense	5.075.264	5.941.961
Other miscalleneous expenses	15.810.072	12.376.831
Total	68.187.310	176.607.273

(*) The major part of project expenses comprises of uncapitalized project expenses for port investments of the Group.
(**) As at 31 December 2017, the Group has accounted provision related to HEPP license as intangible asset, amounting to TL 50.968.072 which is accounted for impairment loss accounted under intangible assets.

28 INCOME AND EXPENSE FROM INVESTING ACTIVITIES

28.1 Income from investing activities

For the years ended 31 December 2018 and 2017, income from investing activities comprised the following:

	1 January- 31 December 2018	1 January- 31 December 2017
Investment property valuation gain (Note 15)	3.290.000	60.000
Gain on sale of financial assets	736.688	3.089.934
Gain on sale of fixed assets	700.031	1.436.575
Other	550.098	347.666
Total	5.276.817	4.934.175

28.2 Expense from investing activities

For the years ended 31 December 2018 and 2017, expense from investing activities comprised the following:

	1 January- 31 December 2018	1 January- 31 December 2017
Investment property valuation loss (Note 15)	3.444.890	50.429.707
Loss on sale of financial assets	17.288	-
Loss on sale of fixed assets	290.094	-
Other	318.303	-
Total	4.070.575	50.429.707

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

29 FINANCE INCOME

For the years ended 31 December 2018 and 2017, finance income of the Group comprised the following:

	1 January-31 December 2018	1 January-31 December 2017
Foreign currency gain	67.400.175	35.546.816
Interest income	12.567.504	18.309.962
Other interest income (Note 6)	12.044.523	1.160.182
Other	1.876.410	273.776
Total	**93.888.612**	**55.290.736**

30 FINANCE COSTS

For the years ended 31 December 2018 and 2017 , finance costs of the Group comprised the following:

Recognized in profit or loss	1 January-31 December 2018	1 January-31 December 2017
Foreign currency loss	157.130.115	59.972.584
Interest expense on borrowings	209.663.441	184.671.217
Letter of guarantee commissions	3.800.295	2.906.998
Comission expenses	3.552.781	5.029.532
Other	10.325.022	6.240.080
Total	**384.471.654**	**258.820.411**

Recognized in other comprehensive income	1 January-31 December 2018	1 January-31 December 2017
Gain/(losses) from net investment hedges (Note 23.4)	(162.749.560)	(48.837.013)
	(162.749.560)	**(48.837.013)**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

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 2018 is 22% (31 December 2017: 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 2018 year is determined at 25% (2017: 25%). The corporate tax rates in Netherlands, Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively.

Losses can be carried forward for offsetting against future taxable income for the next 5 years while it is for up to 18 years in Spain.

"Law Regarding Amendments on Certain Tax Laws and Other Laws" No.7061 was published in the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the aforementioned Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017. As per the Article 91 of the aforementioned law as well as the provisional Article 10, the corporate tax rate will be increased from the current 20% rate to 22% for tax years 2018, 2019, and 2020 (and for accounting periods started during the relevant year for the entities appointed with special accounting periods). This rate will be applied for the first time in the first temporary tax period of 2018.

Transfer pricing

The transfer pricing provisions are set out under the Article 13 of the Corporate Tax Law under the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets out details about the implementation of these provisions. If a tax payer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with an arm's-length basis, the related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

Tax exemption of real estate investment trusts

The real estate investment trusts are exempt from corporate tax in accordance with the Corporate Tax Law numbered 5520, 5th Article and the subparagraph (1) d. According to the 15th Article of this law, even when the earnings of the real estate investment trusts are not distributed, they are subject to the withholding tax of 15 %. However, in the scope of the authorization provided by the law to the Council of Ministers, the withholding tax rate to be applied was determined to be zero with the decision of the Council of Ministers numbered 2003/6577.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

31 TAX ASSETS AND LIABILITIES (continued)

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 2018 and 2017, current tax income assets of the Group comprised the following:

	31 December 2018	31 December 2017
Prepaid taxes and funds	8.946.093	13.144.305
Other	433.465	360.718
Total	**9.379.558**	**13.505.023**

Tax expenses:

For the years ended 31 December 2018 and 2017, tax income/(expense) comprised the following:

	2018	2017
Current tax charge	(38.626.760)	(32.634.356)
Deferred tax benefit	60.821.809	50.214.246
Total	**22.195.049**	**17.579.890**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

31 TAX ASSETS AND LIABILITIES (continued)

As at 31 December 2018 and 2017, current tax liability for the period comprised the following:

	2018	2017
Current tax charge	(38.626.760)	(32.634.356)
Taxes paid during period	47.499.913	29.213.366
Total	**8.873.153**	**(3.420.990)**
Payment of previous year tax liability	8.363.820	6.320.041
Change in prepaid taxes	(4.198.212)	5.464.769
Income tax payable	**13.038.761**	**8.363.820**

The tax reconciliation for the years ended 31 December 2018 and 2017 is as follows:

	%	2018	%	2017
Loss before income tax		(86.157.308)		(403.975.123)
Corporate tax using domestic rate	22,00	18.954.608	20,00	80.795.025
Disallowable expenses	(14,24)	(12.267.621)	(1,25)	(5.043.678)
Effect of unrecognized tax losses	(2,30)	(1.982.844)	(12,22)	(49.356.079)
Effect of tax exemption on maritime operations	5,29	4.558.290	0,62	2.514.433
Effect of change in tax rates	8,95	7.711.067	(1,23)	(4.950.011)
Other	6,06	5.221.549	(1,58)	(6.379.800)
		22.195.049		**17.579.890**

Deferred tax:

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

In Turkey the tax legislation does not permit a parent company, its subsidiaries and associates to file a consolidated tax return. Therefore, deferred tax positions of companies with deferred tax assets and companies with deferred tax liabilities are not netted and are disclosed separately.

The tax rate used in the calculation of deferred tax assets and liabilities is 22% over the temporary differences expected to reverse in 2018, 2019 and 2020, and 20% over the temporary differences expected to reverse after 2021 (2017: 20%).

As at 31 December 2018 and 31 December 2017, the deferred tax assets and liabilities reflected to the consolidated financial statements are as follows:

	31 December 2018	31 December 2017
Deferred tax assets	127.171.309	92.289.733
Deferred tax liabilities	(514.347.238)	(401.934.029)
Total	**(387.175.929)**	**(309.644.296)**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

31 TAX ASSETS AND LIABILITIES (continued)

For the years ending 31 December 2018 and 31 December 2017, the movement of deferred tax assets and liabilities is as follows:

	2018	2017
Balance at the beginning of the year	(309.644.296)	(300.292.842)
Changes in Accounting Policy - TFRS 9	432.545	-
Deferred tax income	60.821.809	50.214.246
Foreign currency translation differences	(138.840.313)	(59.327.608)
Recognized in equity	54.326	(238.092)
	(387.175.929)	**(309.644.296)**

Deferred tax assets and deferred tax liabilities as at 31 December 2018 and 31 December 2017 are attributable to the items presented in the table below:

	2018		2017	
	Temporary differences	Deferred tax assets / (liabilities)	Temporary differences	Deferred tax assets / (liabilities)
Accumulated tax losses	322.244.645	64.448.929	182.746.565	36.549.313
Receivables	85.140.825	17.028.165	105.236.663	21.047.333
Valuation differences of marketable securities	2.393.790	478.758	287.022	57.404
Provisions	8.994.375	1.798.875	9.597.083	1.919.417
Provision for employement termination indemnity	11.325.960	2.265.192	7.945.868	1.589.174
Valuation of derivative instruments	4.059.405	811.881	3.366.437	673.287
Property, plant and equipment, intangible assets and concession intangible assets	(2.280.096.230)	(456.019.246)	(1.802.340.704)	(360.468.141)
Loans and prepaid commissions of the loans	(14.413.095)	(2.882.619)	(12.838.840)	(2.567.768)
Valuation of investment property	(80.695.300)	(16.139.060)	(57.821.052)	(11.564.210)
Other	5.165.980	1.033.196	15.599.479	3.119.895
		(387.175.929)		**(309.644.296)**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

31 TAX ASSETS AND LIABILITIES (continued)

As at 31 December 2018 and 31 December 2017, the breakdown of the accumulated tax losses carried forward in terms of their final years of utilization is as follows:

	31 December 2018		31 December 2017	
Expiry years of the tax losses carried forward	Recognized	Unrecognized	Recognized	Unrecognized
2018	-	-	-	2.453.103
2019	884.938	31.093.524	-	18.099.662
2020	7.605.560	12.368.979	7.857.526	8.797.998
2021	19.226.421	9.773.662	19.901.247	7.267.309
2022	36.732.010	42.608.473	8.790.540	17.457.618
	64.448.929	**95.844.638**	**36.549.313**	**54.075.690**

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 2023. 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/ (LOSS) PER SHARE

For the years ended 31 December 2018 and 2017, earnings per share are calculated by dividing the net profit/(loss) attributable to owners of the Company by the weighted average number of shares outstanding.

	1 January-31 December 2018	1 January-31 December 2017
Net loss for the period	(89.864.325)	(329.154.218)
Net loss from continuing operations for the period	(89.864.325)	(329.154.218)
Weighted average number of shares	295.444.434	301.441.479
Weighted average number of ordinary shares	295.444.434	301.441.479
Number of shares held by the Group (Note 23.1)	(46.572.505)	(24.591.587)
Weighted average number of shares	248.871.929	276.849.892
Earnings per share with par value of TL 1 (TL full)	(0,3611)	(1,1889)
Earnings per share of continuing operations with par value of TL 1 (TL full)	(0,3611)	(1,1889)

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 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.

33.1 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 2018 and 2017, 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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.1 Credit risk (continued)

Carrying amounts of financial assets present maximum exposure to credit risk. As at 31 December 2018 and 2017 maximum credit risk exposure is as follows:

31 December 2018	Trade receivables (*)	Receivables from related parties	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Current financial investments	Advances given	Total
Maximum credit risk exposure at the reporting date	143.598.112	92.351.157	124.610.212	62.405.696	492.755.880	2.324.059	95.196.066	1.013.241.182
Portion of maximum risk covered by guarantee	21.402.473	-	-	-	-	-	-	21.402.473
A. Net book value of financial assets neither past due nor impaired	119.316.154	92.351.157	124.610.212	62.405.696	492.755.880	2.324.059	95.196.066	988.959.224
B. Net book value of financial assets past due but not impaired whose terms have been renegotiated	24.281.958	-	-	-	-	-	-	24.281.958
Portion of maximum risk covered by guarantee	1.228.768	-	-	-	-	-	-	1.228.768
C. Net book value of assets past due and impaired	-	-	-	-	-	-	-	-
-Past due (gross book value)	17.898.261	-	1.228.017	-	-	-	-	19.126.278
-Impairment (-)	(17.898.261)	-	(1.228.017)	-	-	-	-	(19.126.278)
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-
-Not past due (gross book value)	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-
-Portion of the net book value covered by guarantee	20.173.705	-	-	-	-	-	-	20.173.705
D. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	-	-

(*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties".

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.1 Credit risk (continued)

31 December 2017	Trade receivables [*]	Receivables from related parties	Receivables from finance sector operations [*]	Other receivables [*]	Cash at banks	Current financial investments	Advances given	Total
Maximum credit risk exposure at the reporting date	122.423.797	62.440.279	72.848.827	32.733.846	362.458.782	5.358.277	75.242.081	733.505.889
Portion of maximum risk covered by guarantee	16.618.330	-	-	-	-	-	-	16.618.330
A. Net book value of financial assets neither past due nor impaired	101.028.005	62.440.279	72.848.827	32.733.846	362.458.782	5.358.277	75.242.081	712.110.097
B. Net book value of financial assets past due but not impaired whose terms have been renegotiated	21.395.792	-	-	-	-	-	-	21.395.792
Portion of maximum risk covered by guarantee	802.958	-	-	-	-	-	-	802.958
C. Net book value of assets past due and impaired	-	-	-	-	-	-	-	-
-Past due (gross book value)	11.590.377	-	1.228.392	-	-	-	-	12.818.769
-Impairment (-)	(11.590.377)	-	(1.228.392)	-	-	-	-	(12.818.769)
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-
-Not past due (gross book value)	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-
-Portion of the net book value covered by guarantee	15.815.372	-	-	-	-	-	-	15.815.372
D. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	-	-

[*] The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties.

During the impairment tests of the financial assets, the Group considered the factors which show that the amounts to be collected are not collectible.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.1 Credit risk (continued)

The maturity analysis of the assets overdue but not impaired is as follows:

	31 December 2018	31 December 2017
	Trade Receivables	Trade Receivables
1 to 30 days overdue	13.711.962	5.187.088
1 to 3 months overdue	3.820.778	5.659.974
3 to 12 months overdue	1.894.147	3.998.637
1 to 5 years overdue	4.855.072	6.550.093
Total	**24.281.959**	**21.395.792**
Portion of assets secured by guarantee etc.	1.228.768	802.958

33.2 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.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.2 Liquidity risk (continued)

31 December 2018

Contractual Maturities	Carrying Value	Total cash outflows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-Derivative Financial Liabilities						
Bank loans	1.366.412.367	1.446.669.915	172.446.196	340.444.491	763.308.043	170.471.185
Debt securities issued	1.442.958.543	1.777.442.849	84.814.692	72.461.759	1.620.166.398	-
Liabilities due to operations in finance sector	110.767.894	110.767.894	-	110.767.894	-	-
Finance lease obligations	88.636.102	98.721.950	12.830.022	24.556.647	61.335.281	-
Trade payables	132.191.519	132.191.519	28.694.516	103.497.003	-	-
Other payables	106.294.038	106.294.038	73.665.628	10.647.898	21.980.512	-
Derivative Financial Liabilities						
Interest rate swap	3.247.536	3.503.759	-	-	3.503.759	-

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.2 Liquidity risk (continued)

31 December 2017

Contractual Maturities	Carrying Value	Total cash out-flows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-Derivative Financial Liabilities						
Bank loans	861.362.639	935.226.002	119.773.424	185.797.956	534.391.041	95.263.581
Debt securities issued	1.020.284.040	1.408.180.900	37.916.566	99.647.093	1.270.617.241	-
Liabilities due to operations in finance sector	58.954.055	58.954.055	-	58.954.055	-	-
Finance lease obligations	90.286.929	101.721.317	16.264.147	22.630.837	62.826.333	-
Trade payables	105.916.461	105.916.461	14.107.577	91.808.884	-	-
Other payables	50.791.127	50.791.127	44.138.721	6.652.406	-	-
Derivative Financial Liabilities						
Interest rate swap	3.224.975	3.526.727	-	1.033.501	2.398.928	94.298

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk for all subsidiaries is monitored and managed by the Company's centralized Treasury and Fund Management Department. Treasury and Fund Management Department uses forward transactions and option contracts to minimize possible losses from money market fluctuations.

i) Foreign currency risk

The Group is exposed to currency risk through transactions (such as borrowings) in foreign currencies, especially in USD and EURO. As the currency in which the Group presents its consolidated financial statements is TL, the consolidated financial statements are affected by movements in the exchange rates against TL. For the subsidiaries, whose functional currency is USD, main foreign currency is TL.

Regarding the port operations, the Group has limited exposure to currency risk since port tariff currency, which is the base of functional currency, and material transactions such as revenues and loans are denominated by the same currency.

The Group uses interest swaps and options in order to limit exposure to currency risk mainly arising from financial liabilities.

As at 31 December 2018, the Group had outstanding foreign-currency denominated borrowing designated as a hedge of net foreign investment of USD 250.223.792 (31 December 2017: USD 249.443.594). The results of hedges of the Group's net investment in foreign operations included in hedging reserves was a net loss of USD 54.698.888 after tax for the period ended 31 December 2018 (net loss of USD 13.388.440 after tax for the period ended 31 December 2017). In the years ended 31 December 2017 and 2018, USD 17.551.964 , USD 3.930.692 respectively was recognised in profit or loss due to hedge ineffectiveness.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.3 Market risk (continued)

i) Foreign currency risk (continued)

As at 31 December 2018 and 31 December 2017, foreign currency risk exposures of the Group comprised the following:

	31 December 2018				
	TL Equivalent	USD	EURO	GBP	TL
1.Trade Receivables	25.494.086	2.192.294	27.113	-	13.797.210
2.a Monetary Financial Assets	285.695.040	8.713.252	27.440.377	727.313	69.606.232
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**311.189.126**	**10.905.546**	**27.467.490**	**727.313**	**83.403.442**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	18.308.163	2.273.737	303.300	-	4.517.968
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**18.308.163**	**2.273.737**	**303.300**	**-**	**4.517.968**
9. Total Assets (4+8)	**329.497.289**	**13.179.283**	**27.770.790**	**727.313**	**87.921.410**
10. Trade Payables	44.587.451	317.373	1.040.154	67.273	36.200.181
11. Financial Liabilities	284.766.965	24.318.370	25.689.325	-	1.975.201
12.a. Other Monetary Liabilities	20.862.683	1.278.922	24.902	27.527	13.801.161
12.b. Other Non-monetary Liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**350.217.099**	**25.914.665**	**26.754.381**	**94.800**	**51.976.543**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	1.392.925.729	246.701.745	15.701.914	-	401.381
16.a. Other Monetary Liabilities	9.614.004	851.506	-	-	5.134.316
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	**1.402.539.733**	**247.553.251**	**15.701.914**	**-**	**5.535.697**
18. Total Liabilities (13+17)	**1.752.756.832**	**273.467.916**	**42.456.295**	**94.800**	**57.512.240**
19.Off-balance Sheet Foreign Currency Derivative Instruments Net Position (19a-19b)	-	-	-	-	-
19a. Foreign currency derivative assets	-	-	-	-	-
19b. Foreign currency derivative liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/Liability Position (9-18+19)	**(1.423.259.543)**	**(260.288.633)**	**(14.685.505)**	**632.513**	**30.409.170**
21. Net Foreign Currency Position of monetary items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.423.259.543)**	**(260.288.633)**	**(14.685.505)**	**632.513**	**30.409.170**
22. Fair Value of Derivative Instruments Held for Hedging	**1.016.723.538**	**193.260.381**	-	-	-
23. Derivative Assets Held for Hedging	-	-	-	-	-
24. Derivative Liabilities Held for Hedging	**1.016.723.538**	**193.260.381**	-	-	-
Export	-	-	-	-	-
Import	-	-	-	-	-

TL foreign currency risk of subsidiaries and joint ventures whose functional currency is other than TL, is shown in TL line in the foreign currency risk table.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.3 Market risk (continued)

i) Foreign currency risk (continued)

	31 December 2017				
	TL Equivalent	USD	EURO	GBP	TL
1.Trade Receivables	22.538.912	2.517.679	1.295	-	13.036.632
2.a Monetary Financial Assets	136.774.759	18.993.831	4.324.002	4.518	45.583.945
2.b Non-monetary Financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**159.313.671**	**21.511.510**	**4.325.297**	**4.518**	**58.620.577**
5.Trade receivables	-	-	-	-	-
6.a. Monetary Financial Assets	10.389.723	2.034.785	-	-	2.714.718
6.b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**10.389.723**	**2.034.785**	-	-	**2.714.718**
9. Total Assets (4+8)	**169.703.394**	**23.546.295**	**4.325.297**	**4.518**	**61.335.295**
10. Trade Payables	35.479.082	1.063.056	1.773.220	555.246	20.641.551
11. Financial Liabilities	198.062.136	30.108.141	18.419.860	-	1.322.360
12.a. Other Monetary Liabilities	13.534.020	-	-	-	13.534.020
12.b. Other Non-monetary Liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**247.075.238**	**31.171.197**	**20.193.080**	**555.246**	**35.497.931**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	1.069.420.272	249.854.772	27.883.510	-	1.085.073
16.a. Other Monetary Liabilities	3.905.548	-	-	-	3.905.548
16.b. Other Non-monetary Liabilities	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	**1.073.325.820**	**249.854.772**	**27.883.510**	-	**4.990.621**
18. Total Liabilities (13+17)	**1.320.401.058**	**281.025.969**	**48.076.590**	**555.246**	**40.488.552**
19.Off-balance Sheet Foreign Currency Derivative Instruments Net Position (19a-19b)	**95.702.156**	**25.372.400**	-	-	-
19a. Foreign Currency Derivative Assets	95.702.156	25.372.400	-	-	-
19b. Foreign Currency Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Asset/Liability Position (9-18+19)	**(1.054.995.508)**	**(232.107.274)**	**(43.751.293)**	**(550.728)**	**20.846.743**
21. Net Foreign Currency Position of monetary items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.150.697.664)**	**(257.479.674)**	**(43.751.293)**	**(550.728)**	**20.846.743**
22. Fair Value of Derivative Instruments Held for Hedging	**728.960.528**	**193.260.381**	-	-	-
23. Derivative Assets Held for Hedging	-	-	-	-	-
24. Derivative Liabilities Held for Hedging	**728.960.528**	**193.260.381**	-	-	-
Export	-	-	-	-	-
Import	-	-	-	-	-

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.3 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 2018 and 31 December 2017 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 2018	PROFIT/LOSS		EQUITY [(*)]	
	Strengthening of foreign currency	Depreciation of foreign currency	Strengthening of foreign currency	Depreciation of foreign curreny
	A 10 percent change in USD against Turkish Lira:			
1-Net USD asset/liability				
	(35.262.893)	35.262.893	-	-
2- Hedged portion against USD risk (-)	-	-	(101.672.354)	101.672.354
3- Net effect of USD (1+2)	**(35.262.893)**	**35.262.893**	**(101.672.354)**	**101.672.354**
	A 10 percent change in Euro against Turkish Lira:			
4- Net Euro asset/liability				
	(8.852.422)	8.852.422	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	**(8.852.422)**	**8.852.422**	-	-
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	420.798	(420.798)	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)				
	420.798	(420.798)	-	-
TOTAL (3+6+9)	**(43.694.517)**	**43.694.517**	**(101.672.354)**	**101.672.354**

[(*)] Profit and loss excluded.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.3 Market risk (continued)

i) Foreign currency risk (continued)

Sensitivity analysis – foreign currency risk (continued)

31 December 2017	PROFIT/LOSS		EQUITY (*)	
	Strengthening of foreign currency	Depreciation of foreign currency	Strengthening of foreign currency	Depreciation of foreign curreny
	A 10 percent change in USD against Turkish Lira:			
1-Net USD asset/liability				
	(24.222.705)	24.222.705	-	-
2- Hedged portion against USD risk (-)	-	-	(72.896.053)	9.570.216
3- Net effect of USD (1+2)	(24.222.705)	24.222.705	(72.896.053)	9.570.216
	A 10 percent change in Euro against Turkish Lira:			
4- Net Euro asset/liability	(19.755.896)	19.755.896	-	-
5- Hedged portion against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	(19.755.896)	19.755.896	-	-
	A 10 percent change in other currencies against Turkish Lira:			
7- Net other currencies asset/liability	(279.786)	279.786	-	-
8- Hedged portion against other currencies risk (-)	-	-	-	-
9- Net effect of other currencies (7+8)	(279.786)	279.786	-	-
TOTAL (3+6+9)	(44.258.387)	44.258.387	(72.896.053)	9.570.216

(*) Profit and loss excluded.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

33 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

33.3 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 2018	31 December 2017
Financial Instruments with fixed Interest		(1.573.980.052)	(1.157.566.708)
Financial Assets	Financial assets held for trading	446.017	1.721.398
	Due from related parties	1.632.427	9.946.600
	Receivables from money markets	28.216.035	36.504.600
	Bank deposits	171.957.852	68.024.386
Financial Liabilities	Loans and borrowings	(1.642.212.878)	(1.139.998.630)
	Liabilities due to operations in finance sector	(6.695.203)	(28.099.055)
	Interest rate swap effect	(127.324.302)	(105.666.007)
Financial Instruments with variable interest		(1.026.572.768)	(681.158.178)
Financial Assets	Loans granted to the key management	34.737.174	41.369.068
Financial Liabilities	Loans and borrowings	(1.188.634.244)	(828.193.253)
	Interest rate swap effect (*)	127.324.302	105.666.007

(*) 75% of total borrowing made on a subsidiary of the Group is fixed at an interest rate of 0,97% against Euribor until end of the related borrowing (31 December 2023) under interest rate swap contract.

Sensivity analysis – interest rate risk

As at 31 December 2018, had the interest rates been higher by 100 base points and all other variables remain constant, loss before tax would have been higher by TL 28.980.070 (31 December 2017: loss before tax higher by TL 19.719.336), the net loss attributable to the owners of the Company would have been higher by TL 22.604.455 (31 December 2017: TL 15.775.469) and total equity attributable to equity holders of the Company would have been lower by TL 15.698.003 (31 December 2017: TL 11.052.067). 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 70% as of 31 December 2018 (2017: 61%).

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

34 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 2018		31 December 2017	
Financial Assets	**Notes**	**Carrying Value**	**Fair value**	**Carrying Value**	**Fair value**
Cash and Cash Equivalents	7	496.942.269	496.942.269	439.854.352	439.854.352
Financial Investments	8	72.671.113	72.671.113	10.878.421	10.878.421
Trade Receivables	10	143.598.112	143.598.112	122.423.797	122.423.797
Receivables from Operations in Finance Sector	12, 6	126.242.639	126.242.639	82.795.427	82.795.427
Other Receivables	11, 6	153.124.426	153.124.426	85.227.525	85.227.525
Other Current and Non-current assets	22	69.156.783	69.156.783	60.014.724	60.014.724
Total		**1.061.735.342**	**1.061.735.342**	**801.194.246**	**801.194.246**
Financial Liabilities					
Borrowings	9	2.898.007.012	2.898.007.012	1.987.975.034	1.987.975.034
Trade Payables	10	132.191.519	132.191.519	105.916.461	105.916.461
Liabilities due to Operations in Finance Sector	12, 6	110.767.894	110.767.894	66.922.491	66.922.491
Other Payables	11, 6	106.294.038	106.294.038	50.791.127	50.791.127
Other Liabilities	22	100.039.037	100.039.037	14.779.015	14.779.015
Total		**3.347.299.500**	**3.347.299.500**	**2.226.384.128**	**2.226.384.128**

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

34 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below analyses the valuation method of the financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets held for trading	3.703.871	-	-	3.703.871
Financial assets mandatorily at fair value through profit or loss [*]	-	-	63.177.001	63.177.001
Financial assets available for sale	-	-	5.412.208	5.412.208
Derivative financial liabilities	-	3.247.536	-	3.247.536
	3.703.871	**3.247.536**	**68.589.209**	**75.540.616**

31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets held for trading	2.838.567	-	-	2.838.567
Financial assets available for sale	-	-	5.402.985	5.402.985
Derivative financial liabilities	-	2.719.553	-	2.719.553
	2.838.567	**2.719.553**	**5.402.985**	**10.961.105**

[*] The Group's convertible bond issued by Dreamlines is included in Level 3 of the fair value hierarchy. The Group Management concludes that it is reasonable to continue to recognize the instrument recognized at fair value through profit or loss at cost at this point, based on the absence of any alternative or counter-evidence.

35 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2018 and 2017, the detail of assets held for sale is as below:

	31 December 2018	31 December 2017
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 2017: TL 862.751) can be summarized as land in the Bozüyük district of the Bilecik province, with a total area of 29.500 m2 and land in the Bodrum district of the Muğla province, with a total area of 3.000 m2 which is owned by Global Yatırım Holding A.Ş.

GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(Currency: Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

36 GOVERNMENT GRANTS

As explained in detail in Note 31, the Group benefits from investment allowance and miscellaneous tax exemptions.

37 EVENTS AFTER THE REPORTING PERIOD

i) The Group has exclusively signed a concession agreement with the Government of Antigua and Barbuda to operate the cruise port operations in Antigua for a period of 30 years. The contract also covers a number of commercial areas in the project area.

The initiation of the concession right depends on the provision of certain final conditions, including the appropriate financing of the Group. The Group conducts further discussions on long-term financing with local and international banks. It is expected that financial closure and concession rights will be introduced in the first half of 2019.

ii) The proposal of the Bahamas Government to the Nassau Cruise Port ("Nassau Cruise Port Ltd." or "NCP") in Nassau for a period of 25 years was selected by the Bahamas Government as the best bid.

In the next period, the Group will negotiate with the Bahamas Government on the Concession Agreement and will carry out studies, and the signing of the contract will depend on the agreement of the parties on the terms of the contract. 49% of NCP shares are owned by the Group, 49% by Bahamas Investment Fund ("BIF") and 2% by Yes Foundation. The Group conducts further discussions on long-term financing with local and international banks. It is expected that financial closure and concession rights will be introduced in the second half of 2019.

38 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR MAKE THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

Scan the QR code to access to the financial statements and footnotes.

Proudly produced by FİNAR.
www.finarkurumsal.com

GLOBAL
INVESTMENT HOLDINGS