GLOBAL PORTS
HOLDING PLC

Ports & Cultures

ANNUAL REPORT 2019

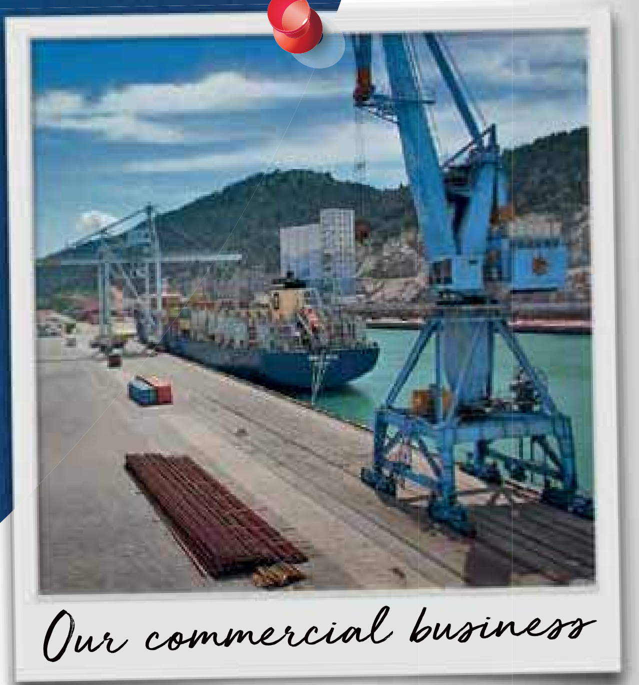
Global Ports Holding Plc is the world's largest independent cruise port operator with an established presence in the Caribbean, Mediterranean and Asia-Pacific regions, including extensive commercial port operations in Turkey and Montenegro.

Global Ports Holding (GPH) is the world's leading independent cruise port operator, with a prominent presence in the Mediterranean, Atlantic, Caribbean and Asia Pacific.

GPH serves the needs of the world's cruise lines, ferries and megayachts through interests in a strategically located network of cruise ports in 13 countries, as well as operating 2 strategically located commercial ports.

We offer our customers and their passengers leading levels of service tailored to their needs, delivered with leading standards of safety, security and performance worldwide.

Read more in the Cruise port report on **page 50**



Read more in the Commercial port report on **page 63**

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2019 Highlights

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

2019 2018

Revenue (USD million) -5.6%**

117.9

Segmental EBITDA (USD million)* -8.0%

83.4

Segmental EBITDA margin (Cruise)* +192 BPS

70.4

Segmental EBITDA margin (Commercial)* -476 BPS

71.2

Operating profit (USD million) -57.4%

15.3

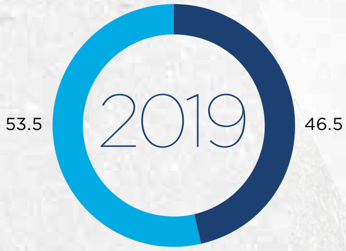
Profit/loss after tax (USD million) -313%

-15.2

* Please refer to the Glossary of Alternative Performance Measures on page 232 for the definition of these items.

Segmental EBITDA breakdown (%)

Revenue breakdown (%)



Cruise Commercial

20*
Operates or invests in 20* ports worldwide

9.3m**
A record number of passengers (including Equity Accounted Investee's passengers)

12
Across 12 countries

4
Added interests in four new ports to the portfolio in Nassau, Antigua, Ha Long Bay and La Goulette

Group highlights

- FY revenue of USD 117.9 million down 5.6% vs. 2018
- Adjusted EBITDA of USD 77.0 million down -8.0% vs. 2018
- An interim dividend of USD 12.5 million (15.5p per share) was paid in November 2019
- The unprecedented level of disruption to the cruise industry caused by the Covid-19 outbreak and the associated short-term uncertainty, the Board has decided that it is prudent, and in the best interests of all stakeholders, to suspend temporarily the dividend for the full year 2019 until the situation improves
- Underlying profit for the period USD 27.3 million*

Cruise highlights

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

Commercial highlights

- Performance of our Commercial business was disappointing, with EBITDA declining by -26.4% vs. 2018
- Container volumes were down -15.9% and general bulk cargo volumes fell -49.7% vs. 2018
- Trade tariffs contributed to a general uncertainty around global trade, particularly involving China
- Port of Adria delivered USD 1.7 million of EBITDA, down 56.5%
- Commercial EBITDA margin fell to 71.2%

Current trading and outlook

- The early part of 2020 has been dominated by the impact of the Covid-19 virus outbreak and its impact on global trade and the cruise industry
- Our Cruise operations did not experience any significant adverse impact at the start of the outbreak. However, with countries recently introducing travel restrictions and many cruise lines temporarily suspending operations, there is currently significant disruption to our Cruise business
- GPH has entered exclusive negotiations with a potential buyer of Port Akdeniz
- Our Commercial ports have, as yet, not experienced any meaningful impact from the virus outbreak

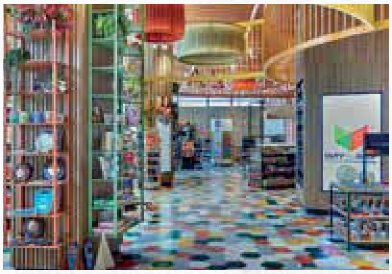
Read more on **page 41**

Record cruise passengers

In 2019, we welcomed 9.3 million cruise passengers to our ports, once again a record number.

New ports added

In 2019, we added four new ports to our portfolio, Nassau, Bahamas, Antigua, Ha Long Bay, Vietnam and La Goulette, Tunisia.



Record EBITDA

Record Cruise EBITDA of 44.4m, with Cruise becoming the largest business segment for the first time.

* Excludes La Habana Cruise Port, where the Group has not invested.
** 2018 Venice passenger volumes used in calculation due to unavailability of Q4 2019 data. 9M 2019 data implies modest yoy growth.

Where we operate

A TRULY GLOBAL NETWORK

As the world's leading cruise port operator, Global Ports Holding has an established presence in the Mediterranean, the Caribbean and Asia-Pacific regions, and extensive commercial port operations in Turkey and Montenegro.

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

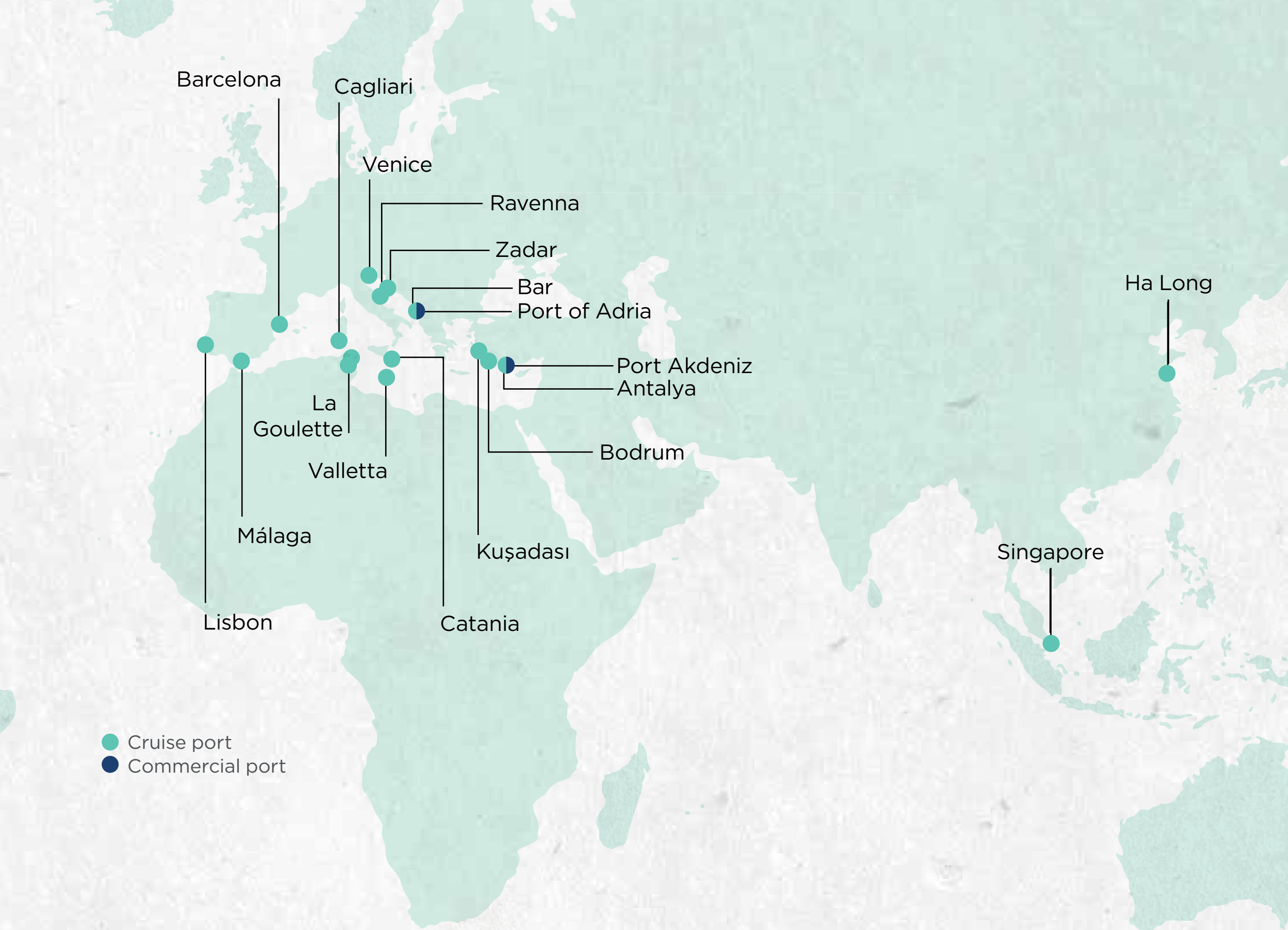
We onboarded the Caribbean ports into GPH's systems and approach in Q4 2019, and the investment phase has begun at both ports. The other two ports will be onboarded in H1 2020.

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

A globally diversified port network, with operational and management synergies

Our key strengths

- **Unrivalled size and reach**. GPH owns and operates the largest independent cruise port network in the world. The size of our network and the length of our concessions acts as a barrier to entry for aspiring competitors.
- **Long-term revenues**. The concessions we operate have, on average, 18 years' cash generation ahead of them.
- **Year-on-year organic expansion**. The cruise sector is growing, ships are getting larger, and demand for new and comprehensive port services continues to rise.
- **Scope for ancillary revenues**. Each year, we welcome 9.3 million passengers – and rising.
- **Opportunities for retail** and passenger services are growing exponentially.
- **A single, effective Group**. Our unified approach opens up operational synergies, global standards and best practice sharing across our network.
- **The security of diversity**. Our commercial cargo business harnesses our skills in wholly separate markets, and generated 46.5% of our revenues in 2019. While the number of cruise ports and their geographic spread provides diversification in our cruise operations.
- **We're strongly cash-generative**. GPH has low or negative working capital and our low maintenance capex model has consistently delivered strong cash conversion.
- **A demonstrable market leader**. Under our roof we have a proven and dynamic management team, with deep experience in port investments, operations, business turnarounds and marketing.

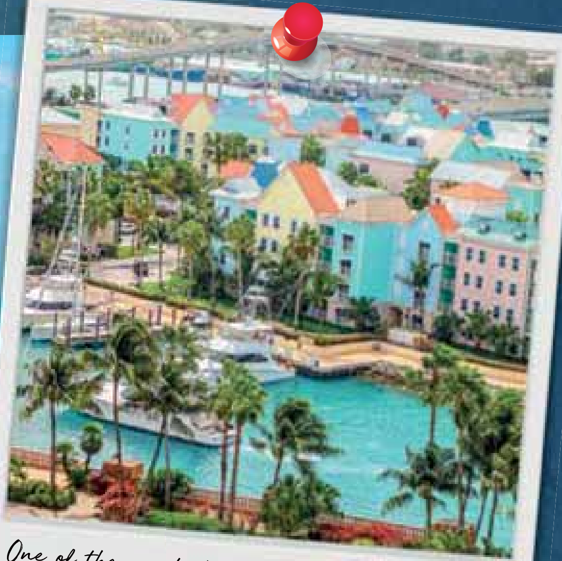


Port network

The map shows the location of each port that GPH operates or invests in. For more information on each, please see the individual port reports on pages 50 to 59 and page 63.

* Excludes La Habana Cruise Port, where the Group has not invested.


CAPTURING A MOMENT IN THE BAHAMAS!



One of the greatest water-fronts in the world

Nassau attracts 3.7m passengers per year

A transformational project that will turn the port into a spectacular new waterfront for all Bahamians and visitors to enjoy.

Nassau Cruise Port Ltd ('NCP') began operations in Q4 2019 as part of a consortium comprising GPH, the Bahamas Investment Fund ('BIF') and the Yes Foundation.

NCP will invest up to USD 250 million in transforming the port and waterfront. This ambitious project includes expanding the number of berths (from six to eight), building a new terminal, creating an event and entertainment area and investing in retail and food & beverage offerings. The project will also see the port being integrated into the adjoining Bay Street and downtown Nassau.

GPH's investment is set to transform the port experience and will include electric trams, a city centre park, the new Junkanoo museum and a state-of-the-art event and entertainment venue. The new port is expected to act as a catalyst for the wider redevelopment of downtown Nassau, turning it into a vibrant and exciting adventure for cruise passengers, other tourists and locals alike.

Nassau is within easy cruising distance of the primary home ports in the US, making it an ideal port of call.New berthing capacity will be designed to accommodate the world's largest cruise ships, significantly increasing the port's ability to grow passenger volumes in the future.

2019 Passengers:

3.8m

Transformational investment:

$250m*

Nassau's cruise gateway will be transformed into one of the greatest waterfronts in the world.

* Expected investment. GPH is responsible for 50% of this investment.

SAVOUR A MOMENT IN ANTIGUA & BARBUDA!

Our investment in St John's Cruise Port will act as a catalyst for meaningful economic growth in Antigua & Barbuda.

GPH began operations at Antigua Cruise Port in Q4 2019, and in the first 12 months our investment in the port is estimated to be USD 45-50 million in total. In addition to repaying an existing bond, this investment will create a new pier, allowing the port to increase its capacity and handle the world's largest cruise ships. It will also finance a complete refurbishment and extension of the retail facilities.

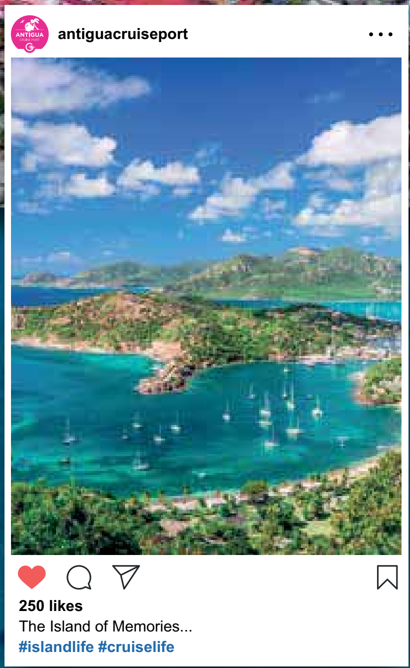
Adventures

Antigua's proud boast is that they can offer you a different beach for every day of the year. But there's also much more to this beautiful island, including historic rum distilleries, St John's Cathedral, ancient historic forts and – keeping it nautical – Nelson's Dockyard, once the base of the Royal Navy and now a UNESCO World Heritage Site.

In an important new social initiative, GPH will support qualifying Antiguans who have the ambition to start their own business or develop their current tourism-focused enterprise.

More widely, we will work in partnership with all local stakeholders to help St John's Cruise Port act as a catalyst for meaningful economic growth in Antigua & Barbuda.

We will help deliver a cruise port and destination experience that matches the natural beauty of the islands.



2019 Passengers:

728k

Initial investment:

$45-50m

A GATEWAY TO CRUISE VIETNAM!

The Group is now bringing its global operating procedures and operating experience to help enhance the cruise passenger experience at Ha Long Bay. This follows a new management agreement, which came into force in Q4 2019.

In parallel, we will work with all local stakeholders to grow passenger numbers at this alluring destination.

The port, which recently benefitted from a USD 44 million investment, is the first purpose-built cruise port in Vietnam and is capable of handling the world's largest cruise ships. Its modern infrastructure and location close to China, Hong Kong, Indonesia, Malaysia and Singapore means it is well-placed to become a leading transit port in Asia.

Ha Long Bay, which was designated as a UNESCO World Heritage Site in 1994, is breathtakingly beautiful and features numerous limestone karsts, caves and islands.

The port itself is situated within Sun World Halong, a 226ha entertainment and recreation complex, providing visiting guests with a wide variety of activities to complement the range of water-themed attractions. The port's idyllic location is sure to prove a highly sought-after destination for years to come.

GLOBAL PORTS HOLDING PLC

576 likes
globalportsholding
Visiting Ha Long Bay and experience the scents… more

2019 passengers:

72k

We're excited to be part of making the Ha Long Bay experience unforgettable for passengers.

2020 WILL BE A YEAR OF SIGNIFICANT CHALLENGES

Our performance in 2019 has been shadowed by the recent developments. The crisis that has engulfed the world is causing unprecedented disruption to both global economies and the global travel sector.

But most importantly, it is affecting the lives of people all over the world, on a previously unimaginable scale. My and everyone at GPH's first thoughts is of those people that have been directly impacted by the virus and to the health workers around the world that are battling to save so many lives.

In light of the crisis, the board and senior management of GPH have taken immediate action to significantly reduce costs and conserve cash to protect the Group's balance sheet and help steer the company through the crisis. The Board believe that the actions we have taken to date will mean that even under a severe downside scenario the Group will have sufficient cash resources to remain in operation and within covenant requirements at the end of April 2021.

This severe downside scenario includes our Caribbean ports handling no cruise ships for the remainder of 2020, with a recovery in Caribbean passenger volumes in the first four months of 2021 to 50% of previous expectations, while it assumes the rest of our cruise port portfolio does not welcome any cruise ships until after the end of April 2021.

In terms of our Commercial operations, the severe downside scenario assumes a fall in marble exports in Port Akdeniz to China of 75% based on the forecasted container cargo of marble for both loading and unloading until September 2020 followed by a moderate improvement but remaining at least 25% below original management expectations. Overall this would result in Port Akdeniz container volumes falling by 35% in 2020 compared to 2019 and by 25% compared to management's previous expectations for the period to end April 2021. You can read more about our key assumptions and actions on pages 145 to 146.

Covid-19 impact

In Q1 2020, the emergence of the Covid-19 virus and its development into a pandemic led to an unprecedented level of disruption to the cruise industry and global trade.

Despite this impact, at the time of writing our commercial ports have not experienced any meaningful detriment; trading has been in line with our expectations. Indeed, Port Akdeniz, our largest commercial port, has experienced a strong rise in general & bulk volumes, while the port's container volumes, which include significant export cargos of blocked marble to China, have been broadly in line with management expectations for the same period.

This contrasts to our Cruise operations, where cruise lines have suspended sailings for the time being and countries have put in place temporary travel restrictions, passenger volumes across the portfolio will experience a significant reduction in Q2 and potentially into the second half of the year.

However, with no certainty over when the industry and indeed the world, might return to normal, the Board and management are taking steps to protect the business from the impact of this crisis.

2019

Despite contrasting fortunes in our operations in 2019, the year was notable for the progress we made in building for the future. Our new cruise port strategy delivered four significant agreements that will over the medium term, more than double passenger volumes from 2019 levels. We were delighted to announce a concession agreement in Antigua & Barbuda, and our consortium was awarded the tender to manage and redevelop Nassau Cruise Port, in one of the sector's busiest and most iconic destinations.

In addition, our joint venture with MSC Cruises S.A. secured an agreement to acquire the operator of the cruise terminal in La Goulette, Tunisia. Separately, we also signed a management services agreement for Ha Long Bay Cruise Port, Vietnam, and we have a considerable number of further opportunities under evaluation.

Over a long period of time, the cruise industry has proven to be one of the most resilient travel sectors in the world.

Mehmet Kutman, Executive Chairman and Co-Founder

Strategic review

In light of these exciting developments and the level of investment required, the Board felt it was appropriate to pause and take stock. During the year, we therefore launched a strategic review to explore the best way to maximise value for all stakeholders, both in the short- and long-term. The review has carried on into 2020 and at the time of writing, the Board is considering a range of potential options; this may include the sale of certain assets, as well as strategic investments and partnerships.

As part of this review, and following a competitive sales process conducted in H2 2019, GPH has entered into exclusive negotiations with a potential buyer for our commercial interests at Port Akdeniz. It would currently be premature to speculate on a timeframe or terms of a possible sale. But if this transaction concludes, it will mark a significant moment for the Group as we pivot towards becoming a pure-play cruise port operator.

Refinancing

In November 2021, the USD 250 million Eurobond issued by Global Liman, the 100% owned subsidiary of Global Ports Holding, is due for repayment. Work is currently under way on a number of different structures to facilitate this refinancing, and which I believe would allow GPH to refinance the bond ahead of its maturity. With Port Akdeniz being a significant guarantor of the bond, the outcome of our negotiations with the potential buyer of this port will therefore have a material impact on the appropriate refinancing structure. A final decision on the sale process is expected in Q2 2020, after which we will pursue the most appropriate refinancing structure.

Results

The reporting year saw our Commercial business impacted by sharp falls in container and cargo volumes. It speaks to the robustness of this division that under the circumstances it still delivered an EBITDA margin comfortably in excess of 70%.

In our Cruise business, we achieved another very strong performance, once again delivering both record revenue and EBITDA.

Full year Group revenue stood at USD 117.9 million compared with USD 124.8 million in 2018. Adjusted EBITDA fell 8.0% year-on-year to USD 77.0 million. Loss before tax of USD 15.2 million compared with Profit before tax of USD 8.6 million in 2018.

Our purpose is to be a key enabler of cruise tourism in our destinations for the benefit of all stakeholders.

Cruise market growth

While recent developments have had a significant impact on the global travel market, I believe that the positive underlying trends that are so supportive of this industry will prevail over the medium term.

The global cruise market is an exciting and vibrant market that continues to record strong and consistent growth. In the last three years alone, cruise lines carried 26 million passengers in 2017, 27 million in 2018 and 28 million in 2019.

A barometer of the industry's long term confidence is the order book for new ships, with the shipyards normally working at full capacity. There are currently 115 ships on order for delivery between 2020 and 2027, and once launched these new ships will increase the cruise lines' passenger capacity by 47%.

An interesting development in recent years has been the emergence of China as a cruise ship building power. There are currently three cruise ships being built there, as against none three years ago.

While recent events will have likely slowed this activity. Should China's activity in this space continue to expand over the medium term, it would have a significant impact on accelerating the forecast growth in cruise passenger volumes.

Twenty years ago there were just two cruise line brands, yet in 2020 and 2021 we will see two new cruise line brands enter the market; Virgin and Ritz Carlton. We will also see the largest players in the market launching new brands and adding new capacity.

As a result, we will see increasing market fragmentation of the industry. This industry dynamic, coupled with the availability of berth capacity, is changing the relationship between cruise lines and destinations. The fastest growing cruise lines are increasingly seeking berthing capacity around the world, leading to intensified competition for berthing slots at cruise ports.

However, while this demand is good news for destinations, it is also putting pressure on cruise port facilities and infrastructure. In some regions, local stakeholders are also having to build new relationships with the faster growing and new cruise lines, whereas in the past they only had to focus on two or three players. This increased demand and constrained berthing capacity means that day-to-day management of the ports is changing.

For ports and destinations these are nice problems to have, but to fully capitalise on this rising curve, investment is required to expand capacity by extending current piers and building new ones. In parallel, investment is needed in wider port infrastructure such as terminal buildings and retail facilities.

Destination development

These pressures do not stop at the port. The trend of increasing passenger volumes is also heightening the need for improved destination management and development.

This is not only driven by growth, but by demographics. The cruise industry is becoming ever-more adept at widening its allure beyond the traditional passenger profile.

There are now new ships, brands, concepts, food, design and entertainment that are targeted at increasingly new and different customer segments.

Leading by example

Global Ports Holding is enviably positioned to help drive and facilitate both the growth in the industry and the development of its infrastructure.

As the largest independent cruise port operator in the world, our proven management brings a wealth of experience to every port we operate. Our global operating procedures and experienced global team also mean that every GPH port, regardless of location, benefits from best global practice.

This foundation of knowledge and experience was instrumental in the milestone achievement of expanding our portfolio so extensively in 2019. Antigua & Barbuda (a 30-year concession agreement), Nassau (25-year concession agreement), Ha Long bay (15-year management services agreement) and the acquisition of the operator of La Goulette Cruise Port in Tunisia by our 50:50 JV – all resulted from our track record, together with innovative ideas for contemporary cruise ports, moving forward.

Board changes
In Q1 2020, we announced some changes to our Board. Thierry Edmond Déau and Thomas Josef Maier, having both decided not to stand for re-election as Independent Non-Executive Directors at the next AGM, agreed to step down early to allow new Board members to join as soon as practically possible.

As a result, I was pleased to welcome to the Board Andy Stuart, until recently President and Chief Executive Officer of Norwegian Cruise Line, the largest cruise line of Norwegian Cruise Line Holdings Ltd. Andy brings vast experience of the cruise industry, gained over a period of more than 30 years.

On behalf of the Board, I would like to thank Thierry and Thomas for their service and insights during the Company's early years as a UK Plc.

Governance
In our day-to-day operations we take our responsibilities towards safety and the environment very seriously, adhering to Group-wide policies and codes of conduct. These include the GPH Security Code and the GPH Health, Safety & Environment policy which, we believe, set industry benchmarks. Such policies are central to what we do and our achievements to date are testament to keeping the interests of our varied stakeholders at the heart of our decision-making.

OUR MISSION

Best operating model
To create the best operating model for ports, and continuously improve by learning from each other and integrating best practices across our facilities.

Best partner/service provider
To be the best partner to cruise lines, local governments, B2B partners and suppliers and our localities.

Best customer experience
To provide the best customer experience, both in port and inland.

Best expansion capabilities
To achieve the best M&A and induction capability in the sector, and the best value creation programme for the public.

OUR VALUES

Leadership and professionalism
We support clear direction, fairness, motivation, inclusive leadership, and cultivation of a high-performance environment.

Teamwork and collaboration
We promote a learning culture where we encourage each other to maximise and expand our capabilities.

Getting it done
We practice successful execution, resourcefulness, initiative, corporate entrepreneurship and ownership.

Integrity
We operate with honesty, transparency and open communication.

As a standard listed company, we are not required to adopt the 'comply or explain' regime of the UK Corporate Governance Code (the 'Governance Code') published by the Financial Reporting Council. However, the Directors consider that the principles and recommendations contained in the Governance Code are a valuable source of guidance to the Board.

Dividend
Given this unprecedented level of disruption and the associated short-term uncertainty, the Board has decided that it is prudent, and in the best interests of all stakeholders, to suspend temporarily the dividend for the full year 2019 until the situation improves.

In closing, I would like to thank everyone at Global Ports Holding for their continued hard work and dedication to the business and our core values. I thank as well everyone in our host communities for their cooperative spirit and hospitality; we are both guests and partners in your communities.

I would also like to thank our shareholders. Your continued support as we deliver on our strategy is valued and appreciated. Notwithstanding the widespread disruption to the industry, 2020 and 2021 will be the years when the transformation we have talked about really comes alive and I look forward to the shared success that it brings.

Mehmet Kutman
Executive Chairman and Co-Founder

Cruise business model

GPH's Cruise business model is focused on delivering both organic and inorganic growth. Organic growth focuses on increasing passenger volumes over the medium-term, and deploying our portfolio of services to grow our revenue yield per PAX.

Our inorganic strategy is to expand our network through the selective acquisition of strategically chosen ports. We invest in them and apply our global best practice to maximise their full potential, increase passenger capacities and generate strong returns.

WHAT WE DO

Our cruise revenues are generated by two categories:

1. **Core port services:** Revenues are mainly derived from handling ships and their passengers and crew through terminal and marine services.

2. **Ancillary services:** Revenues are derived from a portfolio of additional services offered at each port.

   These include:
   - vessel & port services;
   - destination & shoreside services; and
   - area & terminal management.

   All three areas offer a collection of services, varying according to the terms of each port agreement and the physical layout of the port. The focus is on configuring and delivering the most fitting, flexible and value-adding services for each asset.

We provide our services direct to cruise lines, passengers, cruise ships and crew, as well as working with destination stakeholders such as retailers, office tenants and third-party service providers. In certain ports, we also serve ferries and super- and mega-yachts.

Our mission and our values underpin our business

Read more on **page 15**

KEY INPUTS & DRIVERS

Cruise passenger volumes
The main driver of cruise port operations, and the key to delivering organic growth, is cruise passenger volumes. With cruise lines setting itineraries 12-18 months in advance, this intelligence provides us with good visibility on the most important driver of our business.

In the medium- to long-term, a key indicator of future passenger volumes is supported by growing order books of the world's shipyards and the rising number, and capacities, of cruise ships coming to the market over the next decade. We explore this in detail in the Cruise industry review on pages 46 to 49.

This lengthy visibility is valuable for anticipating future trends, and means it is crucial to plan ahead with a 3 to 5-year time horizon, rather than 1 to 2-year plans like many other businesses do.

Ancillary services
While terminal and marine services generate our core cruise revenue, growing our ancillary services is also central to our business model. By improving the profitability of GPH ports through ancillary streams, we also decrease our reliance on core revenues and tariff increases.

Competitive advantage
Our cruise ports are in some of the most enticing, must-see destinations in the world. The allure of, for example, Valletta, Lisbon, Nassau or Antigua is unique and cannot be replicated. Across our portfolio, the ports' waterfronts are largely developed and carefully protected, making it unlikely that new competing ports would be permitted.

For new concessions and agreements, we believe our know-how, proven global operating procedures and our unique network of cruise ports, creates a distinct competitive advantage against other potential investors.

Creating value and delivering for our customers and stakeholders
Our global operating procedures, honed from global experience, are of a calibre that a singular port would find hard to achieve.

We also bring together local stakeholders with our local teams to create a compelling identity both for the port and its wider visitor experience, while our marketing team actively promotes each port and destination in our network to the cruise lines. And by addressing the needs of every stakeholder – passengers, cruise lines, ports, regulators and destinations – we believe we create a virtuous circle with benefits for all.

Cruise passenger distribution

OUR USPS

Size and scale
We are the world's largest independent cruise port operator.

A proven track record
We transform cruise ports and terminals and deliver excellent customer experiences.

Operational excellence
We excel at running our ports professionally and safely. We understand the needs of all stakeholders and bring a mindful approach to developing destinations in partnership with local stakeholders.

Modern infrastructure
We are significant investors in infrastructure, often transforming a cruise port and its surrounding area through targeted investment.

An integrated cruise port network
Our global procedures bring best practice to each port.

Marketing and influential strength
We are a natural partner for cruise lines and local stakeholders due to our reputation as the leading independent port operator.

360° view
Our total view of the sector, and the sharpest focus on the overall guest journey, positions us to develop services for even better customer experiences at every GPH port.

Our strategy

Read more about our strategy on **page 24**

OUR STAKEHOLDERS

Passengers
Our focus is to deliver a great experience at every port, and every visit. Our well-invested terminals, complemented by expert ancillary services, is central to passenger satisfaction with both the port and destination.

Cruise lines
Cruise lines are both our customers and our partners. Our global operating standards mean they enjoy a uniformity of services at all of our ports. The way we take care of their passengers is also a vital contributor to their overall satisfaction with the port and destination.

Staff and contractors
The safety of everyone who works at or passes through our ports is our single most important priority. Our Health, Safety & Environment (HSE) Policy, which is based on international standards, is constantly reviewed and refined if necessary. Read more on pages 69 to 75.

Government & local authorities
We work closely with local and central governments, often providing significant investment that ensures the future of their cruise port for decades ahead. We drive economic growth in their local communities, through rising passenger volumes and through increasing our passengers' local spend.

Local communities and local stakeholders
While tourism brings vital income, employment and multiplier effects for the local economy, we are also sensitive to the wider needs of those areas and people.

We work hard to ensure that passenger numbers benefit the local economy, without putting undue pressure on localities. Our HSE Manual lays down recognised procedures for protecting the environments in which we operate. Read more about our Environmental policies on pages 69 to 75.

Our ports regularly engage with their communities to raise funds for local people and charities. You can read more about our corporate responsibility on pages 69 to 75.

Our stakeholders

Read more about how we engage with our stakeholders on **pages 64 to 65**

Commercial business model

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

WHAT WE DO

Commercial cargo generally falls into one of three distinct categories:

1. **Containers**: standardised intermodal containers used for storing and moving materials and products. They are sealed and loaded intact onto container ships. Typical containerised cargos include marble, aluminium, cigarettes, fertiliser, furniture and frozen foods.
2. **Bulk cargo:** commodities that are transported unpackaged in large quantities. These cargos can either be dry bulk (e.g. coal, wheat and cement) or liquid bulk (e.g. hazardous liquids).
3. **General bulk:** this tends to require special handling at the port and is typically transported in bags, boxes or crates.

We generate other sources of revenue from a suite of additional services, including stuffing and un-stuffing containers, warehousing and cargo weighing.

Our mission and our values underpin our business

Read more on **page 15**

KEY INPUTS & DRIVERS

Key inputs

The key input to our Commercial operation is the volume of goods that we handle, which is primarily driven by the health of the global economy and global trade volumes. Trade barriers and tariffs can have a negative impact on volumes.

Costs

Cost control is a vital component of our model and success. Staff utilisation is a key area of focus, and includes using third-parties and contractors to best match the ports' staffing needs day-to-day.

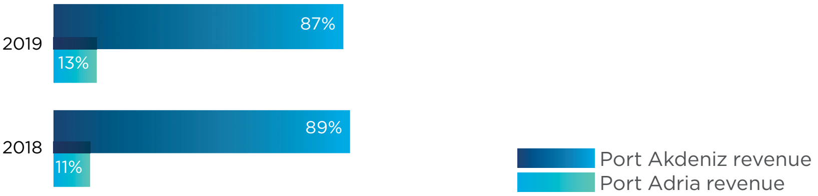
We also actively monitor and minimise our energy usage.

Competitive advantage

The location of our ports is a significant competitive advantage:

- The nearest competing ports to Port Akdeniz are over 300km away. The cost of transporting goods by road to and from these ports is generally prohibitive.
- Port Akdeniz is located close to a significant number of marble deposits (a major export commodity).
- Port of Adria has strong rail links to land-locked neighbour Serbia, and in particular to the industrial area around Belgrade. It also offers significant storage capacity and acts as a distribution centre for the region.

Commercial revenue distribution



OUR USPS

Operational excellence
We excel at operating our Commercial ports, ensuring we understand all our stakeholders and developing solutions and services that meet changing needs.

Modern infrastructure
We are significant investors in our physical infrastructure, with state-of-the-art plant, equipment and optimisation technology. This includes our proprietary GPH security code and rigorous health and safety procedures.

Continuous refinement of services
We never stand still, continuously refining and introducing value-added services and improved customer solutions.

Cargo diversification and growth
We work with current and potential stakeholders on new solutions designed to increase and diversify the volumes at our ports.

Our strategy

Read more about our strategy on **page 24**

OUR STAKEHOLDERS

Customers
Our key customers are the global shipping lines. We work closely with them to ensure we give them state-of-the-art infrastructure, coupled with responsive support services, to enable them to deliver and ship freight efficiently.

Exporters and importers
Our commercial teams regularly meet with major importers and exporters, domestically and internationally, to better understand market trends, issues and their evolving needs.

Over the years, we have added new services to the port in order to meet the needs of exporters and importers, such as storage and weighing.

Staff and contractors
We engage in heavy industrial freight processing, and the safety of our staff and contractors overrides any other practical or financial interest. You can read more about our Health, Safety & Environment Policy on pages 69 to 75.

Government
Commercial ports are critical to a country's economic prosperity. We work closely with local and central governments to help shape future policy and regulation. This enhances our ports' ability to grow and, by extension, to contribute to government revenues.

Local communities
As well as creating significant direct and indirect employment, our Commercial ports are an essential link in the supply chain of multiple local manufacturers and producers. We help to sustain and grow their businesses, and so support local employment.

In all our day-to-day operations, we are also committed to acting sustainably and to minimising our impact on local environments.

Other stakeholders
Key stakeholders also include providers of associated services such as forwarding companies, shipping agencies, customer brokers and other logistics companies.

Our stakeholders

Read more about how we engage with our stakeholders on **pages 64 to 65**

A CHALLENGING YEAR LIES AHEAD FOR THE GROUP

A year of 'marquee' additions to the portfolio and a good Cruise performance, overshadowed by Covid-19.

2019 saw a mixed year of operating performance from GPH. The parts that were good, were very good and most significantly GPH successfully delivered on our plans to grow our physical reach.

However, our 2019 performance has been overshadowed by the global outbreak of Covid-19. While there has been no significant impact on our Commercial operations, the Cruise industry and our Cruise operations are now expected to experience a significant impact in 2020.

We are taking actions to address the financial impact and I am confident in our ability to weather this storm. While not the circumstances we would have chosen, I believe how we successfully navigate this crisis will stand as a testament to the resilence of our business.

My and everyone at GPH's thoughts are very much with those who have been directly impacted by the Covid-19 outbreak.

2019

During 2019, we added our second and third Caribbean cruise ports in the prime cruising locations of Nassau and Antigua. Both of these ports are expected to be in our top five by EBITDA in the years ahead.

Towards the end of the year, we grew our presence in Asia by welcoming Ha Long Bay Cruise Port, Vietnam. And in the Mediterranean, our joint venture with MSC acquired the operator of La Goulette Cruise Port, Tunisia.

In the summer, the Board announced a strategic review to maximise shareholder value. The review process is ongoing, however, we have recently entered into exclusive negotiations with a potential buyer of Port Akdeniz.

In our day-to-day operations, our Cruise port business continued to perform well, with a number of our ports welcoming record passenger numbers or winning industry awards. However, our Commercial business came up against challenges posed by trade tariffs, global trading uncertainty and issues in key markets such as China. This led to an overall Group operating performance below our original expectations.

Our headline financials

Full year revenue was USD 117.9 million compared with USD 124.8 million in 2018. Adjusted EBITDA fell 8.0% to USD 77.0 million (2018: USD 83.7 million). With Loss before tax of 13.4 USD (2018: USD 8.6 million).

During these challenging times, our primary focus is conserving our cash and protecting the Group's balance sheet.

Emre Sayin, CEO

OUR 2020 GOALS

- To work with all our stakeholders to successfully navigate the unprecedented disruption in the cruise industry
- To implement our Covid-19 cost savings and cash preservation measures
- To successfully onboard our new cruise ports and deliver on our investment plans
- Continue to take the cruise lines' and passengers' experience to new levels, through new service and design initiatives
- Deliver at least two new port investments or management agreements

In a year that had promised more, we are nevertheless pleased to have delivered very much in line with the long-term strategy we set out at the time of our IPO. Indeed, the addition of such high-quality cruise ports transforms the Group, and made Cruise our largest business segment.

Cruise

I am delighted with our operating performance in Cruise, where once again we delivered record passenger numbers and record EBITDA. It was particularly pleasing to see Ege Port, our marquee port in Turkey, particularly strong, delivering passenger growth of over 30%. Our ancillary services offering evolved further in 2019. We refurbished and transformed our travel retail areas in Barcelona and in the process created a blueprint for transforming the retail areas across our portfolio. We also made further progress with our key priority of offering an integrated services package at our ports.

But the most important development in our Cruise business in 2019 was the expansion and strengthening of our portfolio. In a series of selective additions, we welcomed two new cruise port concessions, an additional joint venture cruise port and a further management agreement port into the GPH family. While Singapore Cruise Port, in which we own a minority stake, secured a concession extension out to 2027.

The number – and, of equal significance, the quality – of these arrivals takes our cruise port portfolio to the next level, enhancing our presence in the cruise sector's core markets.

In the Caribbean, we signed a 25-year concession agreement for the redevelopment and management of Nassau Cruise Port in the Bahamas, which is one of the largest of its kind in the world. We also signed a 30-year concession agreement for cruise operations in Antigua & Barbuda.

Towards the end of the year, we added our second port in Asia with the signing of a 15-year management services agreement for Ha Long Bay Cruise Port in Vietnam. And in the Mediterranean, our joint venture acquired the operating company of La Goulette Cruise Port in Tunisia.

Over the medium term, the effect of these additions will be significant, with passenger volumes expected to more than double from 2019 levels.

With a total investment of around USD 300 million, from all parties associated with these projects over the next few years, a significant amount of work lies ahead. However, with our partners and contractors, we will bring GPH's proven capabilities to these prestigious assets and give them the resources and insight they deserve.

These investments are a measurable indication of our commitment to the cruise industry. GPH's ports operate in a fundamentally attractive industry, benefiting from a number of structural growth drivers. The current cruise ship order book remains positive, driven by a robust underlying growth rate in cruise passenger numbers for at least the next decade. And looking into the longer-term, the trends for international tourism in general continue to be positive.

The long booking pattern for cruise holidays further increases the attractiveness of the industry, with economic and city-based geopolitical threats rarely having a noticeable impact on passenger volumes. The sector is also reinventing itself, capturing younger, high-spending adults and their families with new products, itineraries, food and entertainment. The growth of middle classes in emerging markets is introducing a fresh target market, keen to travel and enjoy new experiences.

Commercial

The performance of our Commercial business was disappointing, with EBITDA declining by 26.4%.

Macro-economic factors such as trade tariffs have contributed to a general uncertainty around global trade, particularly involving China, and are the primary drivers behind depressed volumes.

We felt this most at Port Akdeniz, where container throughput volumes fell by 19% and general & bulk cargo volumes fell by 54.9%. The container decline was driven by a decrease in marble volumes to China, the largest market for Antalya marble. General & bulk cargo was mainly affected by weak cement volumes.

OUR MILESTONES

2004
GPH established (operations commenced in Ege Port, Kuşadası in 2003)

2006
Acquired 40% stake in Port Akdeniz, Antalya

2008
Acquired 60% stake in Bodrum Cruise Port

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

2013
Acquired a minority stake in Creuers (Barcelona, Málaga and Singapore Cruise Ports)
Acquired a 62% stake in Adria-Bar Commercial Port

2014
Acquired remaining stake in Creuers (GPH stake 62%)
Signed a concession agreement for Lisbon Cruise Terminals (GPH's effective stake: 46%)

Port Akdeniz's significant direct exposure to China meant it felt this impact more acutely than Port Adria where, excluding project cargo volumes, underlying trading were broadly unchanged.

Despite the sharp decline in volumes, it is testament to the strength and flexibility of our business model that Commercial EBITDA margins were still above 70% in the year.

Covid-19 and outlook

In Q1 2020, the Covid-19 outbreak began to cause disruption to the global cruise industry.

With widespread travel restrictions now in place and most cruise lines suspending sailings for the time being, the industry faces unprecedented challenges in the months ahead.

Historically, passenger volumes in the cruise industry have proven to be very resilient during and after similar periods of uncertainty. I believe that this resilience will show through when travel restrictions are lifted.

For now, we are focussed on reducing costs, conserving cash and protecting the balance sheet. Capex and project expenses will be reduced to almost zero and we are also reducing costs across the business.

Looking beyond the current uncertainty, we operate in what in normal circumstances can be considered a buoyant sector, evidenced by a record high number of 115 new cruise ships planned for delivery from 2020-2028.

As the world's largest cruise port operator, we are uniquely positioned to work with all stakeholders to benefit together from this structural growth.

For our Commercial business, notwithstanding a potential sale of Port Akdeniz, we enter 2020 with a sense of realism. We continue to work to increase volumes at both of our Commercial ports, as well as diversify our revenues.

In conclusion: in 2019 for the first time, Cruise accounted for more than half of our business, and its medium to long term fundamentals remain supportive. During 2020, we will be embedding our fabulous new destination assets of Nassau, Antigua, Ha Long Bay and Tunisia.

While our actions to control costs and conserve cash gives us every confidence we can navigate through the current crisis and our proven blend of organic and inorganic growth gives us every confidence in the medium and long-term prospects of the Group.

Emre Sayin
CEO

2015

Acquired a 55.6% stake in Valletta Cruise Port
European Bank for Reconstruction and Development (EBRD) acquired 10.84% stake in GPH
GPH awarded the Dubrovnik Cruise Port tender in partnership with BBI; pre-concession agreement signed

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

Global Ports Holding PLC made its debut on the London Stock Exchange

2018

Awarded management contract for La Habana Cruise Port
Signed a concession agreement for Zadar Gazenica Cruise Port, Croatia
Extended Bodrum Cruise Port concession to 2067
Reported record revenue and adjusted EBITDA

2019

Signed a concession agreement for Nassau Cruise Port, Bahamas
Signed a concession agreement for Antigua Cruise Port
Acquired 50% stake in La Goulette Cruise Port, Tunisia
Awarded a management services agreement for Ha Long Bay, Vietnam
Singapore Cruise Port (24.8% stake) concession extended until 2027

Our strategy

The Group faces a number of risks which, if they materialise, could affect its ability to achieve its strategic objectives. The Board is responsible for determining the nature of these risks and ensuring appropriate mitigating actions are in place to manage them effectively.

STRATEGIC PILLAR	PROGRESS DURING THE YEAR	
1. Continued expansion Continued expansion in cruise ports through targeted, disciplined new port investments in Europe, Caribbean and Asia. **See case study on page 26**	• Successful closure of agreements: two new port investments and one management agreement in 2019	100%
	• Expanded our reach in the Americas, Asia Pacific and Mediterranean	100%
	• Completed the induction of 2018's new port investments and started the process for 2019's newcomers	100%
2. Continued transformation Continued transformation of our cruise terminals and passenger experience to deliver revenue growth and higher per-PAX yield. **See case study on page 27**	• Transform port retail infrastructure for an improved passenger experience and new revenue opportunities	100%
3. Improved experiences Implementing B2C and B2B ancillary service opportunities that improve both cruise passenger and cruise line experience at our cruise ports. **See case study on page 28**	• Continue development of our destination services	65%
	• Further development of solutions for vessels	50%
4. Delivering growth and cash Delivering growth and cash from prepaid concessions, low CAPEX requirements and diversification of revenue streams. **See case study on page 28**	• Implementation of financial reporting and accounting systems across all current and new ports	50%
	• Continued vigilant management of cash and profitability at commercial ports	50%
5. Continued diversification Continued diversification of the business via organic growth in the Commercial business. **See case study on page 29**	**Port of Adria, Bar:** • Launch RORO services	0%
	• Facilitate demand growth from Serbia	0%
	Port Akdeniz, Antalya: • Launch RORO services	100%
	• Continued evaluation of potential logistic centre opportunity	100%
	• Growth-based incentive schemes for new trade through our port	50%

KPI	GOALS FOR 2020	PRINCIPAL RISKS
Revenue (USDm): 2019 117.9 2018 124.8	• To secure up to two port investments or agreements in 2020 • Conclude sale of Port Akdeniz to support further growth in cruise sector	• Legal and regulatory environment in respective countries • Potential competition by private investors • Conflicting agendas with major cruise lines in strategic ports • Political opposition to concession awards
Cruise Segmental EBITDA (USDm): 2019 44.4 2018 37.6	• Transform port retail infrastructure at several ports for improved customer experience and new revenue opportunities • Invest in port infrastructure to improve cruise line and cruise passenger experience	• Macroeconomic conditions • Resistance to change by the industry • Push-back from authorities • Disagreements with sub concessionaires, tenants and similar issues
Cruise Segmental EBITDA (USDm): 2019 44.4 2018 37.6	• Successfully launch an integrated service package for cruise lines at several GPH ports	• Changes in regulations • Executional risks and lack of know-how in new areas such as stevedoring services • Disruptive nature of offering leading to unintended misalignment with stakeholders • Relevant authorities do not grant licences, or similar • Performance of partners
Cash Conversion (%): 2019 67.5 2018 82.2	• Implementation of financial reporting and accounting systems across all current and new ports • Continued vigilant management of cash and profitability at commercial ports • Successfully delivery of diversification through the onboarding of new cruise ports	• Covid-19 could significantly impact the Group's ability to deliver growth and cash in 2020 • Geopolitical events that affect demand • A complex regulatory environment where changes may negatively affect our profitability
Cargo Volume ('000 tonnes): 2019 743.1 2018 1,478.4 Container Volume ('000 TEU): 2019 199.1 2018 236.7	**Port of Adria, Bar:** • Launch delayed RORO services • Use block train to increase demand growth from Serbia **Port Akdeniz, Antalya:** • Launch RORO services • Continued evaluation of potential logistic centre opportunity • Growth-based incentive schemes for new trade through our port	• Foreign trade volume, the liberalisation of trade, commodity and fuel prices • Trade barriers, restrictions on imports or exports, or trade disputes • The succesful sale of Port Akdeniz would signifcantly reduce the diversification of the Group

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

1. CONTINUED EXPANSION

2019 marked a truly transformational year for GPH in terms of this strategy. We secured three new cruise port concessions and one new management agreement, taking our strategic strengths to a new level.

In the Caribbean, we signed a 25-year concession agreement for Nassau Cruise Port, Bahamas, which welcomes around 3.7 million passengers each year. Indeed, it is one of the largest transit ports in the world. In conjunction with our JV partner, we will invest USD 250 million in the coming years, not only transforming the cruise port itself but also the surrounding area. You can read more about this exciting project on page 6.

We further expanded our Caribbean presence with the signing of a 30-year concession for Antigua Cruise Port, Antigua & Barbuda. This port handled around 800,000 passengers in 2018. As part of the agreement, GPH will invest USD 45-50 million, investing in the retail facilities and completing the new pier that will allow this wonderful port to welcome the world's largest cruise ships. This latter capability, we believe, could drive passenger volumes to over one million in the medium-term.

In the Mediterranean, our 50:50 joint venture with MSC Cruises S.A. acquired Goulette Shipping Cruise, the company that operates the cruise terminal in La Goulette, Tunisia for USD 12.4 million. Goulette Shipping Cruise was awarded the concession in 2006 to operate the cruise port for 30 years, with a right to extend the term for an additional 20 years. Although passenger volumes are currently very low, La Goulette has previously welcomed around 900,000 passengers a year. In addition, land-based tourism started to increase in 2019, and in line with our recent experience in Turkey, cruise passenger volumes are expected to follow suit over the next few years.

In Asia Pacific, shortly before the year-end, we signed a 15-year management agreement for Ha Long Bay Cruise Port, Vietnam, marking our second port in the region. In 2019, the port handled over 75,000 passengers and we see this as just the beginning. Fresh from a USD 44 million investment, this first purpose-built cruise port in Vietnam is well positioned to capitalise on the strong forecast growth in passenger volumes in the years ahead.

The addition of these new ports will be transformative for the Group: once the cruise industry recovers from the Covid-19 crisis, these ports are expected to drive a doubling in passenger volumes from 2019 levels. Profitability is also expected to rise sharply. Indeed by 2022, Cruise Segmental EBITDA is expected to more than double from 2019 levels. Completing the onboarding and investment will mark an inflection point in our ambitions to grow our cruise port network. The GPH team looks forward to working with all our local staff, partners and stakeholders to deliver these projects.

2. CONTINUED TRANSFORMATION

Barcelona retail refurbishment

In early Q2 2019, and in conjunction with the concessionaire, we completed the USD 2 million refurbishment of the travel retail areas in terminals A and B at Barcelona Cruise Port.

The new facilities have transformed the look and feel of the retail area and, with it, the passenger experience. The previous retail offering had failed to engage passengers, with many spending little, or not even passing through the area at all.

Although increasing passenger spend was central to the project, it was also important for us to create a unique and positive retail experience for passengers. Currently, at many cruise ports around the world, the travel retail concept is either non-existent or lags decades behind what travellers enjoy at other transport hubs.

The new look and feel of the retail area now reflects the identity of Barcelona, with floor designs inspired by the art of Antoni Gaudí and goods displayed in an open market-style typical across Spain. The range of goods has been refreshed and now reflects a strong Barcelona, Catalonia and Spanish influence. New entry and exit pathways encourage an immersive shopping experience, breaking up passenger flow and encouraging a leisurely, impulse browse around the area.

We continue to fine-tune the project, but it is already clear that this wholly fresh approach is creating the improved passenger experience we targeted. It is already changing perceptions across the industry as to what travel retail should look like at a cruise port, and this is borne out in its results.

Of course, every cruise port has its unique characteristics, and new formats cannot simply be copied and pasted for use elsewhere.

However, a blueprint of aims of the project – a unique and positive experience leading to increased passenger spend – can be. We now look forward to bringing about similar transformations at more of our ports in 2020 and beyond.

3. IMPROVED EXPERIENCES

New vessel and port services

We completed a port service evaluation process during the year. This helped us to identify potential new services at each port that could be attractive to visiting cruise ships.

Following the review, we decided that Barcelona, Málaga and Lisbon Cruise Ports could offer our integrated service package to cruise lines from 2020. We also expanded our offering to include new logistic services, such as stevedoring, warehousing and customs brokerage, where appropriate. As we head into the 2020 European cruise season, we have our first cruise ships signed up to the new package.

Post year-end, we signed two important agreements. Firstly, we significantly expanded our port services and logistics capabilities with the acquisition of Balearic Handling, a cruise port provider offering services such as luggage handling at a number of Spanish ports. During 2020, we look forward to integrating the business into GPH and using its capabilities and licences to enhance our integrated service package offering across Spain.

Secondly, and also in Q1 2020, we signed an agreement with a new cruise line to handle all their ships in all Spanish ports. This includes those where we are not the concessionaire, and marks an important step in expanding our port services footprint.

4. DELIVERING GROWTH AND CASH

A high-margin business

GPH's highly cash-generative business model has been instrumental in our growth from a single port start-up in 2004 to the world's largest independent cruise port operator today.

Both our cruise and commercial ports require only modest working capital and low annual maintenance capex. In 2018, we also completed investment programmes across our portfolio, so in the short- to medium-term, ports that were in our portfolio at the beginning of 2019 should remain highly cash-generative. In terms of our new ports, both Antigua and Nassau require significant levels of investment, with GPH's share totalling over USD 200 million.

Despite the current crisis in the industry, around 70% of this investment is expected to be provided by project financing that will be arranged with a syndicate of lenders, with the balance coming from cash resources and our existing highly cash-generative assets.

The strength of our model to generate cash is evident in our 2019 performance. Despite depressed trading in our Commercial business during the year, the Group's cash conversion rate stood at 67.5%.

5. CONTINUED DIVERSIFICATION

Cargo volumes

2019 was a difficult year for our commercial ports (Port Akdeniz, Antalya and Port of Adria in Bar, Montenegro), with volumes falling sharply. However they still handled 580k tonnes of cargo and 155k TEUs of containers. This comprised a diverse inventory of goods ranging from marble, cement, PVC and coal, to MDF, steel coils, timber and aluminium.

Despite the decline, our cargo operations continued to provide a balance and diversification to our portfolio and contributed USD 39.1 million of EBITDA to the Group.

We took positive steps during the year to achieve further cargo diversification at both locations. Introducing Hazardous Liquid Handling at Port Akdeniz and preparing Port of Adria for the introduction of RORO services. However, these positives were outweighed by the volume declines.

Following a competitive sales process conducted in the second half of 2019, GPH has entered exclusive negotiations with a potential buyer of Port Akdeniz. Although there can be no certainty as to the timing or that the terms of a sale will be agreed.

The successful sale of Port Akdeniz would significantly reduce the diversification provided by our commercial operations.

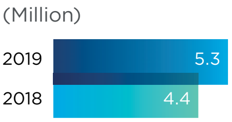
For more information on Port Akdeniz and Port of Adria, please turn to page 63.

Key performance indicators

FINANCIAL KPIs		STRATEGIC LINKAGE	2019 PERFORMANCE
Revenue Calculated as revenue from all majority owned cruise and commercial ports and subsidiaries.	(USD Million) 2019 117.9 2018 124.8	1 2 3	Overall revenues during the year fell 5.6% to USD 117.9 million from USD 124.8 million in FY2018.
Segmental EBITDA Cruise and Commercial EBITDA before HQ costs. Calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and specific adjusting items.	(USD Million) 2019 83.4 2018 90.7	1 2 3 4	Segmental EBITDA fell 8.0% in the year, with 18.0% in Cruise offset by a 26.4% decline in Commercial.
Adjusted EBITDA Segmental EBITDA less unallocated costs or 'HQ' costs.	(USD Million) 2019 77.0 2018 83.7	1 2 3 4	Adjusted EBITDA fell 8.0%. In line with the decline in Segmental EBITDA, reflecting the more normalised Plc and HQ costs year on year.
Operating profit Operating profit is profit for the year stated before the share of results of equity-accounted investees, finance income, finance costs and tax.	(USD Million) 2019 15.3 2018 35.9	1 2 3 4	Group operating profit for the year was lower at USD 15.3 million, primarily driven by the lower EBITDA and the non-reoccurrence of the partial reversal of replacement provisions for Spanish cruise ports in 2018 (USD 12.2 million).
Profit/(Loss) Before Tax Operating profit plus share of profit from equity accounted ports less net finance costs.	(USD Million) 2019 -13.4 2018 8.6	1 2 3 4	The loss before tax of USD 13.4 million compared with the profit after tax last year of USD 8.6m is predominantly a result of the lower operating profit in the period.
Adjusted EPS Calculated as profit/(loss) for the year after adding back: amortisation expense in relation to Port Operation Rights, subtracting or adding back any (gain) or loss on foreign currency translation on equity and any one-off expenses divided by the weighted average number of shares in issue.	(Pence per share) 2019 43.5 2018 94.0	1 2 3 4	Adjusted EPS fell during the year, primarily driven by the lower operating profit during the year.

NON-FINANCIAL KPIs | STRATEGIC LINKAGE | 2019 PERFORMANCE

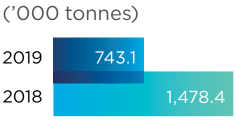
Number of passengers
Number of cruise passengers handled through our consolidated and management ports.



Strategic linkage: 1 3

The number of cruise passengers at our consolidated and management ports increased 8.5% to 8.5 million*.

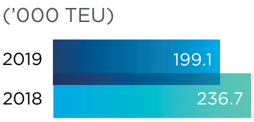
Cargo volume
General & Bulk cargo volumes in tonnes handled at our commercial ports.



Strategic linkage: 5

Cargo volumes fell 49.7% in the year, reflecting sustained weakness in volumes at Port Akdeniz throughout the year.

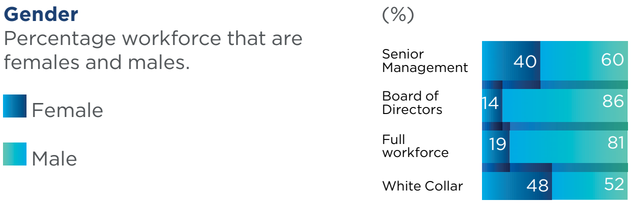
Container volume
Container TEU throughput handled at our commercial ports.



Strategic linkage: 5

Cargo throughput volume fell by 15.9% in the year, reflecting weak container volumes from Q2 onwards.

Gender
Percentage workforce that are females and males.



Strategic linkage: 2

As of December 2019, female employees accounted for 19% of the overall workforce and 49% of white-collar roles, 40% of C-Suite senior management and 14% for Board of Directors.

Carbon intensity
Carbon intensity per full time equivalent employee.

Strategic linkage: 2

In 2019, we reduced our carbon intensity per full time equivalent by 16.6% to 12.32 tonnes of CO_2e.

Accident reduction
All of our ports monitor and record accidents, however minor. These records are for those accidents or injuries that resulted in an absence from work.

Strategic linkage: 2

We have reduced injuries at work by 25% in Port of Adria and 37.5% in Port of Akdeniz in 2019. The overall factor in this continued reduction is our safety culture awareness. Strong emphasis on training, techniques and procedures, and robust and constant reinforcement of the need for safety in everything we do.

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

RISK MANAGEMENT FRAMEWORK

The Group faces a number of risks which, if they materialise, could affect its ability to achieve its strategic objectives. The Board is responsible for determining the nature of these risks and ensuring that appropriate mitigating actions are in place to manage them effectively.

Risk appetite

The level of risk we consider appropriate to achieve the Company's strategic objectives is regularly monitored by the Audit and Risk Committee, and is reviewed and validated by the Board every year. The appropriateness of mitigating actions is determined in accordance with the Board-approved risk appetite for the relevant area. We recognise that instilling a robust risk management process and risk management ethos into the Company serves not only to protect our assets but to promote the welfare of our employees, stakeholders and the environments in which we operate.

Risk management process

The risk management process begins with a bottom-up identification of significant risks by each function. Each is then assessed by taking into account the likelihood of it occurring, its impact and the mitigations identified.

Each level of risk is cross-referenced with the Board's risk appetite to determine whether further mitigations are needed. Although the Board of Directors retains ultimate responsibility, risks that are specific to a function's day-to-day activities are managed within that function on an ongoing basis, with regular follow-up by the internal audit team. The most significant risks from each function (based on materiality, or those which have common themes across the business) are reviewed by the Audit and Risk Committee. This Committee also supports senior management and the Board in managing risks relating to key projects, third parties, different jurisdictions and so forth.

The Group's principal business risks are monitored and managed throughout the year by senior management, the internal audit function and the Audit and Risk Committee, which reports to the Board. Although that Committee has been delegated the authority from the Board to monitor risks, it provides the Board with regular updates, at least quarterly, on the Group's identified financial and non-financial risks.

The Committee provides advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period and why that period is regarded as appropriate. The Committee also advises on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a given period, drawing attention to any qualifications or assumptions as necessary. The Committee also advises the Board on the Company's overall risk appetite, tolerance and strategy, current risk exposures and future risk strategy.

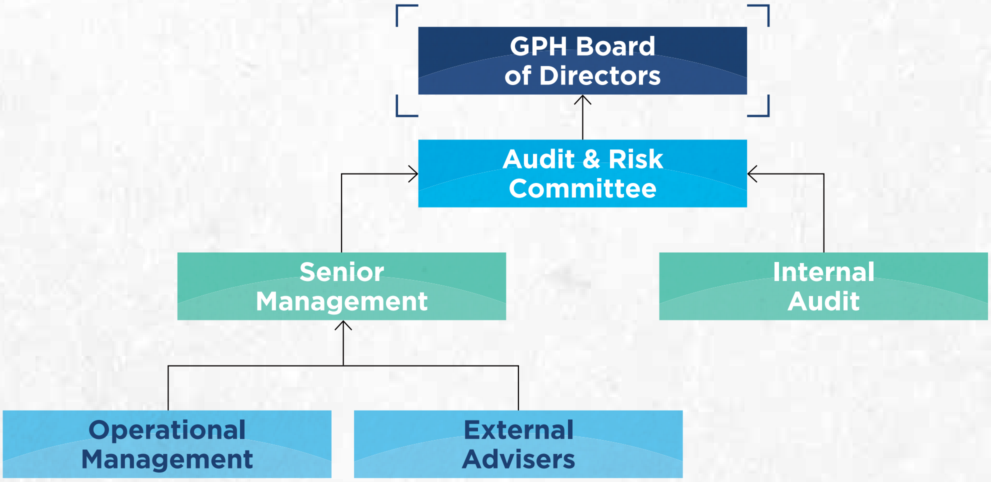
Risk register

The Group's risk management process is continually evolving. During 2019, under the leadership of our new Head of Audit, Risk and Compliance we made some improvements to how we approach risk. We identified a comprehensive list of risk owners across the business, we then held one-to-one meetings with them in order to ensure a consistent approach and methodology to risk assessment across the business.

As part of that process, we asked the risk owners to consider the risks that fell under their ownership and to complete a risk assessment questionnaire. The internal risk team reviewed these risks and the scores against them in order to check whether the identified risks matched our current risk register. This process is ongoing and ultimately a risk report will be submitted to the Risk Committee and the Board. Where required, appropriate action will be taken to update the risk register.

As part of this process, two risks have already been removed. Firstly, the risk; "Port operations carry inherent risk, and the Group may not be fully covered by its insurance", has been removed as the GPH Security Code

Risk Management structure



and GPH Health, Safety and Environment policies have adopted and are compliance with them is checked through periodic audits. Moreover, the team believe that the ports have been adequately covered by all risk insurances policies.

The second risk that has been removed is “The Group may not be able to achieve its growth strategy”. In the year, the Group realised its strategic growth targets, by adding a number of new port concessions and agreements. While both risks remain, due to the actions taken, the risks have decreased and have therefore been replaced on the risk register with new ones.

Principal risks and uncertainties

The risks and uncertainties described over the following pages are currently considered to have the greatest potential effect on GPH’s strategic objectives now. This list is not intended to be exhaustive. The order in which risks are presented is not necessarily an indication of how likely they are to happen, nor their possible degree of impact on the Group’s business, prospects, results of operation and financial position.

Additional risks and uncertainties that are not currently known, or which the Group currently sees as immaterial, may individually or cumulatively have a material adverse effect. Although the Company monitors risks and prepares for adverse scenarios, some are outside our control; for example, adverse weather, acts of terrorism, changes in government regulation, political instability and macroeconomic issues.

The risks summarised below relate to the Company, the Group, its industry and the Company’s shares, and are those which the Directors believe to be the most material.

The group is exposed to four categories of risk

1. General risks;
2. Risks relating to the Group’s cruise port operations;
3. Risks relating to the Group’s commercial port operations; and
4. Risks relating to the Group’s investments and strategy.

Movement
↔ Unchanged
↓ Decreased
↑ Increased

Risk	Description	Mitigation/action
General risks		
Epidemics and natural disasters ↑	New and resurgent infectious diseases can have far-reaching repercussions for the global travel industry. While isolated outbreaks often have a short term impact that is relatively small or localised, outbreaks such as Covid-19 can have a far wider reaching and longer lasting impact. Travel restrictions or individuals' fears triggered by the Covid-19 outbreak pose a high risk to cruise tourism. GPH management is aware of the fact that a timely and accurate risk strategy for the company and employees is incredibly important to protect of all of these assets. Additionally, it is imperative to be mindful of conditions affecting passengers, cruise lines and our local destinations and how potential risks can affect our operations. Epidemics, including Covid-19 could impact the Group's commercial operations, for example, in terms of impacting the movement of goods or reduced demand. Natural disasters can take many forms ranging from earthquakes and tsunamis, to floods and volcanic eruptions, to mudslides and wildfires.	Given the increased uncertainty prompted by the Covid-19 outbreak, GPH has worked with local regulatory authorities to put in place enhanced measures including composing task forces to help support combat the spread and impact of Covid-19. We have also put together senior management rapid response teams to help all ports and local authorities implement measures to protect passengers, crew, our employees and locals. Quarantine rooms have been created or allocated at each of our ports and where appropriate passenger screening measures have been put in place. Our General Managers continue to co-ordinate their response with the relevant local authorities and align with all relevant Government guidelines. While the crisis has engulfed the world, a number of cruise ships have faced difficulties in being allowed to enter any ports. Our teams have worked tirelessly to find a solution for these ships to allow for the passengers and crews to disembark and be repatriated to their home countries. The Board and Senior Management team have implemented a cost cutting and cash conservation strategy to help protect the company's balance sheet during this crisis. The Board believe that even under a severe downside scenario until the end of April 2021 the Group still expects to have sufficient cash resources to remain in operation and within covenant requirements. This severe downside scenario includes our Cruise operations handling no cruise ships at our non Caribbean ports until the end of April 2021 and no cruise ships at our Caribbean ports for the remainder of 2020, with Caribbean passenger volumes in the first four months of 2021 at 50% of previous expectations. While in our Commercial operations it assumes, a 35% decrease in TEUs in 2020 compared to 2019 and a 25% reduction in TEU volumes compared to management's previous expectations for January to end April 2021. You can read more about this scenario and the key assumptions that have been made on pages 145 to 146. While GPH's commercial operations have not yet been impacted by Covid-19. Measures have already been taken to manage our commercial operations during the crisis. For example, to protect the port's ability to function from lack of manpower as a result of self-isolation, clear separate shift allocation measures have been put in place. As well as guidance on avoiding close contact in the work place. In addition, while sanitary/cleaning routines and measures have been increased. Our commercial operations have flexible business models to help offset any impact from a reduction in the movement of goods or a reduction in demand. Natural disasters tend to be localised or regional and our General Managers, and Senior Management team are well prepared to manage such incidents and provide a coordinated and supportive response at our cruise ports to cruise passengers and cruise lines and at our commercial ports to commercial lines and importers and exporters.

Risk	Description	Mitigation/action
General risks continued		
The rights allowing the Group to operate its ports may not be extended, and could be terminated before they expire.	The Group operates each of its ports under long-term concession agreements, including Build Operate Transfer agreements, with the owner of the port. The length of the concessions vary and the Group's agreements are granted for a fixed term. The Group's current agreements have remaining terms averaging 18 years (excluding potential extension periods). The concession terms of the Group's main ports that expire within the next 10 years are: • Creuers Barcelona, WTC Wharf: 2026 with ongoing extension to 2050; and • Port Akdeniz, Antalya: 2028 with potential extension to 2047.	In the past, the Group has taken, and may continue to follow, formal legal processes relating to the extension of concession terms. For example, in 2018 the Group extended the concession term of Bodrum Cruise Port from 2019 to 2067 following a legal process and in 2019 we extended Singapore Cruise Port from 2022 to 2027. The Group is currently legally engaged over similar renewals of the concession terms for Port Akdeniz, Antalya and Ege Port, Kuşadası. In addition, the Company's stated strategy of increasing the number of ports it operates, and the portfolio effect that comes from operating a growing number, means that the potential impact from a concession or management agreement not being extended is diluted.
The rights allowing the Group to operate its ports could be terminated before they expire.	Even if the Group maintains full compliance with its concession or management agreements, and local and national laws and regulations, its concessions can be terminated before they expire in certain exceptional circumstances. These include national emergencies, such as natural disasters, wars/conflicts, pandemics, disruptions of public order or other governmental actions that curtail fundamental rights and obligations.	While the Board believes such an outcome is unlikely, we ensure compliance with all relevant laws and rules. If such an outcome were to occur, the Board would take the appropriate legal advice and seek either compensation or reinstatement of the previous agreement. In addition, the Company's stated strategy of increasing the number of ports it operates, although theoretically increasing the likelihood of such an outcome, also means that the portfolio effect of operating more ports dilutes the potential impact from any one port.
The Group is subject to an increasingly complex regulatory environment, and changes may negatively affect its business.	In addition to complying with the terms of its concession agreements and related licences and permits, the Group must satisfy a range of legal requirements, including corporate, maritime, customs, antitrust, administrative, property and environmental laws and regulations, under the jurisdiction of many regulators. Although the Group seeks to continue to comply with all applicable laws, regulations and agreement terms, failure to do so could result in: • significant fines, penalties and criminal sanctions for wilful violations; • increased regulatory scrutiny; • suspension of activities at a port; • reputational damage to GPH's brand; • Group's outstanding USD 250 million bond issuance; • termination of, or increased premiums on, insurance policies; • difficulty in recruiting and retaining personnel, particularly where any non-compliance relates to matters affecting its employees; and • the representatives, Directors or managers of the relevant Group company being subject to legal judgements.	Our internal audit process ensures that we review all of our operations to ensure that our obligations are being met. Our senior C-Level management team takes an active role in ensuring that our ports and the business in general are adhering to their obligations. In addition, we have a central risk management team and a Group legal team, which help monitor, control and manage these risks. At the port level, management teams tend to be drawn from local people, fully conversant with their country and language, and with a detailed knowledge of applicable local regulations through regular contact with regulatory authorities and other stakeholders. In addition, we take local external legal advice as and when required.

Movement
↔ Unchanged
↓ Decreased
↑ Increased

Risk	Description	Mitigation/action
General risks continued		
Restrictions on the number visitors at destinations. ↔	Around the world, a number of countries, regions and cities are experiencing an increase in concerns around overtourism. In some cases, these concerns have led to protests from local people about the number of visitors in a given location, with concerns focused on overcrowding; the impact of higher prices on local goods; and the negative impact of the short-term rentals market on both the price of property and the effect on the fabric of neighbourhoods. These concerns have led authorities in some regions to stop promoting their city as a tourist destination and focus their energies on promoting alternative destinations within their country or region. Authorities have also taken a number of other measures, such as introducing financial levies on tourists, putting in place restrictions on the overall number of tourists in a destination or restricting the number of cruise ships or cruise passengers that can call at a destination on a given day. Any or all of these actions could have an impact on the number of cruise passengers wanting, or being allowed, to visit a destination.	If individual ports are impacted by limits on, or a reduction in, cruise visitors, operating a portfolio of cruise ports provides some structural protection. In addition, a number of our cruise ports are located near to destinations that have openly discussed the impact of overtourism. These ports are well-positioned to offer attractive alternative destinations to cruise lines. Most importantly, we consider one of our key roles when operating a cruise port is to work with all stakeholders to integrate the port into the destination. This includes: • managing passenger flows into and out of the destination; • managing transportation from the port to the city; and • promoting a range of attractions in the destination to disembarking passengers and offering them appropriate transportation from the port to these attractions – thereby managing the flow of passengers and distributing the economic benefits to a destination more widely.
Reputational risk due to fraud and bribery. ↔	GPH has a zero-tolerance policy on corruption of any sort. In addition to being illegal, it has the potential to bring harm to our business and reputation; for example, by excluding the Group from PPP tenders.	GPH's Anti-Bribery and Corruption Policy is an integral part of the Company's directives and/or policies that have been approved by the Board of Directors. At the outset of any business relationship, we provide our staff and business partners with this policy and other regulations, guidelines and/or policies, and advise of any updates promptly. The Group has also adopted a Code of Ethics that is intended to improve service quality; promote the effective use of resources; prevent unfair competition; organise relationships among employees; and set standards for fraud prevention and trainings.

Risk	Description	Mitigation/action
Risks relating to cruise port demand		
Demand for cruise port services is sensitive to macroeconomic conditions. ↑	The Group's cruise port operations depend on consumer demand from cruise passengers, who mainly originate from developed economies: in particular, the US, the UK and Germany. Economic uncertainty and the spending power of these passengers are influenced by factors beyond the Group's control, including local and global economic conditions, employment and discretionary income, and tax or interest rate fluctuations. Any or all of these factors may have an impact on the demand for cruises and cruise passengers' spending, and may negatively affect the Group's revenue and profitability. If there is an impact, the long lead times for cruise programmes means there may be a lag before a general recovery translates into additional passengers at our ports.	Experience has shown that even in the financial crisis in 2007-2008, cruise bookings remained resilient. The long lead times of cruise bookings compared with land-based holidays means that cruise holidays are often booked way ahead of any event that could have a negative impact or reduce demand. If demand falls, cruise lines tend to reduce pricing in order to fill their ships and maintain passenger volumes. Which means cruise ports are not affected, given their per passenger revenue model. In more extreme cases, cruise lines can re-deploy ships to other ports or regions. However, as the Group continues to expand the number of cruise ports it operates, the portfolio effect helps reduce this risk. Indeed, a Group port may also become the beneficiary of a redeployment from another port. As the Group expands into regions such as the Caribbean and Asia Pacific, it is better positioned to offset any significant re-deployment of ships by cruise lines. In addition, GPH's commercial revenues assist in offsetting impacts to our cruise business.
Demand for cruise port services can be influenced by trends and perceptions beyond the Group's control. ↑	Passenger demand for cruise holidays may be negatively affected by factors outside our control. Examples include events that cause consumers to perceive that cruise travel is unsafe or undesirable, such as: • political or social unrest, or terrorist incidents; • the spread of contagious diseases; • the availability and pricing of other forms of travel or factors affecting the cost of cruise travel, including fuel and currency fluctuations; • changes in visa or other requirements that make travel more difficult or expensive; and • a perception that cruise travel has unacceptable impacts on the environment. The Board believes that the demand for cruising, and indeed other forms of leisure travel, is primarily affected by passenger perceptions about safety. Accordingly, actual or perceived security issues, political or economic instability, terrorism, war and similar events may decrease demand for the Group's cruise ports, particularly if they affect: • the countries where the Group operates its ports (primarily Spain, Italy and Turkey); • countries of destination ports in cruise itineraries that include the Group's ports; • the major source markets (primarily the US, UK and Germany); and • The Group currently operates mainly in the Mediterranean region, which has been affected by geopolitical crises.	We recognise that it is healthy for cruise lines and cruise passengers to have variety and choice when it comes to selecting cruise ports. Our new port investment strategy has been selective, choosing ports in marquee destinations (such as Barcelona, Venice, Lisbon, Kuşadası, and Valletta) which we believe are less susceptible to being replaced by others. We also believe that our global marketing, and philosophy of working with all stakeholders to improve the attractiveness of our cruise ports and destinations, acts as a competitive advantage. Individuals' fears triggered by the Covid-19 outbreak may pose a high risk to cruise tourism. While the global travel industry is currently in effective lockdown, historically the industry has proven very resilient to external shocks and has tended to recover from setbacks relatively quickly. Longer term GPH is ready to work with national and local regulatory authorities to put in place enhanced measures including, where appropriate, passenger and crew screening.

Movement

↔ Unchanged
↓ Decreased
↑ Increased

Risk	Description	Mitigation/action
Risks relating to cruise port demand continued		
Duty-free and ancillary revenues may be affected by economic or regulatory changes. ↔	The Group's cruise port revenues rely, in part, on duty-free sales and other goods and services to passengers. Its performance is therefore influenced by passenger spending habits and traffic volumes. Both are sensitive to general economic trends, consumer confidence, and credit, interest and exchange rates.	GPH's management actively tracks duty-free operations, including those operated by third parties, and focuses on increasing passenger satisfaction inside the terminals. For example, in 2019 we took steps to develop port-specific models and improve our retail facilities at Ege Liman, and to completely refurbish our retail areas in Barcelona. We also successfully tendered additional retail operations across the cruise port portfolio. While the risk theoretically remains, the introduction of leading retail operators with extensive experience of travel retail operations helps to mitigate the risk, given our expected increase in sales and their extensive, through-the-cycle, travel retail experience. In Lisbon and Málaga, GPH also protects against the effects of decreasing passenger numbers on revenues by agreeing minimum guaranteed rents with third-party retail tenants. We continually monitor passenger satisfaction and use passenger feedback to influence our new services and products. New regulations can have both a positive and negative impact on the business. GPH fosters positive relationships with all stakeholders and is in regular contact with port authorities and government officials. We would always seek to participate in any discussions about new regulations, which could help us avoid any negative implications, particularly where they are unreasonable.
The Group's cruise ports could face competition, primarily within the Mediterranean and Caribbean. ↔	GPH's management believes that ports compete primarily on the basis of their proximity to popular tourist sites, as well as operational efficiency, shopping and amenities, and the perceived security of the port. There can be no assurance that long-term changes in cruise itineraries will not result in increased competition in the future, or that the Group's existing ports will continue to compete effectively. Existing or future competition could result in a reduction in cruise ship traffic, putting pressure on fee levels and, in turn, having a materially adverse effect on the Group's business.	We recognise that it is healthy for cruise lines and cruise passengers to have variety and choice when it comes to selecting cruise ports. Our new port investment strategy has been selective, choosing ports in marquee destinations (such as Antigua, Barcelona, Nassau, Venice, Lisbon, Kuşadası and Valletta) which we believe are less susceptible to being replaced by alternative ports. We also believe that our global marketing capabilities, and philosophy of working with all stakeholders to improve the attractiveness of our cruise ports and destinations, acts as a competitive advantage.
Risks relating to commercial port operations		
External factors may affect demand at the Group's commercial ports. ↑	GPH owns two commercial ports, Port Akdeniz in Antalya and Port of Adria in Montenegro. Maintaining demand at these ports depends on certain factors we cannot influence, including the level of foreign trade volumes, the liberalisation of trade, commodity and fuel prices. Global pandemics could also have a direct or indirect impact on volumes at our commercial ports.	Our central risk mitigation strategy is to diversify the cargo mix we handle and services we offer at Antalya, and to increase the volumes and diversify of the cargo mix we handle at Port of Adria. Port Akdeniz is actively seeking to diversify its revenues. The addition of a new warehousing facility in 2018 is a good example of this, as well as introducing a RORO service for the first time. It is also targeting an increase in import volumes. At Port of Adria, we have introduced the new block train to help drive an increase in cargo handled to and from Serbia, and we are working with other stakeholders to improve the total supply chain.

Risk	Description	Mitigation/action
Risks relating to commercial port operations continued		
Barriers to trade may adversely affect the Group's commercial ports.	The normal free-flow of goods can be interrupted by external factors such as international trade disputes, trade tariffs, additional restrictions on imports or exports and the direct or indirect impact from global crisis such as pandemics.	Diversification is the priority action that we continue to take in order to mitigate this risk. By broadening our base of the export and import markets we serve, we can reduce the potential impact of country- or region-specific trade restrictions. In addition, some of the cargo we export via Port Akdeniz (in particular) includes materials that are essential for the construction industry. Many destination markets do not have sufficient levels of these materials and are therefore unlikely to take local protection measures. However, if actions such as trade barriers cause a general slowdown in the global economy, and global trade more generally, our ports could be affected.
The Group's commercial ports may face increased competition.	The success of any operation inevitably attracts interest from others and our commercial ports may face competition. In addition, our port at Antalya faces competition from the free trade zone that is positioned next to our commercial facilities. This port is also currently subject to an investigation by the Competition Authority of the Republic of Turkey into an alleged breach of Article 6 of the Law on the Protection of Competition, Law No. 4054 due to excessive pricing concerns on certain services.	For our port at Antalya, an external risk mitigation is simply its geography. The nearest competitor ports are Izmir and Mersin/Iskenderun, but they are in most cases too far away to compete due to the high costs of land transportation. Our hinterland also features the largest marble and mining reserves in Turkey, and clearly these will not move. We have also introduced a range of added-value services to sharpen the competitive edge of the port. Antalya is a major tourism centre and gaining permission to develop a further commercial port there would be difficult. However, the free trade zone that is next to the port offers a level of competition, particularly in general & bulk cargo. Nevertheless, the Group monitors any development in this area. In response to the investigation by the Competition Authority of the Republic of Turkey, Port Akdeniz has engaged appropriate legal representation and has submitted a full defence against all allegations. Our other commercial facility, Port of Adria, is Montenegro's main seaport. We do not know of any new port developments, but again we monitor closely for proposed plans. At both ports we could also, if necessary, offer volume-based discounting to attract and retain certain types of customers and cargos.
Safety and environmental risks specific to cargo handling.	Heavy industry, such as cargo handling, brings attendant risks of accidents, whether to people or to the environment.	In 2018, we introduced a Groupwide Health & Safety Manual, based on the following international standards: ISO 9001:2015 – Quality Management System; ISO 14001:2015 – Environmental Management System; and ISO 45001:2016 – Occupational Health and Safety Management System. The Group has also implemented a plan of environmental and social mitigation, prepared in line with EBRD's Environmental and Social Action Plan (ESAP). This ensures that the Group and every facet of its operations and assets are, in all material respects, in compliance with the provisions of all environmental and social laws.

Movement
↔ Unchanged
↓ Decreased
↑ Increased

Risk	Description	Mitigation/action
Risks relating to investments and strategy		
The Group is exposed to risks related to integrating new ports. ↑	Acquiring or investing in a new asset marks the beginning of a demanding journey. Successfully integrating a port and its employees into our culture, adopting our operations methodology and embedding our procedures and best practice are all vital components of the success of a new acquisition or port investment. Failure to integrate a port successfully risks operational failures or reputational damage with cruise lines or other stakeholders.	GPH has been acquiring and investing in ports for the last 15 years and has a pipeline of prospects. We also have a clearly defined induction process that has been tried, tested and refined. At the outset we have clear plans on human resources, operations, financial reporting, policies and procedures even before we take over a port. However, we greatly value, and always seek to learn from, the local team's experience and expertise. We also continually review and improve the onboarding process.
The risks of additional indebtedness. ↑	Certain port investments or concession extensions could require increased funding, which could have an adverse effect on the Group's financial health; in particular, its indebtedness.	The Board and management monitor the Group's debt levels on a regular basis, using a range of financial metrics. The Group's ongoing maintenance capex commitments are low and we believe there is strong interest from a wide range of parties willing to provide non-recourse financing for many of our potential new port investments. In addition, where appropriate the Group has invested with a partner, such as in Nassau, lowering the investment requirement. We foresee an average of 65-80% debt-to-equity ratio for non-recourse, asset-level financing, to limit the effect of indebtedness on our current operations. In addition, the Group has a high cash conversion rate on operations, with low working capital requirements. While the Group's Eurobond matures in November 2021, the Board and management continue to believe that even in light of the recent Covid-19 outbreak and associated disruption to the cruise industry, there is no indication that a refinancing of the Eurobond will not be possible.
Foreign currency risk. ↑	The Group generates revenue in different currencies that may not match the associated costs.	In its ports within the EU, the Group generates revenues in Euros and has Euro costs. In the Caribbean, the majority of revenue is collected in USD and costs are generally in local currencies. If the local currency is not USD, the local currency in most cases is fixed to the USD. In its commercial ports and Turkish cruise ports, the Group collects the majority of revenues in USD but the majority of costs are in local currency i.e. Turkish Lira (TL). This can lead to a mismatch if there are significant movements in exchange rates, this can both be a positive and negative. In addition, a significant portion of the Group's head office costs are incurred in TL, vs revenues predominately generated in USD and Euro.

CFO's statement

A YEAR OF CRUISE SUCCESS AND CHALLENGES AHEAD

The story of 2019 was one based on the success of Group's cruise business, both in terms of the performance of the existing portfolio and the welcome addition of a number of new ports; concessions were signed in Bahamas and Antigua, allowing the Group to enter built on its presence in the birthplace of the global cruise industry, while our 50:50 JV's acquisition of a port operator in Tunisia, strengthened our presence in the Mediterranean. In Asia, the signing of a management services agreement for Ha Long Bay Cruise Port, Vietnam grew our presence in the Asian cruise market.

While 2020 started well, with positive momentum in both our Cruise and Commercial operations, this soon gave way to the significant uncertainty created by the global outbreak of Covid-19.

While the impact on the global travel sector and indeed life in general has been unprecedented, to date the realised impact on our operations has been relatively minor. This is due to the seasonal nature of the Mediterranean cruise season, with the peak Summer season not starting until May.

However, looking onto the remainder of 2020 we have experienced a significant level of cancellations for April and May 2020. How the industry performs beyond this point remains unclear, however it is clear that the remainder of 2020 will experience a significant downturn in cruise passengers compared to previous years. However we currently expect cruise passenger volumes to recover strongly in 2021.

Our commercial operations have so far experienced no meaningful impact from the Covid-19 outbreak, despite the fact that one of the major export products in Port Akdeniz is marble exports to China. Port Akdeniz's General & Bulk volumes in 2020 have so far risen strongly year-on-year and Port of Adria is trading in line with management expectations.

Covid-19 crisis management and actions

While the Board and Senior Management continue to monitor the situation, we have moved quickly to reduce costs and preserve the Group's balance sheet and liquidity.

Cost reductions

The inherent flexibility in GPH's business model, including the extensive use of outsourced service providers, means that many of our costs expand and contract in line with cruise traffic or cargo volumes. Clearly in the current circumstances such costs in our Cruise operations have currently dropped to almost zero.

In terms of the costs that are more fixed in nature, in the Group's Cruise operations, USD 12.1m of costs have either been taken out of the cost base or deferred into 2021. This reflects a combination of actions and measures including all board members suspending their salaries and fees, salary deferrals across the Group and significantly reduced marketing costs and consultancy fees.

We have delivered a strong set of results and continue to invest in the growth and further development of the group.

Ferdağ Ildir, Chief Financial Officer

Capital expenditure and new port capital commitments

Across our portfolio, all but essential maintenance capex has been suspended and will remain suspended until the cruise industry starts to return towards normal. Capex at our new ports in the Caribbean is expected to continue as planned.

In Antigua, the Group's cash investment was paid from the Group's cash resources in 2019 and the balance of the required investment will be funded through an already committed bank loan from a syndicate of lenders.

In Nassau, the design and engineering of the marine components of the project has been completed and the construction is expected to commence in June 2020, with an expected completion date of April 2022. The scheduled capex over the next 12 months of up to USD 130m is to be fully financed by bond issuance in both local and international markets and the remaining portion of USD 30m of the existing bridge loan of USD 50m is to be converted into a long term loan on the same terms of the bond. Issuance of the remaining USD 40m bond and USD 50m finance through operational cash flows is expected to be between late 2021 and the middle of 2022. Despite the current uncertainty, Nassau Cruise Port's bond issuance into the local and international markets remains on schedule and management are confident in the levels of demand. GPH does not currently expect the Nassau operations to require any further direct cash contribution from GPH Plc.

While the board believes that there is still considerable scope for future expansion of the business over the medium to long term, the planned new cruise port project expenses have effectively been suspended. The Group incurred costs of USD 5.1m in respect of project expenses in 2019.

Financing and concession fees

Our current plans, with the exception of an interest holiday on one loan, assume no deferral or postponement of financial liabilities, both interest and repayment. However, management are in active discussion with a number of the Group's lenders over potential deferrals or postponements which if agreed would further strength the Group's forecast cash position.

A number of our ports pay guaranteed minimum concession payments and current plans include an agreed USD 2.6m total reduction in these payments. The Group remains in productive and positive discussions with relevant authorities over further potential deferrals or suspensions of minimum concession payments. If agreed these would strength the Group's cash position still further.

Governments around the world continue to announce measures to ease the significant economic impact of this global crisis. Many of the announced measures include policies and facilities to support companies and the incomes of employees during these very challenging times. While management continue to explore these government support packages, our current plans do not include the utilisation of such policies. Clearly the utilisation of such facilities could provide further support to the Company's balance sheet during this crisis.

As announced on 11 March 2020, in light of the unprecedented level of disruption to global trade and the cruise industry and the associated short term uncertainty, the Board of GPH decided that it was is prudent and in the best interests of all stakeholders to temporarily suspend the dividend for full year 2019, until the situation becomes clearer. It will therefore not be recommending the payment of a final dividend for 2019 at the Company's forthcoming AGM.

Eurobond refinancing

The Group has commenced discussions with a number of investment banks to assess a number of alternatives for the Eurobond refinancing including re-issuing a new Eurobond. Whilst these discussions are at an early stage, there is no indication that a refinancing can not be obtained or an appropriate alternative lender could not be found. In parallel we expect that the outcome of negotiations with a potential buyer of Port Akdeniz could have a material impact on the refinancing strategy. A final decision on the sale process is expected in Q3 2020. The most appropriate refinancing structure will be pursued in due course.

Scenario planning

The Board and Senior management continue to closely monitor the impact of the Covid-19 outbreak and its potential impact on the Group's operations. While there is a signficant amount of uncertainity over the immediate future, we believe we have put plans in place to conserve cash and protect the Group's balance sheet and liquidity even if the Covid-19 crisis continunes into 2021.

The Board believe that the actions we have taken to date will mean that even under a severe downside scenario the Group will have sufficient cash resources to remain in operation and within covenant requirements at the end of April 2021.

This severe downside scenario includes our Caribbean ports handling no cruise ships for the remainder of 2020, with a recovery in Caribbean passenger volumes in the first four months of 2021 to 50% of previous expectations, while it assumes the rest of our cruise port portfolio does not welcome any cruise ships until after the end of April 2021. In terms of our Commercial operations, it assumes a 35% decrease in TEUs in 2020 v 2019 and a 25% reduction in TEU volumes compared to management's previous expectations for January to end April 2021. You can read more about our key assumptions and actions on pages 145 to 146.

2019 Financial Review

Group revenues decreased by 5.5% in the year to USD 117.9 million from USD 124.8 million in 2018, with the decline driven by the weakness in commercial business. Operating profit for the year decreased by USD 20.5 million to USD 15.3 million. This EBITDa decline was primarily the result of the lower Group revenue, a lower EBITDA margin in our Commercial port operations and the one off positive imapct in 2018 of a USD 12.2 million reversal of replacement provision for Spanish Ports.

The period resulted in loss after tax of USD 15.2 million compared to USD 7.1 million profit after tax in 2018.

Our cruise business reported an increase in Consolidated and managed portfolio passenger volumes of 17.7% to 5.3 million, while total passenger volumes, including those at our equity accounted assocaite ports increased by 8.5% to 9.3 million in the year.

Cruise revenue grew by 14.8% in the year to USD 63.0 million from USD 54.9 million in 2018. This growth was primarily driven by the recovery in Ege Port, with a 33% increase in passenger volumes helping revenue at this port increase by 40.8% and Valletta also performed well, growing passenger volumes by 27%. In addition, Nassau Cruise Port and Antigua Cruise Port both contributed for the first time in Q4 2019, with revenue of USD 4.4 million.

Cruise Segmental EBITDA of USD 44.3 million was a 18.0% increase on the USD 37.6 million reported in 2018. Cruise Segmental EBITDA margin of 70.4% was supported by consistent increase in the cruise margin, compared to 68.5% and 64.4% reported in 2018 and 2017, respectively.

This growth in Cruise Segmental EBITDA was driven by the performance from Ege Port, which increased EBITDA by USD 1.5 million, Valletta which grew EBITDA by USDS 1.6 million and the first time contribution from new ports of USD 2.7 million in total.

2019 was a chhallenging year for our Commercial operations, with revenue declining by 21.5% to USD 54.9 million. This revenue decrease mostly resulted from a 49.7% decline in General & Bulk Cargo volumes and a 15.9% decline in container volumes in the year.

The primary drivers behind the depressed volumes were macro-economic factors such as trade tariffs and the general uncertainty around global trade, particularly involving China. This impact was felt most at Port Akdeniz, where container throughput volumes fell by 19.0% and general & bulk cargo volumes fell by 54.9%. The container decline was driven by a decrease in marble volumes to China, the largest market for Antalya marble, while general & bulk cargo volumes were mainly affected by weak cement volumes.

Commercial Segmental EBITDA decreased 26.4% to USD 39.1 million, an EBITDA margin of 71.2%, a sharp decline vs 2018 but in the face of such a significant drop in volumes, this performance stands as testament to the flexibility within the business model.

Unallocated costs

Unallocated expenses, which consist of Holding Company costs, decreased by 8.8% in the year to USD 6.4 million, from USD 7.0 million in 2018. annualising of our previous investment into our central functions in 2018 as well as some benefit from the weaker Turkish Lira compared to 2018 as well as a modest IFRS 16 impact.

Adjusted EBITDA

Adjusted EBITDA for the year was USD 77.0 million a 8.0% decline compared to the USD 83.7 million reported in 2018.

Depreciation and Amortisation Costs

Depreciation and amortisation costs increased to USD 47.8 million in the year from USD 44.6 million in 2018. This increase is primarily due to IFRS 16 – Leases impact, an additional USD 2.4 million was expensed as a result of the depreciation associated with capitalizing all operational leases.

Specific Adjusting items

During 2019 specific adjusting items of USD (8.4) million comprised Project expenses amounting to USD (5.1) million a decrease on the USD (9.6) million in 2018, USD (2.5) million provisions, and USD (0.8) million other expenses. The decrease in project expenses is mostly related to reimbursement of incurred project expenses for Antigua and Nassau Cruise Ports. The increase in provisions is mostly related to management's decision to fully provide for certain legal cases during 2019.

Finance Costs

The Group's net finance charge in the period was USD 34.1 million, a slight increase on the USD 32.9 million charge in 2018. The increase was primarily the result of IFRS 16 application, interest impact on operational leases, partly offset by the decrease in foreign exchange losses.

The Finance charge decreased to USD 42.3 million compared to a USD 60.9 million charge in 2018, this was primarily due to the decrease in TL fluctuation against other currencies; which resulted significant non-cash losses, when revaluing the Eurobond debt as this is issued by a Turkish Lira denominated, 100% owned entity within the group, along with non-cash revaluations on Turkish entities foreign currency dominated liabilities.

Finance income also decreased to USD 8.1 million as a result of a stable year in currency movement of TL against other currencies, due to non-cash revaluations on Turkish entities foreign currency dominated assets.

Net interest expense increased by USD 3.1 million to USD 28.4 million (2018: USD 25.2 million). This is due to the IFRS 16 – Leases application, with an additional 64.8 million lease liability was recognized on Balance Sheet, as a result of long term concession contracts capitalization.

Taxation

The Group's effective tax rate was 26.34% in the year compared to 25.56% in prior year. Global Ports Holding is a multinational group and as such is liable for taxation in multiple jurisdictions around the world. The Group's tax charge for the period was USD 1.9 million compared to USD 1.5 million in 2018.

The Group is paying corporate tax due to specific components being profitable however due to group tax relief restictions losses created on other components (mostly sub-holding companies) cannot be utilised. On a cash basis, the Group's income taxes paid amounted to USD 7.2 million parallel to USD 7.3 million in 2018.

Investing Activities

Capital expenditure during the period was USD 24.0 million, a significant increase on the USD 14.8 million incurred in 2018. The increase is mostly related to expenses made on new project development amounting USD 8.2 million and USD 5.7 million for the new Pier construction in Antigua. USD 21 million included in the consolidated cash flow statement is related to the repayment of a bond on behalf of the Government of Antigua as part of signing the concession agreement. Other areas of investment included USD 1.5 million on office and terminal improvement in Barcelona, USD 1.6 million in port operating rights for the extension in Bodrum, USD 3.1 million on enhancements to superstructure in Port Akdeniz, USD 1.6 million on enhancements to superstructure in Port of Adria.

Cash flow

Group's net losses for the year amouting to USD 15.2 million are primarily related to amortisation expenses on Port operating rights and RoU assets (USD 34.4 million), depreciation expenses (USD 12.7 million) and net finance costs (USD 28.6 million). Excluding these items, the Group generated a cash from operations amounting to USD 45.3 million during the year. Capital expenditure during the period was USD 24.0 million, an increase on the USD 14.8 million incurred in 2018. Acquisition of leased asset amounting to USD 21 million resulted further cash outflow in investing activities. Dividends paid to equity owners totals USD 29.2 million during the year, comprising the final dividend in respect of 2018 of 16.7 million and the interim dividend in respect of 2019 of USD 12.5 million. The Group has yearly cash outflow on interest and leases amounted USD 29.6 million.

Debt

Pre-IFRS 16 Gross debt at 31 December 2019 was USD 388.6 million compared to USD 347.1 million at 31 December 2018. Post IFRS 16 Gross debt at 31 December 2019 was USD 453.0 million. The increase was mainly driven by recognition of lease liabilities related to the concession agreements in line with IFRS 16 – Leases resulted in an increase of USD 65.4 million in financial statements. New loans received in Antigua and Nassau amounting USD 15.2 million and USD 16 million, respectively, for financing of Acquisition and construction of Port facilities. Capital expenditure requirements were financed through non-recourse drawdowns, partially offset by repayment of part of Barcelona and Valletta Cruise Port acquisition loans.

Group debt covenants are calculated based on applicable IFRSs as of the time the lease obligations were initially recognised. Therefore, the group debt covenants as at year end have not been affected by the transition to IFRS 16. Management will assess the potential impact on debt covenants of any future transactions as they arise.

The Leverage Ratio as per GPH's Eurobond covenant requirement is on 4.8x at 31 December 2019 (31 December 2018: 4.2x), vs a covenant requirement of 5.0x.

At 31 December 2019 pre IFRS net debt was USD 324.3 million compared to USD 267.2 million at 31 December 2018. Post IFRS 16 net debt at the end of year was USD 389.1 million. This increase was mainly driven by the change in gross debt described above and cash used for investments and capex activity the year. The group's pre IFRS 16 Net Debt/Adjusted EBITDA ratio was 4.3x times as at 31 December 2019 compared to 3.2x at 31 December 2018.

Dividends

The Company has paid a USD 12.5 million interim dividend (15.5 pence per share) in November 2019. In light of unprecedented level of disruption to global trade and the cruise industry and the associated short term uncertainty, the Board of GPH has decided that it is prudent and in the best interests of all stakeholders to temporarily suspend the dividend for full year 2019, until the situation becomes clearer.

Capital commitments

The Group has signed two new concession agreements within 2019, Nassau Cruise Port and Antigua Cruise Port. Antigua and Nassau require significant levels of investment, with GPH's share totalling over USD 200 million. Project finance for around 70% of Antigua investment was secured during 2019, with the remainder to be funded from Group working capital. Around 70% of Nassau investment is also expected to be raised through project financing. The remaining amount is expected to be funded from the Company's cash created from its operations during the first three years of concession period.

Ferdağ Ildir
Chief Financial Officer

WELL ESTABLISHED STRUCTURAL GROWTH TRENDS TO CONTINUE

Cruise lines and cruise brands

The global cruise industry continues to be dominated by just four major groups: Carnival Corporation (42% of passengers worldwide), Royal Caribbean Cruise (23%), MSC (9%), and Norwegian Cruise Lines (9%). Between them, they hosted 83% of total worldwide cruise passengers in 2019.

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

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

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

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

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

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

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

Environmental progress

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

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

41m
Global Passenger Capacity by 2027

40
Smaller cruise brands

50m
Global Passenger Capacity by 2031

LNG vs Scrubber Technology In Future Green Ships

	Sulphur oxide	Total particular matter	Nitrogen oxide	CO2
LNG	0%	96-100%	85%	25%
EGCS 'scrubbers'	99%	65%	2%	0%

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

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

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

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

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

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

Resilient growth in cruise tourism

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

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

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

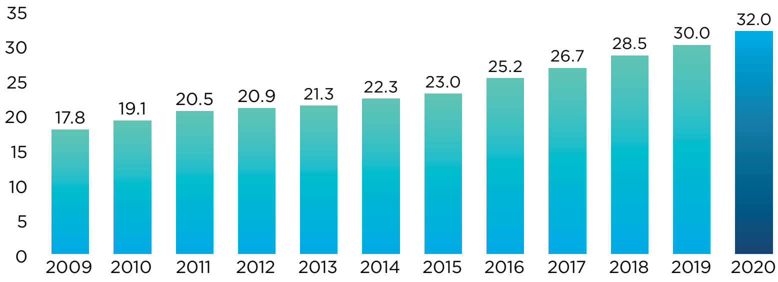
Perhaps most importantly, the business model of the cruise lines revolves around managing occupancy levels. Historically, when demand falls, promotions and pricing are used to stimulate demand and drive up occupancy levels.

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

2020 passenger traffic snapshot

2020 = 32 Million Passengers expected to cruise

Global ocean cruise passengers (millions)



Source: CLIA – State of the Industry 2019

full, new cruise ships coming on stream effectively generate their own growth.

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

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

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

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

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

But this cruise industry growth will come with challenges. With more ships in the water, and with a trend towards increasing sizes, destinations must look hard at their cruise port infrastructure. Being ready for today's buoyant market is not enough; they need to be looking now at the demands of the next 10-20 years. For many destinations, that will mean investing in their port infrastructure to expand their capacity and improve the passenger experience. While tendering passengers to shore has previously allowed some ports the flexibility to handle more people than their infrastructure allows, the capacity of the newest ships means that tendering is not realistic. A failure to invest now and future-proof their infrastructure will risk being left behind.

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

115

Ships on order

47%

Capacity growth in the next 10 years

New ships debuting in 2020

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

Investing in an adventure

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

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

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

We:

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

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

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

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

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

Antalya Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Subdued passenger volumes to continue

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

ANTALYA CRUISE PORT
Acquisition date: 2006
End of concession: 2028

99.9%

GPH ownership

Antigua Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Welcomed into the portfolio during 2019

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

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

ANTIGUA CRUISE PORT
Acquisition date: 2019
End of concession: 2049

100%

GPH ownership

BAR
CRUISE PORT

Bar Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Maintaining progress

Developments in 2019

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

BAR CRUISE PORT

Acquisition date: 2013
End of concession: 2043

63.8%

GPH ownership

BARCELONA
CRUISE PORT CREUERS TERMINALS

Barcelona Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

A retail transformation

Developments in 2019

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

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

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

This has translated into a significant uplift in sales.

BARCELONA CRUISE PORT

Acquisition date: 2013-2014
End of concession: 2026 (WTC wharf), 2030 (Adossat wharf)

62.0%

GPH ownership

BODRUM
CRUISE PORT

Bodrum Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Preparing for an improved 2020

Developments in 2019

A quiet year, as expected, with the effects of previous geopolitical issues in the Eastern Mediterranean continuing to be felt. We appointed a new General Manager in January 2019, which invigorated marketing of both the port and the destination to the cruise industry.

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

BODRUM CRUISE PORT
Acquisition date: 2007
End of concession: 2067

60.0%

GPH ownership

CAGLIARI
CRUISE PORT

Cagliari Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Passenger volumes continue to improve

Developments in 2019

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

CAGLIARI CRUISE PORT
Acquisition date: 2016
End of concession: 2027

70.9%

GPH ownership

Catania Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Greater awareness, higher volumes

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

CATANIA CRUISE PORT
Acquisition date: 2016
End of concession: 2026

62.2%
GPH ownership

HA LONG CRUISE PORT

A welcome addition in 2019

Developments in 2019
Towards the end of Q4, we welcomed Ha Long Cruise Port into the portfolio when we signed a 15-year management agreement. It is the first purpose-built cruise port in Vietnam, having recently benefited from a USD 44 million investment. Ha Long is capable of accommodating the world's largest cruise ships, and handled c.75,000 passengers in 2019.

HA LONG CRUISE PORT
Start date: 2019
End of agreement: 2034

Management agreement

LA HABANA
CRUISE PORT

A disrupted year

Developments in 2019
During 2019, the number of cruise ships travelling to Cuba declined.

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

LA HABANA CRUISE PORT
Start date: 2018
End of agreement: 2033

Management agreement

EGE PORT
KUŞADASI

Ege Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Passenger volumes start to recover

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

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

EGE PORT KUSADASI
Acquisition date: 2007
End of concession: 2033

72.5%
GPH ownership

Improved customer experience

Malaga Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Developments in 2019

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

MALAGA CRUISE PORT

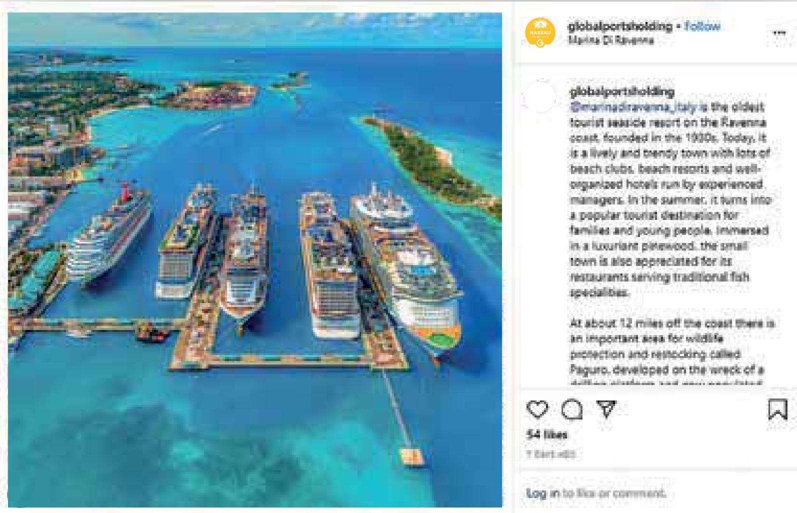
Acquisition date: 2016
End of concession: 2038 (Levante) 2041 (Palmeral)

62.0%*

GPH ownership

* Increased to 62.0% from 49.6% in January 2020

Nassau Cruise Port is a consolidated subsidiary of Global Ports Holding PLC



A transformational addition to the portfolio

Developments in 2019

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

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

NASSAU CRUISE PORT

Acquisition date: 2019
End of concession: 2047

49.0%

GPH ownership

Becalmed and waiting for action

RAVENNA
CRUISE PORT

Ravenna Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Developments in 2019

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

RAVENNA CRUISE PORT

Acquisition date: 2016
End of concession: 2020

53.7%

GPH ownership

A record-breaking year

VALLETTA
CRUISE PORT

Valletta Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Developments in 2019

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

VALLETTA CRUISE PORT

Acquisition date: 2015
End of concession: 2066

55.6%

GPH ownership

Zadar Cruise Port is a consolidated subsidiary of Global Ports Holding PLC

Port of the Year 2019

Developments in 2019

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

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

ZADAR CRUISE PORT
Acquisition date: 2018
End of concession: 2038

100%

GPH ownership

Lisbon Cruise Port is an equity accounted investee of Global Ports Holding PLC

Best European Port 2019

Developments in 2019

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

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

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

LISBON CRUISE PORT
Acquisition date: 2014
End of concession: 2049

46.2%

GPH ownership

LA GOULETTE
CRUISE PORT

LA GOULETTE CRUISE PORT

Welcomed into the portfolio in 2019

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

La Goulette Cruise Port is an equity accounted investee of Global Ports Holding PLC

LA GOULETTE CRUISE PORT
Acquisition date: 2016
End of concession: 2027

50.0%

GPH ownership

SINGAPORE CRUISE PORT

Record passenger numbers

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

Singapore Cruise Port is an equity accounted investee of Global Ports Holding PLC

SINGAPORE CRUISE PORT
Acquisition date: 2014
End of concession: 2027

24.8%

GPH ownership

VENICE CRUISE PORT

Good growth in passenger volumes

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

Venice Cruise Port is an equity-accounted investee of Global Ports Holding PLC

VENICE CRUISE PORT
Acquisition date: 2016
End of concession: 2024

11.1%

GPH ownership

OVERALL OUTLOOK FOR COMMERCIAL SHIPPING IS UNCERTAIN

Global seaborne trade

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

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

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

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

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

Slowdown in growth

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

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

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

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

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

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

Despite the headwinds globally, there is still room for optimism. According to Drewry, containerised and dry bulk volumes are expected to grow at 4.5% and 3.9% per annum respectively, between 2019-24.

Key developments in the container market

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

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

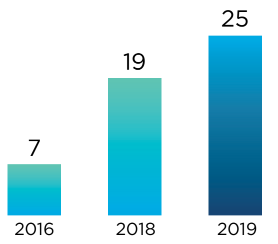
The environment

On 1 January 2020, every vessel in mainstream maritime transport came under the new IMO 2020 regulations. These new global standards, imposed by the International Maritime Organisation, introduced a 0.5% cap on the sulphur content on fuel oil for all ships, compared with 3.5% previously. During 2019, this caused a reduction in capacity globally as ships were drydocked and retrofitted with exhaust cleaning systems to ensure compliance with the new measures. The new standards are expected to lead to increasing costs which could, in time, hurt trade volumes. However, we welcome regulations that are having such a positive impact on the environmental footprint of the industry.

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

Trend for bigger vessels in container market

Trans-Pacific route percentage of capacity >12,000 TEUs



Source: UNCTAD, Review of Maritime Transport & Clarksons Research, 2019

Top 10 container shipping lines market share

Source: UNCTAD, Review of Maritime Transport.

199.1k
TEU

743.1k
General & Bulk Cargo

Turkey

As forecast, the Turkish economy contracted in 2019, suffering its first recession for a decade. However, it was relatively short and sharp: by Q3 the economy had returned to growth of 0.9%, earlier than expected. Although the Turkish Lira has remained weak when compared with most major currencies, the Government is confident that the economy will grow by 5% in 2020.

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

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

The country remains rich in marble resources, located on the Alpine-Himalayan belt, and as and when marble export volumes recover, Port Akdeniz stands ready to benefit.

Turkey also has one of the largest agricultural sectors in the world and the port is located in one of the country's key growing regions. Indeed, exports of fresh fruit and vegetables from Antalya represent around 20% of the country's total. Exporters in this market are increasingly looking to make maritime their transportation mode of choice, moving away from road and air. We hope to play a central role in developing this export trade, which is supported by the Government's stated aim of Turkey ranking among the top five food producers globally by 2023.

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

Covid-19

The impact of Covid-19 on the global commercial shipping industry remains as yet, unclear. There are signs that the Chinese economy is beginning to the proces of returning to normality.

However, how the measures being taken elsewherea round the world will impact global trade over the remainder of 2020 is at this stage not clear.

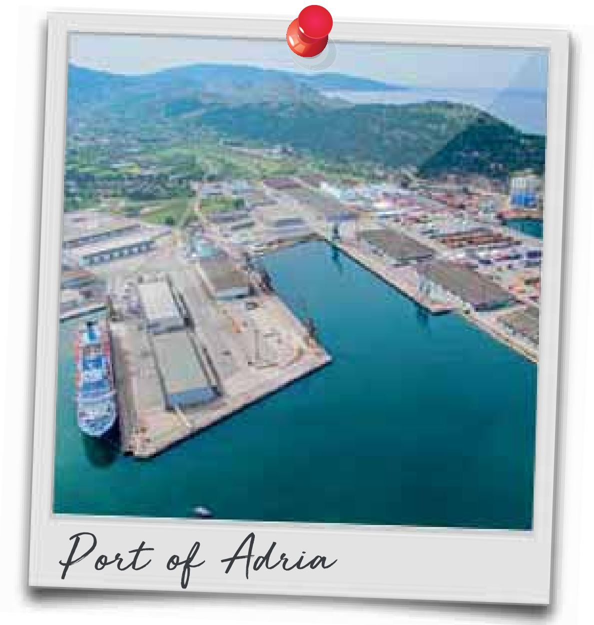
Our focus for 2020

- **Port Akdeniz:** a key focus for 2020 will be continued diversification of our cargo volumes.
- **Port of Adria:** with our RORO services now live, we aim to continue to attract new volumes to the port, aided also by the port's block train service and the upcoming motorway connection.

Commercial port report

A frustrating year but positives ahead

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



PORT OF ADRIA
Acquisition date: 2013
End of concession: 2043

63.8%

GPH ownership

Trade downturn impacts revenues

Developments in 2019
The year was a challenging one for the port, with global trade wars and the introduction of trade tariffs having a negative impact on blocked marble volumes to China. Cement volumes also suffered, due to manufacturers in the port's hinterland losing market share. While some General & Bulk volumes were lost to the neighbouring Free Trade Zone, these were not considered to be significant. During the year, the oil services contract came to an end, although this is expected to recommence once the drilling program returns to the waters near Antalya.

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

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

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

PORT AKDENIZ
Acquisition date: 2006
End of concession: 2028

99.9%

GPH ownership

Stakeholder engagement

We engage our stakeholders as part of our day to day business.
Their support is fundamental to enabling us to operate.

STAKEHOLDER	ISSUES THAT MATTER TO THEM	HOW WE ENGAGE
CRUISE PASSENGERS	• A safe and welcoming environment • Well invested port facilities • Helpful information on the destination • Convenient transport links • Enjoyable things to do in the port and the destination	• Every time a ship calls, our teams engage with cruise passengers through our Guest Information Centres • We carry out regular passenger satisfaction surveys at all our ports
CRUISE LINES	• A safe and welcoming environment for their ship, passengers and crews • Berthing and pricing policies • Berths being available when expected • Good provision of ship and port services • Accessible and inspiring experiences for passengers at the destination	• Our Board and Senior Management team engage regularly with cruise line executives • Our teams attend all major cruise events and meet with the cruise line executives • Many cruise lines are also our partners in some of our cruise ports
EMPLOYEES	• Fair and equitable remuneration • A healthy & safe working environment • Equal opportunities for personal development • A diverse & inclusive culture	• Regular port visits by senior management • Individual performance reviews and identifying training needs and aspirations • Port General Manager and senior management meetings at least twice a year, where we share best practice from across the Group and discuss Group strategy and financial results
GOVERNMENT & LOCAL AUTHORITIES	• Growing passenger volumes • Passenger spend in their destination • Direct and indirect employment of local people • Economic benefits in the destination • Management of passenger impact on their destination	• Our Board, Senior Management and port General Managers meet regularly with senior government ministers, local government officials, port authorities and local agencies
INVESTORS	• The current and long-term financial performance of the Group • Strong communication on strategy • Delivery on strategy • Credit rating • ESG performance	Our equity and credit investor relations programme drives much of our engagement, and includes: • regular attendance at key industry conferences and investor forums • a significant number of ad hoc calls and meetings with investors and credit agencies • Senior management led investor roadshows • The GPH Annual Report, statements, investor presentations and earnings calls
LOCAL COMMUNITIES	• Employment opportunities • Good employment practices • Local businesses able to benefit from tourism and trade • The environmental impact of our port operations and cruise tourism in the destination	• Our senior management and board members engage directly with local communities, particularly at new ports • Direct engagement with local interest groups and business stakeholders, such as local business owners and taxi driver associations

HOW WE ADDRESS THESE ISSUES	SIGNIFICANT ACTIONS
• Customer service training to ensure a welcoming arrival • Provide or facilitate the provision of screening equipment • Regular passenger satisfaction surveys at all our ports • Our Guest Information Centers are a focal point for local information • We work with trusted local providers to ensure convenient transportation • We help coordinate and promote destination development	• Significant improvement in the retail facilities in Barcelona • Issued an RFP for a concessionaire to operate travel retail at a number of ports • Placed investment into terminal and port facilities at the heart of our new cruise port concessions, such as in Antigua and the Bahamas
• Robust berthing and pricing policies • Continuous investment in port infrastructure • Our global operating standards ensure a uniformity of services at all our ports • Rolling out an integrated service package at our ports	• Took the decision to build our port services capabilities, and start offering a 'one stop shop' integrated services package • Integrated services package expected to reduce cruise lines costs
• Local remuneration benchmarking • Our performance management system • Embedding our global policies and instilling them into the Company culture	• Launched an innovative mobile app-based training tool for employees. Empowering employees to develop their skills • The Board has resolved that, going forward Directors will meet annually with port managers and other senior managers in order to improve the Boards, direct engagement with employees
• Investment in port infrastructure and application of our global operating procedures • Focus on employing local people in our ports • Working with local businesses to allow them to benefit from cruise tourism • Working with all stakeholders to ensure a controlled and wide dispersal of cruise passengers • Our commercial ports offer significant employment opportunities and provide local businesses with access to new markets	• Investment plans and designs for Antigua and Nassau Cruise Ports have been directly influenced by our constructive dialogue with Government officials • Directly influenced our new concession bid submissions and on our destination development plans
• We engage extensively with our investors to help them understand our strategy and to explain how each new development fits into it • Our results statements and presentations clearly demonstrate the financial KPIs of the Group • The board and senior management remain focused on delivering on our long term strategy, which we believe will be to the long term benefit of all investors • We continue to enhance our ESG standards and reporting	• Announced a strategic review of the Group to explore ways to maximise value for all stakeholders
• We always aim to employ local people in our operations • Our Global HR policies ensure a positive work culture and good employment practices • When taking on a new concession we carry out extensive local stakeholder engagement to better understand their needs and to incorporate them into our plans • We provide training to local businesses so that they can maximise the opportunities presented by cruise tourism • We are sharply focussed on the environmental impact of our operations. Please see more about our environmental policies on page 71	• Introduced a new initiative: EcoPorts certification, to all of our Cruise and Commercial ports • Created the YES Foundation to support local social programs

PROMOTING LONG TERM SUCCESS FOR THE BENEFIT OF OUR MEMBERS

The directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the long term success of the Company for the benefit of its members as a whole and, in doing so, take into account the need to build and maintain strong relationships with all key stakeholders, while maintaining high standards of business conduct at all times.

GPH looks after assets that were built decades ago and we currently have concession agreements that do not end until the 2060s. While a primary focus of our strategy is to successfully add new long term cruise port concessions and agreements to our portfolio, expanding our global portfolio and increasing the average duration of our portfolio.

As a result of this long term concession and agreement model, the Board is very aware that the impact of our short term decisions today will impact the business and our stakeholders not just for years but for decades to come.

Covid-19 priorities
In light of the crisis, the board and senior management have made the reduction of costs, cash conservation and the protection of the Group's balance sheet and key strategic priority for 2020.

We continue to deliver on our long term strategy, by investing in the growth and further development of the Group and our destinations.

1. CONTINUED EXPANSION

While operating our existing portfolio in an optimal but sustainable manner is core to the Group, adding new cruise ports to the portfolio is a key strategic priority for the Group.

Directors, engagement

- Receive regular reports on the cruise industry, including analysis of ship and passenger growth and expected future berthing availability.
- Regularly engage directly or receive reports on senior management engagement, with cruise port stakeholders to understand their needs.

Principal decisions in the year

- Signed a 25-year concession agreement in Nassau.
- Signed a 30-year concession agreement in Antigua.
- Signed a 15-year management services agreement in Ha Long Bay, Vietnam.
- Our JV acquired the operator of La Goulette, Tunisia.

2. DELIVERING GROWTH AND CASH

The overall level of investment required to deliver on our long term cruise port expansion plans and how this investment will be funded is a key strategic priority for the Board.

In most cases, investment of the scale required in Nassau and Antigua is likely to be funded by long term non-recourse asset-level financing, with a targeted 65-80% debt-to-equity ratio.

Directors, understanding

- Review of detailed cash flow analysis, including expected returns, for all potential new ports, both stand-alone and in Group context.
- Regular engagement with providers of capital on our investment requirements and expected returns for new ports.
- Engage with potential partners, either to bid for a new cruise port concession or the potential sale of an equity stake in a new cruise port.
- Receive reports on engagement with debt investors in relation to the refinancing of the November 2021 Eurobond.

Principal decisions in the year

- Signed a long-term USD 32.5m syndicated loan, with three international banks, for financing of Antigua Cruise Port.
- Strategic review launched to look at a range of potential corporate actions.

3. CONTINUED TRANSFORMATION

A core focus of the Group is the enhancement of current Cruise port facilities and the introduction of new B2B and B2C services across our portfolio.

Directors, understanding

- Regular engagement with and reports received on cruise passengers and local stakeholders needs.
- receive and review reports on engagement with cruise lines and port authorities on potential new value-added port services.

Principal decisions in the year

- Refurbishment of retail areas at Barcelona Cruise Port.
- Awarded travel retail concessions to a leading global travel retailer.
- Launched integrated service package to cruise lines.

In our industry, reputation is everything. It is central to our approach to business that we foster a culture of doing the right thing.

Strategic Review

During the year, as result of the emerging opportunities as well as existing opportunities to expand the cruise port portfolio, the Board announced that it was undertaking a strategic review of the Group for the purpose of exploring ways to maximise value for all stakeholders. Including a range of potential corporate activity, including a sale of certain assets as well as strategic investments and partnerships.

The review reflects the importance placed by the Board on considering the long-term consequences of its decisions. While the review is still ongoing, the outcome of it will play an important role in the Board's future decisions over investing in further new ports, future dividend distributions to shareholders and the appropriate structure for the refinancing of the company's Eurobond.

Distribution policy

The Board's current dividend policy is to pay a minimum of USD 25m per annum. This minimum payment and any payment above this level is always considered in the context of the Group's cash flow generation and any capital commitments that are driven by the achievement of our strategic priorities. This is as well as the company's commitment to its outstanding Eurobond.

In light of this unprecedented level of disruption to global trade and the cruise industry and the associated short-term uncertainty, the Board of GPH decided that it was prudent and in the best interests of all stakeholders to temporarily suspend the dividend for full year 2019, until the outlook becomes clearer.

Stakeholder engagement

The Board has identified the Group's key stakeholders, defined as those stakeholders whose success of the business depends upon, as Cruise Passengers, Cruise Lines, Employees, Governments and Local Authorities, Investors and Local Communities.

Each stakeholder group requires a tailored approach to engagement for us to form an effective and lasting beneficial relationship. By understanding our stakeholders, the Board can factor into Boardroom discussions the potential impact of decisions on each stakeholder group and allows us to consider their needs and concerns, in accordance with s172 of the Companies Act 2006.

You can read more about our key stakeholders on **pages 64 to 65.**

Business conduct

In our industry, reputation is everything.

It is central to our approach to business that we foster a culture of doing the right thing. While our decisions today will impact shareholders of GPH for years and decades to come, they will also affect our stakeholders for decades to come. It is therefore essential that we foster a business culture that creates a long-term, responsible and sustainable approach to business and its impact on our stakeholders.

The Senior Management Team engages regularly with employees across the business, and any outcomes from this engagement is fed back to the Board. In addition to frequently spending time with employees at the various ports in our portfolio, the Chairman also attended one of the Port General Managers meetings in 2019, allowing for both formal and informal engagement between a Board representative and the team.

In 2020, the Board has resolved that going forward Directors will annually meet directly with port managers and other senior managers, which as well as improving the Boards direct engagement with employees, will allow for more discussions between the Board and employees over the culture of the company.

You can read more about our responsible approach to business and our key stakeholders in our Corporate Responsibility Report on **pages 69 to 75** and as well as on our key stakeholder **pages 64 to 65.**

OPERATING SUSTAINABLY FOR PEOPLE, ENVIRONMENTS AND COMMUNITIES

As the world's largest independent port operator, we take seriously our responsibilities towards the safety and well-being of our people, our passengers and the environments and communities in which we operate.

Our approach is supported by three primary pillars:

1. A Groupwide HSE Manual, that defines our approach to day-to-day operations and combines unified global standards with specialist local port knowledge.
2. EcoPorts: a certification and assessment program was launched during 2019, this environmental management system and global standard is specifically designed for ports and port terminals.
3. Local stakeholder engagement. We consider ourselves to be guests in our host port communities, and we actively engage with them to contribute to local life and needs.

We expand on these three areas over the following pages.

HSE Manual

Our HSE Manual defines all health, safety and environmental guidance across the Company. It is regularly reviewed and updated to reflect global best practice and in-house knowledge-sharing across the business.

Several important international standards create the framework for our HSE Manual:

- ISO 9001: 2015 – Quality Management System
- ISO 14001: 2015 – Environmental Management System
- ISO 45001: 2016 – Occupational Health and Safety Management System
- ISO 27001: Information Security Management System
- ISO 10002: Customer Satisfaction Management System
- ISO 28001: Security Management Systems for the supply chain
- ISO 50001: Energy Management.

By attaining and maintaining international standards across our port network, we will comply with (and often exceed) the requirements of all applicable local laws. Even then,

NON-FINANCIAL INFORMATION

Pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (the 'Non-Financial Regulations'), the GPH is required to report certain non-financial information to provide an understanding of its development, performance, position and the impact of its activities. Below we have set out the location of the information required by the Non-Financial Regulations in this Annual Report.

Requirement	Relevant Policies	Section(s) in Annual Report	Pages
Environmental Matters	Environmental policies	Corporate responsibility	**69 to 75**
Social Matters		Corporate responsibility	**69 to 75**
Employee Matters	Code of Conduct, Health and Safety Policy	Corporate responsibility	**69 to 75**
Human Rights	Human Rights Policy	Corporate responsibility, Governance report	**69 to 75** **84 to 90**
Anti-Corruption and Bribery	Anti-Bribery and Corruption Policy	Corporate responsibility	**67 to 72**
Business Model		Business models	**16 to 19**
Principal Risks		Risk Report	**34 to 40**
Non-Financial KPIs		Key Performance Indicators	**30 to 31**

we regard these as minimum standards only and strive to improve on every aspect of our HSE performance year-on-year.

There is no higher priority at Global Ports Holding than the safety of people. It takes precedence over all other considerations, and no practical or commercial interest is allowed to override it.

Across all our ports, the goal is to prevent injury, harm and illness, and to ensure the personal safety of employees, contractors, the public and our community. Our HSE Manual ensures that we not only comply with legislation but embed activities and training into our culture to prevent incidents occurring or reoccurring. If an incident or a 'near-miss' does take place, we have defined reporting procedures and where applicable, use the learning we gain to design preventative action. You can read more about how we manage, Safety and environmental risks specific to cargo handling on page 39.

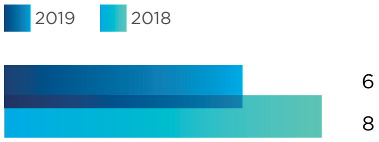
Like any business, our day-to-day operations carry potential risks that must be mitigated. In our case, we welcome many thousands of passengers who travel through our facilities; we work next to, and on, water; and we accommodate some of the world's largest cruise ships.

In the course of transiting more than 9.4 million people through our cruise ports in 2019, there were no reportable incidents that affected passenger safety. Nor were there any injuries to employees during cruise port operations that required any prolonged absence from work.

Additionally, we lift and move thousands of tonnes of cargo every week at our two commercial ports. To do this safely, we set rigid processes and make significant investments in highly trained teams, and our equipment and infrastructure.

At our Port of Adria Commercial Port, we reduced injuries at work by 25% to six in 2019, and this followed a 27% decrease in 2018. At Port Akdeniz, injuries were reduced by 37.5% to five in 2019.

Port of Adria:
6 Injuries at work, a 25% reduction y-o-y



Port Akdeniz:
5 Injuries at work, a 37.5% reduction y-o-y

Many factors have brought about this continuously improving picture, including a much greater awareness and buy-in to our safety culture; an emphasis on 'toolbox' training, techniques and procedures; and a more robust and constant reinforcement of the need for safety in everything we do.

We also commit to take the greatest care of our environments. Our HSE Manual lays down recognised

Table of all certifications

ISO	9001	10002	27001	28001	14001	45001	50001	Eco-Ports*	Green-Ports	QSCs for Spanish Ports
Egeports	X		2020	X	X	X		X	X	
Port Akdeniz	X	X	2020		X	X	X	X	X	
Bodrum Cruise Port	X		2020	X	X	X		X	X	
Barcelona	2020				2020			X		X
Malaga	X				X					X
Port of Adria	X				X	X				
Lisbon	2020				2020					
Valletta	2020				2020					
Catania	2020				2020					
Cagliari	2020				2020					
Ravenna										
Zadar										
Antigua										
Nassau										

* Within the EU only port authorities can become EcoPorts Certified.

procedures for diverse demands including waste handling and effluents, noise, dredging, construction, emissions, handling dangerous substances, underwater noise and vibration, and spill prevention and control.

EcoPorts

To support our environmental aims and our goal of growing sustainably, we introduced a new initiative: EcoPorts certification in all of our Cruise and Commercial ports for 2019. EcoPorts is the main environmental initiative of the European port sector.

Before the introduction of EcoPorts, many of our ports had already achieved high levels of external validation. Ege Port, for example, achieved ISO 14001 Environmental Management System certification as far back as 2004 and in 2015 it was certified as a Green Port by the Ministry of Transport & Infrastructure and TSI (Turkish Standards Institution).

However, as well as being globally recognised, EcoPorts is more than just a certification scheme. It is designed to start a process of continuous environmental improvement at a port. The Port Environmental Review System (PERS) builds on the policy recommendations of ESPO (European Sea Ports Organisation). It lays down clear objectives for ports to achieve ever-greater environmental standards. Lloyd's Register independently reviews its implementation and the certification remains valid for a period of two years. The certification process covers a wide range of initiatives and standards, including monitoring that covers everything from waste reception and recycling to water consumption and renewable energy use. But this process has no end-point; it continuously assesses where a port could do better.

Scope 1
(tonnes CO_2e)

Scope 2
Location-based (tonnes CO_2e)

Scope 1 & 2 total
Location-based (tonnes CO_2e)

Carbon intensity
per full-time equivalent employee (tonnes CO_2e)

Carbon intensity
per sqm facility area (tonnes CO_2e)

2019 2018

Although we aim to have all our ports EcoPorts-certified, the regulations in Europe state that it is port authorities, rather than the terminal operator, that gains EcoPorts certification. We see this as a technicality – the continuous driving up of environmental standards is the important point – but regardless, GPH carries out EcoPorts Environmental Self Diagnosis and prepares PERS reports on our results. Our ports have also taken all steps required to meet the EcoPorts Global Standard for environmental management for ports/port terminals and Lloyd's Register has been retained as an independent auditor.

Our Turkish ports, Kuşadası, Bodrum and Antalya, all became EcoPorts-certified in 2019 and our Caribbean ports will all be working to achieve this certification in 2020.

Importantly, this is just the beginning. Each of our ports now has an environmental improvement plan in place and is well-positioned to support their respective port authorities in achieving EcoPorts certification.

Just one example of self-improvement is at Ege Port, where during a cruise call there will be around 70 tour buses waiting for cruise passengers. In summer, each bus needs to run its engine for typically 30 minutes in advance to be able to welcome passengers in air conditioned comfort. We are now working on a solution to capture the exhaust emissions at a single point and to remove them.

Similarly, a longer-term goal is to provide shore power for cruise ships, eliminating the need for them to run their engines in port. Although in most cases this will require significant investment in power infrastructure by local governments, GPH is ready to play its part. And with the order book for new cruise ships indicating a considerable increase in LNG-powered ships in the years ahead, we are working with all stakeholders to be able to provide LNG refuelling at some ports.

While being only one measure of the effectiveness of our environmental policies, it is pleasing to note that during 2019 GPH's Scope 1 and Scope 2 Greenhouse Gas Emissions reduced by 9.0%.

You can read more about these emissions on page 119.

Global Run Barcelona

Ready for the off!

Our local communities

At GPH we are passionate advocates that, in a troubled world, travel and tourism can be a force for good.

Most obviously, it delivers measurable economic growth in local economies through port fees, passenger spend, local employment and the multiplier effects that ripple outwards across regions. But there are also the less tangible, but equally important, benefits of discovering rich experiences and extending the hand of friendship to other cultures. Indeed, in its report Tourism as a Driver of Peace, the World Travel & Tourism Council shows direct correlations between countries that embrace tourism and greater levels of harmony.

GPH's Global Run, an annual celebration of community and inclusivity, was conceived in this same spirit. Each year, this 'world tour' has gone to a different GPH destination.

As well as being a joyous and fun event, it raises money for good causes around our port locations. In addition, our ports are engaged in multiple projects where a helping hand can not only help to deliver both financial but also practical help to charity and community projects. Just some of the examples of how our ports engaged with their local communities in 2019 included:

- Barcelona Cruise Port working closely with the Talita Foundation, which supports the educational integration of down's syndrome children, both at school and in society;
- Ege Port worked with several local initiatives including providing donations to the Kusadasi Youth and Sports Foundation to promote local youth participation in sport. In addition, they worked with the International Coastal Clean up to raise awareness in the town, collecting and documenting rubbish littering the coastline;
- Valletta Cruise Port team members dedicated their time and raised funds to help socially and economically challenged children and young people. The port also hosted a summer BBQ for disadvantaged children and worked with Valletta waterfront tenants to collect and donate contributions at a local food bank;
- Lisbon Cruise Port fundraised for the Portuguese Association of Cerebral Palsy, as well as for Aldeia de Crianças SOS Portugal, an organisation that advocates the rights and needs of children in more than 134 countries worldwide; and
- In the Caribbean, we created the Yes Foundation, to support local social programs focussed on creating employment and training opportunities for young people.

Our commitment to our local communities does not stop at charitable work. We are committed to tread as lightly as we can, minimising the impact on the planet and protecting the environments in which we work.

This policy applies at any location where we might operate, but there is a double imperative at our cruise destinations. It is the inherent beauty of our ports' cities and regions that inspires passengers to want to pay a visit. Our local communities depend on this demand, as do we.

Therefore, we work to make sure that the passengers we welcome are a benefit and not a burden to local communities. We consult closely with local stakeholders, including local government and tourism agencies, to avoid any undue pressure on the local environment, infrastructure and services.

For example, we make sure that our Guest Information Centres promote a wide range of destination attractions. This gives our incoming passengers the broadest possible choice while also dispersing more evenly the flow of passengers around the destination. We also provide sustainable transport solutions such as electric bikes so our passengers can experience a destination in an environmentally friendly way.

The right thing for our people

We are committed to treating people equally, fairly and respectfully, applying both the letter but also the spirit of the law. We believe that how any company treats people, both inside and outside the organisation, is a measure of its true worth and standing.

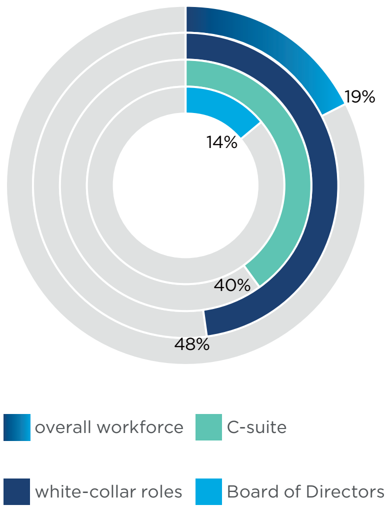
GPH is a signatory to the human rights defined in the United National Global Compact, the Universal Declaration of Human Rights, and the Declaration on Fundamental Principles and Rights at Work by the International Labour Organisation (ILO).

In essence, this means we offer equal employment opportunities for all, regardless of religion, language, race, age, colour, nationality, social background, gender, orientation or disability. We hire, train and promote our people according to qualifications, performance, talent and experience. We also recognise the right to freedom of association and collective bargaining and agreements, and forbid child and forced labour of any kind.

As at December 2019, female employees accounted for 19% of the overall workforce; 48% of white-collar roles; 40% of C-suite senior management; and 14% of the Board of Directors. GPH PLC will continue to focus on improving the diversity of our workforce. We are committed to a better gender balance, narrowing the gap and actively supporting the development of our high-potential female talent.

GPH female employees breakdown by role

As at December 2019



In terms of race, language, colour and nationality, GPH is a truly global business and our workforce fully reflects this. When we add a new port to our portfolio, we look to fill our operational roles with local people. As at 31 December 2019, GPH employed people from at least 12 different countries and as our business grows we expect this number to grow with it.

Just one example of our commitment to employing local people is the recruitment process we went through in Antigua & Barbuda. Ahead of taking over the operations, our Chief Operating Officer and Head of Human Resources spent a week in Antigua & Barbuda meeting and interviewing 50 local people for a range of roles at Antigua Cruise Port. The focus was always on identifying and employing qualified locals, but rather than leave that to an outside agency it was important to GPH and our culture that senior management led such an essential process.

Employee rights

We seek to ensure that our employees' rights are protected and that they enjoy a safe and harmonious working environment that is free from discrimination, harassment, mistreatment, exploitation, abuse and violence. This is mandated either by law or through the Company's Code of Conduct.

The Board acts with full regard to human rights considerations, as defined under the European Convention on Human Rights, and the UK Human Rights Act 1998 as applied to our UK businesses.

We are aware of our responsibilities and obligations under the Modern Slavery Act and we work to ensure that we comply across the Group. We also compensate employees fairly and in line with market conditions.

Our employees, individual development and success are key to Global Ports Holding's ability to continue to grow.

Discrimination
Everyone has the right to equal treatment and respect, and in line with this principle discrimination is prohibited at GPH.

Discrimination can manifest itself directly or indirectly:
1. Direct discrimination refers to the unfair treatment of an employee based on their gender, race, colour, disability, age, sexual orientation, pregnancy, ethnicity, social origin, nationality, ancestry, language, religion/faith, political or other views, as well as membership of any minority group; and
2. Indirect discrimination occurs where equal treatment is actually unfair; for example, assigning a pregnant employee the same task as all other employees, when the task involves heavy lifting.

All decisions regarding employment processes such as recruitment, promotions, transfers, training, dismissal and determining working conditions are based on consistent and fair selection criteria. Employees or staff authorised to make such decisions are expected to act free from bias or any discriminatory factor. GPH requires that evaluating and assessing employees takes place based on equal and objective criteria, with regard only to knowledge and skills.

Employee engagement
Our commitment to employees does not end with our legal obligation. Their individual development and success are key to GPH's ability to continue to grow.

We use a performance management system that guides how we engage with employees, and which allows both parties to identify areas for personal development and training.

The first component of this process – target planning – is completed in four phases, as follows:
1. Determining GPH targets; these are defined by the CEO and approved by the Board of Directors;
2. Determining annual Company targets; these are set by the Board of Directors for affiliated companies in line with GPH Holding's targets and shared with the management team of each company;
3. Determining department/branch targets; these are defined according to the targets determined and shared by the management team of each affiliate company; and
4. Determining individual targets; these are set following the communication of department targets to employees in their respective functions.

This process allows GPH and our employees to identify areas for additional training and development, such as extra on-the-job training through to further educational opportunities such as MBAs.

Also, during the year, we introduced an innovative app-based training tool for many of our employees. It empowers people by teaching them through bite-sized practical content aimed at developing their managerial skills. These compact modules include content on strategic thinking, communication skills and developing others.

Although it is only a single quantitative measure, total Group employee turnover in 2019 was 7%, falling to just 4% when considered on a full-time equivalent basis. We continue to develop even better ways to engage with all employees, but the low rate of employee turnover is, we believe, a positive indicator of the GPH culture and work environment.

The right thing in business
Any form of bribery or corruption violates both the law and the Company's ethics. This includes making or taking any form of inducement, behaving in an anti-competitive way, false reporting, or any other action that may pervert the course of legal and honest dealing.

The Group upholds all applicable local laws and the best practices of international ethical standards. This is encompassed and published in our Anti-Bribery and Corruption Policy to which every employee and supplier is required to comply.

In a broader context, the Company's Code of Ethics guides every aspect of our actions, ranging from ethical decision-making and showing respect for every colleague, to issues around safety and security, drugs and alcohol, conflicts of interest and safeguarding the Company's reputation.

You can see our Anti-Bribery and Corruption Policy and Code of Ethics at http://www.globalportsholding.com/pdf/Anti-Bribery-and-Corruption-Policy.pdf

Industry engagement

GPH is an active participant in industry events that raise our profile among the sector's key decision-makers.

We therefore continue to be enthusiastic sponsors, speakers and exhibitors at all the 'marquee' industry gatherings including Seatrade Cruise Global, Seatrade Cruise Med, Seatrade Cruise Asia, and the events of the Florida Caribbean Cruise Association (FCCA) and Cruise Lines International Association (CLIA).

As well as attending these events around the world, 2019 was another busy year for GPH as we hosted a range of important industry conferences.

Ege Port, Kusadasi hosted the MedCruise General Assembly during the year, while Valletta Cruise Port hosted the CLIA's Cruise360 conference. And in 2020, we look forward to welcoming Seatrade Med to Málaga Cruise Port. This will provide an excellent opportunity for us to showcase this fantastic destination and our outstanding facilities.

Aside from industry events, we are in continual contact with executives across the industry, organising familiarisation trips to our ports, and marketing and promoting our destinations, including those recently added to our portfolio.

This Strategic report, as set out on pages 1 to 75 was approved by the Board of Directors on 13 April 2020 and signed on its behalf by:

EMRE SAYIN, CEO
MEHMET KUTMAN, Executive Chairman

GROUP BACKGROUND AND STRUCTURE

The origins of the Group date back to 2003, when operations commenced at Ege Port in Kuşadası, Turkey. Between 2006 and 2016, additional port operations within and outside of Turkey were added, totalling 13 cruise and two commercial ports by the time of the Company's admission to the London Stock Exchange on 17 May 2017 ('Admission').

Immediately prior to Admission, the Group was restructured by way of a share reorganisation, pursuant to which all the shares of Global Liman İşletmeleri A.Ş. ('GLI', the Group's Turkish holding company) were ultimately transferred to the Company. As a result, the Company acquired 100% of the operating group comprising GLI and its subsidiaries, which it continues to own.

Accordingly, references in this Report to 'GPH', 'Global Ports Holding' or 'the Group' mean, in any matter prior to Admission, GLI and its consolidated subsidiaries, and following Admission, the Company and its consolidated subsidiaries.

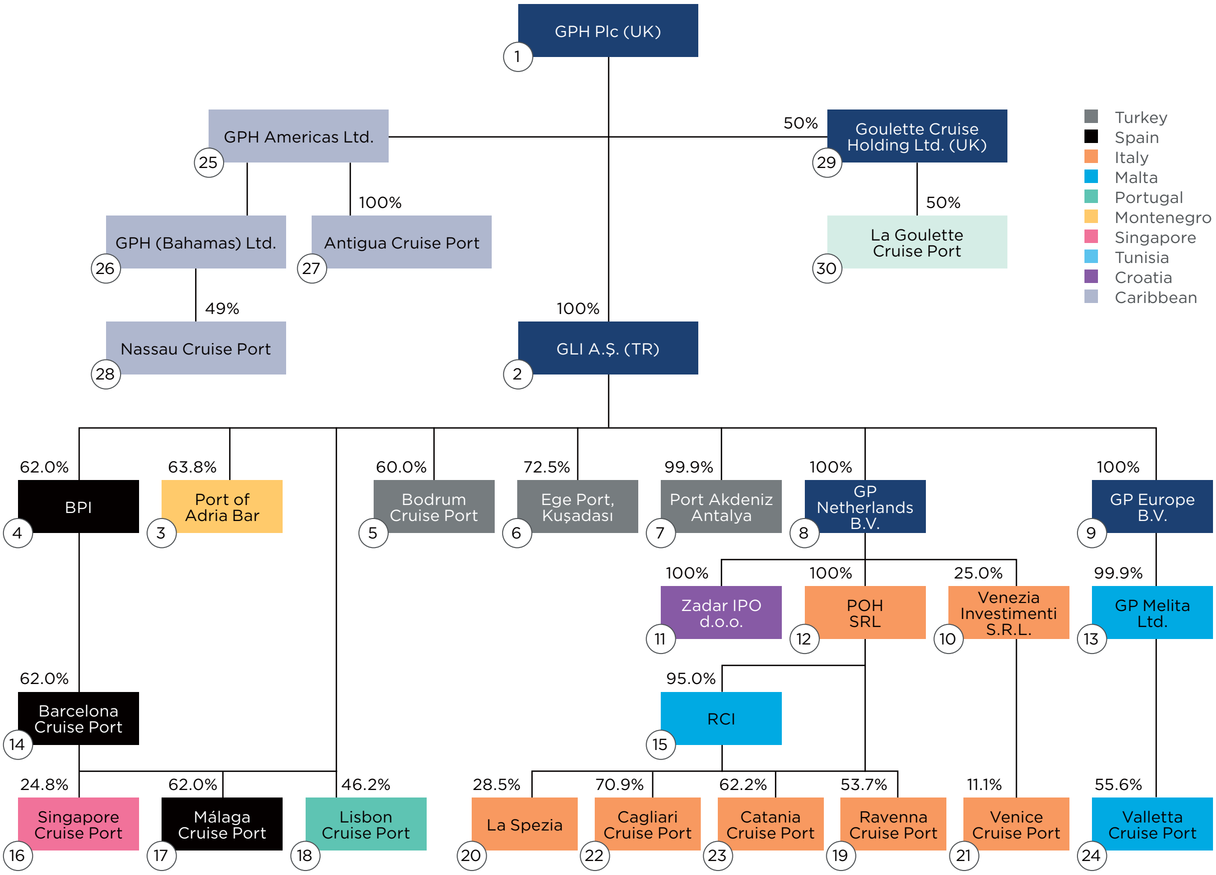
The Company's ultimate parent remains Global Yatırım Holdings A.Ş. ('GIH'). As at 3 April 2020, being the latest practicable date prior to publication of this Annual Report, GIH has a 62.50% interest in the Company, directly and through its wholly owned subsidiary Global Ports Holding B.V. ('GPH BV'), which is registered under a nominee. GIH is listed on Borsa Istanbul under the ticker 'GLYHO'.

In January 2019, the concession agreement for cruise port operations in Antigua was signed. This was followed in February 2019 by the award to the Company's consortium of the concession for the Prince George Wharf Cruise Port at Nassau, Bahamas for which a 25-year agreement was signed in August 2019. The Company commenced cruise port operations in both Antigua and Nassau in October 2019, bringing the total number of cruise ports operated or invested in by the Group at the year-end to 18 cruise ports and 2 commercial ports in 12 countries*. Additionally during the year, the Company's bid with partners to acquire the operator of the cruise terminal in La Goulette, Tunisia, was accepted in May 2019.

Capping off the year were announcements in December 2019 that the concession term for Marina Bay Cruise Centre in Singapore, operated by a joint venture of the Group, was extended to May 2027 and that the Group had signed a 15-year management agreement for the Ha Long International Cruise Port in Ha Long Bay, Vietnam, and the La Goulette acquisition was completed. Since the year-end, the Group has announced the purchase by its joint venture company of the 20% minority stake in the Málaga Cruise Port concession.

* Excludes La Habana Cruise Port, where the Group has not invested.

The chart below shows the structure of the Group's port investments at the date of approval of this Annual Report (13 April 2020):



The percentages above represent GPH's effective ownership.

1. Global Ports Holding PLC
2. Global Liman İşletmeleri A.Ş.
3. Akcionarsko Društvo 'Port Of Adria' Bar
4. Barcelona Port Investments S.L.
5. Bodrum Yolcu Limanı İşletmeleri Anonim Şirketi
6. Ege Liman İşletmeleri Anonim Şirketi
7. Ortadoğu Antalya Liman İşletmeleri Anonim Şirketi
8. Global Ports Netherlands B.V.
9. Global Ports Europe B.V.
10. Venezia Investimenti SRL
11. Zadar International Port Operations d.o.o.
12. Port Operation Holding SRL
13. Global Ports Melita LTD
14. Creuers Del Port de Barcelona S.A.
15. Royal Caribbean Investments (Cyprus) LTD
16. SATS-Creuers Cruise Services PTE. LTD
17. Cruceros Málaga S.A.
18. Lisbon Cruise Port LDA
19. Ravenna Terminal Passeggeri SRL
20. La Spezia Cruise Facility SCRL
21. Venezia Terminal Passeggeri SPA
22. Cagliari Cruise Port SRL
23. Catania Cruise Terminal SRL
24. Valletta Cruise Port PLC
25. GPH Americas Ltd.
26. GPH (Bahamas) Ltd.
27. GPH (Antigua) Ltd
28. Nassau Cruise Port
29. Goulette Cruise Holding Ltd.(UK)
30. Goulette Shipping Cruise SA (Tunis)

BIG PICTURE GOVERNANCE

During the first six months of 2019, the Group's new port investment strategy continued apace.

The concession agreement for cruise port operations in Antigua was signed at the end of January, our consortium was awarded the tender to manage and redevelop Nassau's Prince George Wharf Cruise Port in February, and in May, our joint bid with MSC Cruises S.A. to acquire the operator of the cruise terminal in La Goulette, Tunisia, was accepted. While these projects progressed, the Company was exploring the Ha Long International Cruise Port opportunity in Vietnam, and the pipeline of other cruise port opportunities remained strong.

Having regard to those opportunities and to the Group's existing level of activity and growth, we felt it particularly important to take stock. Accordingly, the Company announced in July that it was undertaking a strategic review of the Group (the 'Strategic Review' or the 'Review') for the purpose of exploring ways to maximise value for all stakeholders, which would consider a range of potential corporate activity, including a sale of certain assets as well as strategic investments and partnerships.

At one level, the Review reflects the importance placed by the Board on considering the long-term consequences of its decisions in order to ensure that expansion goes hand in hand with strong corporate governance across the Group.

More generally, it is consistent with our commitment to decision-making having regard to each of the matters set out in section 172 of the Companies Act 2006 ('Section 172'), as set out in detail on pages 66 to 68 in the Strategic report. In that regard, in addition to taking a long-term perspective:

- the Board emphasises the need for the Group to build strong business relationships, including with industry and local partners, regulators and other Government bodies, and to maintain high standards of business conduct;

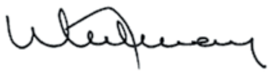
- the impact of the Group's activities on the environment and the communities where we operate is an important consideration in decision-making and informs the Company's distinctive 'community approach' to its port projects which, together with our ports' 'green' credentials, are set out elsewhere in this Annual Report (see pages 69 to 71); and
- finally, but crucially, the interests of our employees and members, whose efforts and support underpin the Group's success, are always closely considered. As set out in the following pages, the Board engages with both groups in a number of ways.

I believe that the Group's achievements to date are testament to our success at keeping the interests of our varied stakeholders prominently in the decision-making frame. The Group's operations, which encompass a number of geographically dispersed port operations as well as ancillary business lines, could not prosper without our numerous stakeholder groups being 'on board'.

After the Strategic Review was undertaken, the Board determined that it made sense to postpone consideration of certain items on its 2019 agenda until findings of the Review were considered. Those items, which included a review of the Board's composition and completion of the Board and Director performance evaluation process will be taken up by the Board within 2020.

I have outlined above the Board's commitment to decision-making in accordance with Section 172.

I would add that, although the Company as a standard listed company is not required to adopt the 'comply or explain' regime of the UK Corporate Governance Code (the 'Governance Code') published by the Financial Reporting Council, the Directors consider the principles and recommendations contained in the Governance Code to be a valuable source of guidance to the Board.



Mehmet Kutman
Executive Chairman
and Co-Founder
13 April 2020

Board of Directors

During 2019, the Board consisted of the Executive Chairman and six Non-Executive Directors, of whom four were independent. The Directors have been selected for their diversity of background as well as personal

Mehmet Kutman

Executive Chairman and Group Co-Founder

Dates of appointment:

11 April 2017, 8 May 2018 and 24 May 2019

Skills and experience:

Mr. Kutman has been Chairman of the Company since April 2017 and of GLI since April 2012, and is a founding shareholder of GIH. In addition to his active involvement in business development and project management for the Group on a transaction-by-transaction basis, Mr. Kutman is Chairman of the Boards of Directors of GIH, Port Akdeniz, Antalya, and Bodrum Cruise Port, and was formerly a director of Alarko REIT, a BIST-listed real estate investment trust. He is a member of TUSIAD (Turkish Industry & Business Association) and DEIK (Foreign Economic Relations Board) where he serves as Chairman of the Turkey – Cuba Business Council. Prior to founding securities firm Global Menkul Değerler A.Ş. ('GMD') in 1990, Mr. Kutman was Project Manager at Net Holding A.Ş., a Turkish corporate group involved in tourism and related sectors, from 1989 to 1990. Between 1984 and 1989, he resided in the United States where he was Vice President of North Carolina National Bank, Sexton Roses Inc. and Philip Bush & Associates.

Other current roles:

Chairman of the Boards of Directors of GIH, Port Akdeniz, Antalya, and Bodrum Cruise Port. Mr. Kutman also actively endows Yale University's brain tumour research program through the Gregory M. Kiez and Mehmet Kutman Foundation.

Education:

Mr. Kutman holds a BA (Hons.) degree from Boğaziçi University and an MBA degree from the University of Texas.

Ayşegül Bensel

Non-Executive Vice Chairperson

12 April 2017, 8 May 2018 and 24 May 2019

Mrs. Bensel was first appointed to the Board on 12 April 2017 and was re-appointed at the AGMs on 8 May 2018 and 24 May 2019. She is also a member of the Boards of Directors of GLI, Barcelona Cruise Port Creuers Terminals, Valletta Cruise Port, Port Akdeniz, Antalya, Ege Port, Kuşadası, Bodrum Cruise Port and GIH. Mrs Bensel is currently Managing Director of the Real Estate Division of GIH and Chairperson of Pera REIT Company. Until the sale of Global Hayat in 2005, Mrs. Bensel was Chairperson of its Board of Directors and its CEO. Mrs. Bensel was also been a member of the Board of Directors of GMD between 2004 and 2018, and between 1993 and 1999 was its Assistant Director and then Co-Director of Research. Prior to joining GMD as an equity research analyst in 1991, Mrs. Bensel was a manager in foreign exchange dealings in the Turkish banking sector. Mrs. Bensel is a member of the Company's Remuneration Committee and Nomination Committee.

Vice Chairperson of GLI, member of the Boards of Directors of several Group subsidiaries, GIH and GMD, Managing Director of the Real Estate Division of GIH and Chairperson of Pera REIT Company.

Mrs. Bensel holds a BA degree in Business Administration and Finance from Hacettepe University, Ankara.

Lord Mandelson

Senior Independent Director (SID)

12 April 2017, 8 May 2018 and 24 May 2019

Lord Mandelson was first appointed to the Board on 12 April 2017 and was re-appointed at the AGMs on 8 May 2018 and 24 May 2019. Lord Mandelson is Co-Founder and Chairman of Global Counsel, a regulatory, political risk and public policy advisory business based in London, Brussels and Singapore. He is a former European Trade Commissioner and British First Secretary of State. Previously, he was Minister without Portfolio; Secretary of State for Trade and Industry; Northern Ireland Secretary; and Secretary of State for Business, Innovation and Skills in the British Government between 1997 and 2010. He was MP for Hartlepool from 1992 until 2004 and Director of Campaigns and Communications for the Labour Party between 1985 and 1990. Lord Mandelson is President of the Great Britain China Centre and of the German British Forum. He is Chancellor of Manchester Metropolitan University, President of the Policy Network think tank and Senior Adviser to Lazard. Lord Mandelson is chairman of the Company's Nomination Committee.

Co-Founder and Chairman of Global Counsel, President of the Great Britain China Centre, President of the German British Forum, Chancellor of Manchester Metropolitan University, President of the Policy Network and Senior Adviser to Lazard.

Lord Mandelson studied Philosophy, Politics and Economics at St. Catherine's College, Oxford University.

Thierry Edmond Déau*

(Resigned 24 February 2020)

Independent Non-Executive Director

12 April 2017, 8 May 2018 and 24 May 2019

Mr. Déau was first appointed to the Board on 12 April 2017 and was re-appointed at the AGMs on 8 May 2018 and 24 May 2019. Mr. Déau began his career in Malaysia with the construction firm GTM International. He then joined Egis Projects (Egis), the engineering subsidiary of France's Caisse des Dépôts et Consignations, where he held several positions, until his appointment as Chief Executive Officer in 2001. He was in charge of international operations for the Egis Group Executive Committee, served on its Risk Management Committee and was a member and/or chairman of the Boards of Directors of several subsidiaries. Mr. Déau founded Meridiam in 2005 with operational and financial support from AECOM Technology Corp. and the Crédit Agricole Group. Meridiam develops, finances and manages infrastructure projects across Europe, America and Africa with a focus on community betterment. Mr. Déau is currently Meridiam's Chairman and Chief Executive Officer. Mr. Déau is a member of the Company's Remuneration Committee, Audit and Risk Committee and Nomination Committee.

Chairman and Chief Executive Officer of Meridiam.

Mr. Déau graduated from Ecole Nationale des Ponts et Chaussées' engineering school in Paris.

* Mr Déau resigned on 24 February 2020 as set out on page 85.

attributes, and they bring a wide range of skills and varied commercial experience to the Board and its committees. The following seven Directors constituted the Board during 2019:

Jérôme Bernard Jean Auguste Bayle

Independent Non-Executive Director

12 April 2017, 8 May 2018 and 24 May 2019

Mr. Bayle was first appointed to the Board on 12 April 2017 and was re-appointed at the AGM on 8 May 2018. Over the course of 32 years, Mr. Bayle held top executive positions in various countries for Tetra Pak. As the former Managing Director of Tetra Pak Turkey, he was responsible for developing operations in Turkey, and regions including Central Asia and the Caucasus. He also worked in the Balkans. After retiring from Tetra Pak, Mr. Bayle established Magnetic North, a management consulting firm providing mentoring and consulting services to large multinational companies in the greater Middle East region, with particular emphasis on human resources, organisational processes and development. Mr. Bayle received numerous awards during his professional career and has been recognised for his many contributions to business and social organisations. Mr. Bayle is chairman of the Company's Remuneration Committee and Audit and Risk Committee.

None.

Mr. Bayle holds a Master's degree in Business and Finance from France's Dauphine Université. He is also an alumnus of the Swiss Business School IMD.

Thomas Josef Maier*
(Resigned 24 February 2020)

Independent Non-Executive Director

12 April 2017, 8 May 2018 and 24 May 2019

Mr. Maier was first appointed to the Board on 12 April 2017 and was re-appointed at the AGMs on 8 May 2018 and 24 May 2019. Since August 2017, Mr. Maier has been a regional Non-Executive Director of Meridiam funds that cover Central and Eastern European countries, and he also serves as strategic advisor to the Global Infrastructure Hub, a G20 initiative. Until 30 April 2017, Mr. Maier was Managing Director for Infrastructure at EBRD where he oversaw operations in the Municipal and Environmental Infrastructure and Transport sectors. Previously, Mr. Maier worked at NatWest Markets, where he was involved in acquisitions, management buy-outs and highly leveraged transactions in the UK and Western Europe. Mr. Maier is a member of the Company's Remuneration Committee.

Regional Non-Executive Director of Meridiam funds, covering Central and Eastern European countries.

Mr. Maier holds a degree in Public Management and an MA degree in Development Economics.

* Mr. Maier resigned on 24 February 2020 as set out on page 85.

Ercan Nuri Ergül

Non-Executive Director

11 April 2017, 8 May 2018 and 24 May 2019

Mr. Ergül was first appointed to the Board on 11 April 2017 and was re-appointed at the AGMs on 8 May 2018 and 24 May 2019. He is also a member of the Boards of Directors of GLI, Port Akdeniz, Antalya, and Bodrum Cruise Port. Mr. Ergül has spent his career as a private equity and investment banking professional, beginning in the corporate credit group of Citibank in Turkey in 1993. Mr. Ergül is also in the management of a private equity fund with investments in Turkey and the Balkan countries. Mr. Ergül is a member of the Company's Audit and Risk Committee.

Private equity fund manager and member of the Boards of Directors of Port Akdeniz, Antalya, and Bodrum Cruise Port.

Mr. Ergül holds an undergraduate degree from the Middle East Technical University in Ankara, Turkey, and an MBA degree with a concentration in Finance from the University of Florida.

Company Secretary
Alison Mary Chilcott

Ms. Chilcott has been Company Secretary since 20 October 2017, replacing TMF Corporate Administration Services Limited, which served as the first company secretary from 11 April 2017 to 25 October 2017.

At the time of joining the Company, Ms. Chilcott had worked for a UK company secretarial firm since December 2015. Prior to moving to the United Kingdom in July 2014, Ms. Chilcott lived in the BVI where she practised corporate law with Conyers Dill & Pearman, specialising in investment funds and infrastructure financing, since September 2008. Previously, Ms. Chilcott was an adviser to GMD, and subsequently to GIH, in Istanbul between July 1996 and September 2008. Ms. Chilcott began her career in Toronto, where she trained and practised with the firms McCarthy Tétrault and Torys between 1990 and 1996, taking leave to lecture company law at the University of Auckland in 1993 and 1994. Ms. Chilcott has been a member of the Ontario Bar since 1990 and a solicitor (non-practising) in England and Wales since 2011.

Ms. Chilcott holds a BA (Hons.) degree from McGill University, an LLB degree from the University of Toronto and an LLM (First) degree from Queens' College, University of Cambridge.

Senior Management Team

The following senior executives constituted the Group's senior management team ('Senior Management Team') during 2019:

Emre Sayın

Chief Executive Officer ('CEO')

Dates of appointment:

16 May 2016

Skills and experience:

Mr. Sayın has been CEO since 2016 and led the Company during its IPO, Admission and subsequent expansion. Mr. Sayın started his career as an internal consultant at Merrill Lynch, Princeton in 1992. In 1993, he joined Unilever, where he held high-level positions in various departments, including Marketing and Management of chain stores, over a period of seven years. Following Unilever, Mr. Sayın joined Microsoft as Deputy General Manager responsible for marketing. He then continued his career as General Manager at Kodak until 2005, and was Chief Marketing Officer at Evyap, a leading personal care company, from 2005 to 2007. Over the following seven years, Mr. Sayın held high-level positions in Turkcell, including Chief Sales Officer and Chief Marketing Officer and led the consumer business which made up 80% of the company. In the three years prior to joining GPH, Mr. Sayın was Chief Business Development Officer at Vimpelcom (currently called Veon) in Amsterdam, and Senior Advisor and Marketing Board Member at Verizon in New York City.

Education:

Mr. Sayın holds an Industrial Engineering degree from Boğaziçi University, and postgraduate degrees in Systems Engineering from Rutgers and Princeton Universities.

Ferdağ Ilder

Chief Financial Officer ('CFO')

10 May 2015

Ms. Ildır was appointed CFO in 2010, having previously been CFO of Ege Port, Kuşadası, Bodrum Cruise Port and Port Akdeniz, Antalya. Ms. Ildır was extensively involved in all of the Group's initial port projects and has had an active role in the formation of its current portfolio. Between 2010 and 2012, in addition to port operations, Ms. Ildır was responsible for GIH energy operations. Prior to joining GPH, Ms. Ildır was Accounting Division Manager at the Teba Group from 2004 to 2005 and held various positions at Arthur Andersen and Ernst & Young between 1993 and 2004.

Ms. Ildır holds a BSc degree in Economics from Dokuz Eylül University.

Stephen Xuereb

Chief Operating Officer ('COO') and General Manager of Valletta Cruise Port

1 June 2002

Mr. Xuereb was appointed COO in 2016. He has been involved in the cruise industry since the inception of Valletta Cruise Port Plc in 2002, serving as its CFO until 2014 and subsequently as its General Manager. He was responsible for establishing the finance and administration function and overseeing the financing of the Euro 37 million capital intensive project in Valletta Cruise Port, as well as playing an active role in developing the cruise line business and ancillary support services in Malta. Mr. Xuereb has over 25 years of senior management experience, 16 of which are in the cruise industry. He has previously held positions in the audit and financial advisory sectors, as well the retail, property and hospitality industries.

Mr. Xuereb is a qualified accountant and is a Fellow of the Chartered Institute of Accountants in Malta. He also holds an MBA degree from Henley Business School, University of Reading.

Ece Gürsoy

Chief Legal Officer ('CLO')

15 January 2018

Dr. Gürsoy was appointed CLO as of 15 January 2018. Prior to joining the Company, Dr. Gürsoy was CLO, Company Secretary and an Executive Director of Lightsource Renewable Energy Holdings Limited for six years. Previously, she practised for over eight years with the firms Dentons and White & Case, specialising in project finance, infrastructure, energy and private equity.
Dr. Gürsoy is a member of the Law Society of England and Wales and the Istanbul Bar Association. She is also a member of the Board of the Turkish British Chamber of Commerce and Industry, where she served as Company Secretary between 2015 and 2017, and is currently Vice Chairperson.

Dr. Gürsoy holds an LLB degree from Istanbul University Law School, a GDL degree from College of Law, London and an LPC degree from BPP Law School. She also holds an LLM degree in Corporate and Commercial law from the University of London and a PhD degree in European Competition Law from King's College London. Dr. Gürsoy has also completed the Financial Times London's Non-Executive Director Diploma programme.

Mark Robinson

Chief Commercial Officer ('CCO') *

26 February 2016

Mr. Robinson was appointed Chief Commercial Officer as of 26 February 2018. From 2016 to 2017, Mr. Robinson held a similar position at PortAventura World Parks & Resorts, where he was instrumental in creating the commercial strategy implementation while leading all key corporate development initiatives for international growth. Previously, in 2003, Mr. Robinson established Intercruises Shoreside & Port Services ('Intercruises') as a start-up within the TUI Travel & Hotelbeds Group. Over the following 13 years, Intercruises grew from a one-port operation into the world's number one global port services business with a turnover of over Euro 350 million and EBITDA of Euro 14 million. Prior to establishing Intercruises, Mr. Robinson was Senior VP, On-board Revenue, Land Programmes & Commercial, for Festival Cruises in Athens, Greece. Previously, he also held positions with First Choice and Thomson Holidays.

Mr. Robinson holds a degree in International Travel & Tourism from the University of Manchester and has also completed a senior advanced leadership and management course at INSEAD, Paris Fontainebleau.

* In February 2020, Mr. Robinson became Head of Business Development – Europe and Asia Pacific and N. Mert Başar was appointed CCO.

Colin Murphy

Head of Business Development – Americas ('HoBD')

17 April 2017

Mr. Murphy joined the Group as Regional Coordinator, Americas, in April 2017 and was appointed to his current position in June 2018. Previously, he had a 19-year career with Norwegian Cruise Line, where he managed several operational divisions including the Shore Excursion and Onboard Revenue functions which constituted approximately 30% of company revenues. More recently, Mr. Murphy was Senior Vice President, Destination and Strategic Development, at Norwegian Cruise Line Holdings, where he oversaw various port-related development projects, negotiated major port agreements and was responsible for government relations.
Mr. Murphy has served as Chairman of the Operations Committee of Florida Caribbean Cruise Association and has been a member of CLIA's Global Ports Committee.

Mr. Murphy holds a degree in Business Administration from The Polytechnic of the South Bank in London.

Carla Salvado

Director of Cruise Marketing ('CMD')

15 February 2016

Ms. Salvado was appointed Director of Cruise Marketing in 2016. She began her professional career at the Port of Barcelona in 1992 and was first active in the cruise industry in 2003. Between 2003 and 2006, Ms. Salvado was Secretary General of MedCruise, the association of the Mediterranean cruise industry. In 2006, Ms. Salvado joined Barcelona Port Authority as Cruise Manager and was appointed Marketing and Cruise Director in 2010. She has served on the Boards of Directors of Barcelona Cruise Port Creuers Terminals, Malaga Cruise Port and MedCruise and was appointed President of MedCruise in September 2014. She is also a member of the Passenger Committee Network of European Sea Ports Association (ESPO).

Ms. Salvado holds a Bachelor's degree in Economics and Business Sciences from Pompeu Fabra University, Spain. She has also completed the Programme for Management Development (PMD) at ESADE and attended the Value Innovation Programme at INSEAD, Paris Fontainebleau.

Hande Doğu

Human Resources Director ('HRD')

2 July 2018

Ms. Doğu was appointed Human Resources Director as of 2 July 2018. Prior to joining the Company, Ms. Doğu was Country Human Resources Head for Avery Dennison. Previously, she spent 14 years as a Human Resources director within Arkas Holding, where she started as a Quality Systems Manager responsible for the development of quality management systems for container ports, logistics services and shipping line companies between 2004 and 2008. In 2008, Ms. Doğu was appointed Human Resources and Quality Manager responsible for all human resource implementation and development for Logistics Group companies within Arkas Holding, and in 2015, she was appointed International Human Resources Director responsible for Turkey, Russia, Ukraine, Kazakhstan, Azerbaijan, Georgia, China and Greece, managing a team of 15. Ms. Doğu began her professional career in 1998 as a Quality Systems Engineer for a medical device manufacturer.

Ms. Doğu holds a bachelor's degree in Chemical Engineering from Hacettepe University, an MSc degree in Biomedical Engineering from Boğaziçi University and an MBA degree from Bilgi University. She is also certified as a Co-Active Coach by CTI and has been certified as a Lead Auditor and A-Class Occupational Safety Engineer.

Corporate Governance Framework

The role of the Board and its committees

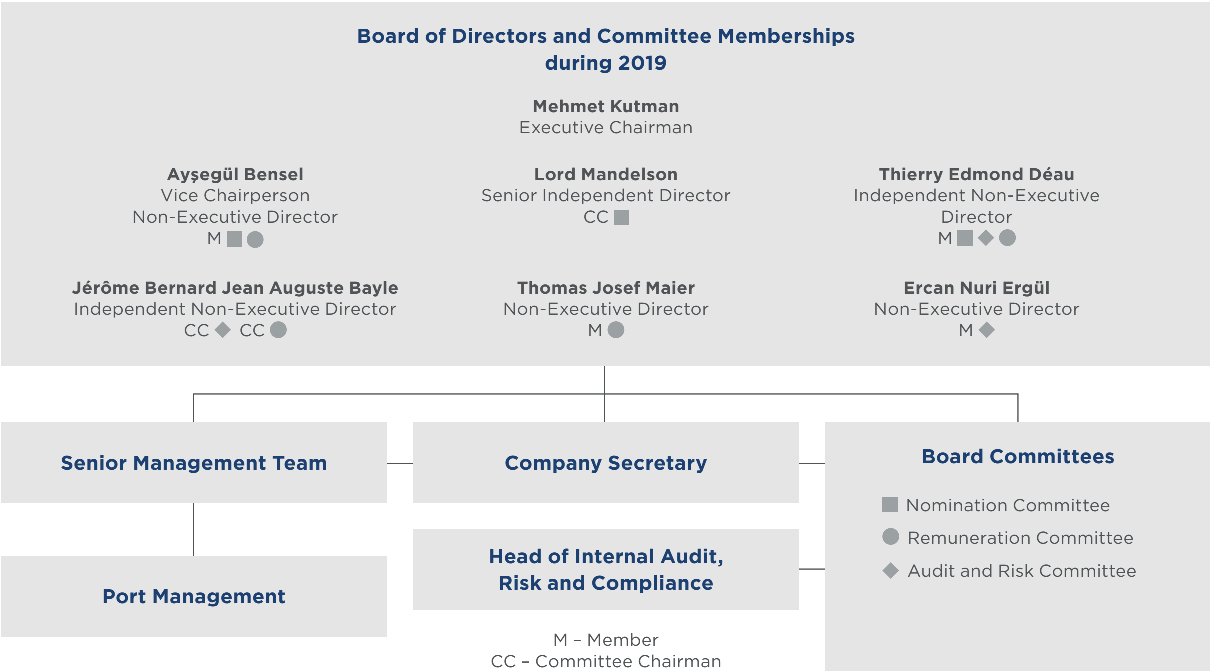
The Board is responsible for overseeing the management of the Company and approves all its major decisions. Subject to the provisions of the Companies Act 2006, the Articles of Association (the 'Articles') and to directions given by special resolution of the Company, the Board may exercise all the powers of the Company, whether relating to the management of the business or not. The Board meets regularly, at least once a quarter, and is instrumental in planning the medium- and long-term strategy of the Company. Board resolutions are passed by a simple majority of Directors present at a meeting or unanimously in writing.

Matters reserved for consideration by the Board are detailed in a schedule which was first approved by the Board in December 2017, re-affirmed by the Board in December 2018 and December 2019, and which will continue to be reviewed annually. These key matters include setting the Group's values and standards, approval of long-term objectives and commercial and investment strategy, annual budgets, changes to capital structure, and of contracts, borrowing and investments over defined levels. The schedule of matters reserved for the Board can be found at www.globalportsholding.com under Investors — Corporate Governance.

The diagram below sets out Board and committee membership during 2019 in relation to the Senior Management Team and port management (collectively with other senior managers within the Group, 'senior management') and the Head of Internal Audit, Risk and Compliance (or 'HoIAC').

The Board also considers legislative, environmental, health & safety, governance and employment issues, and approves policies. The Board is also ultimately responsible for determining the nature and extent of significant risks, and maintaining sound risk management and internal control procedures throughout the Group. The Board's specific responsibilities in that regard are:

- to ensure the design and implementation of appropriate risk management and internal control systems that identify the risks facing the Group and enable the Board to make a robust assessment of the principal risks;
- to determine the nature and extent of the principal risks faced, and to gauge those risks which the Group is willing to take in achieving its strategic objectives (risk appetite);
- to ensure that the appropriate culture and reward systems have been embedded throughout the Group;
- to agree how the principal risks should be managed or mitigated to reduce the likelihood of their incidence or their impact;
- to monitor and review the risk management and internal control systems, and management's process of monitoring and reviewing, and satisfying itself that they are functioning effectively and that corrective action is being taken where necessary; and
- to ensure sound internal and external information and



communication processes, and taking responsibility for external communication on risk management and internal control.

The Board also reviews the performance of, and provides counsel to, the Senior Management Team in its day-to-day running of the business, and is ultimately responsible for the safeguarding of shareholders' interests and ensuring its own effectiveness. No member of senior management is also a member of the Board; however, the CEO attends most Board and committee meetings, in whole or part. Day-to-day management of the Group is delegated to the CEO and other members of the Senior Management Team as described further below.

The Committees

There are three committees of the Board, namely: the Nomination Committee, the Audit and Risk Committee, and the Remuneration Committee, which were constituted on 12 April 2017.

The members of the committees were all appointed on that date, with the exception of Thierry Edmond Déau who was appointed as a fourth member of the Remuneration Committee on 16 August 2017. The existing membership of each of the committees was re-affirmed by the Board following the 2018 and 2019 AGMs at which all of the Directors were re-appointed.

Under the committees' Terms of Reference, the majority of their members consists of Independent Directors.

The Terms of Reference for each committee can be found at www.globalportsholding.com under Investors — Corporate Governance.

The Nomination Committee reviews the structure, size and composition (including the skills, knowledge, independence, experience and diversity) of the Board and its committees, and recommends Directors for re-election. It also has responsibility to:

- consider succession planning for Directors and other senior management;
- assist the Chairman of the Board with the implementation of an annual evaluation process to assess the overall and individual performance of the Board and its committees; and
- identify and nominate, for the approval of the Board, candidates to fill Board vacancies.

The Audit and Risk Committee reviews the integrity of the financial information provided to shareholders, oversees the Company's system of internal controls and risk management, approves the internal and external audit process, and monitors the process for compliance with relevant laws, regulations and policies. Following the hiring in April 2019 of Filiz Yücel Hazır as Head of Internal Audit, Risk and Compliance, the Internal Audit and Compliance Function (or 'IAC Function') has been established and is accountable through the HoIAC to the Committee as set out in detail on page 91 in the Committee's report. The HoIAC meets with the chairman of the Audit and Risk Committee on a weekly basis and attends all meetings of the Committee.

The Remuneration Committee recommends and reviews the remuneration policy of the Group, ensuring it is aligned to the long-term success of the Company and overseeing the level and structure of company-wide remuneration in order to include all Group employees. It also approves the remuneration and benefits of the CEO and the Executive Chairman.

Operation of the Board

Please see the table on page 84 for details.

Retirement and election

The Directors retire and are subject to re-election at each AGM, and all of the Directors were re-elected by shareholders at the 2019 AGM – being the second AGM after their appointment.

There were no retirements from the Board in 2019. However, on 24 February 2020, the Board accepted the resignations of Thierry Edmond Déau and Thomas Josef Maier and appointed Andrew Chan Stuart, formerly a senior executive in the cruise industry, as an Independent Non-Executive Director to fill one of the vacancies. Mr. Déau and Mr. Maier had decided not to stand for re-election at the 2020 AGM and agreed to step down early to allow new members to join the Board.

Having been endorsed by the Nomination Committee and the Board, all of the Directors at the date of this Annual Report have confirmed their intention to retire and seek re-election by shareholders at the 2020 AGM.

Independence

Three of the Board's seven members, Mrs. Bensel, Mr. Ergül and Mr. Kutman, were nominated by GIH, in accordance with a Relationship Deed (dated 2 May 2017) between the Company, GPH BV and GIH. The remainder of the Board members during 2019 were Independent Directors.

The European Bank for Reconstruction and Development ('EBRD'), which formerly held 5.03% of the Company's shares, nominated Thomas Josef Maier to the Board in 2017. At the time, the Framework Deed (dated 2 May 2017) between the Company and EBRD gave EBRD the right, for so long as it continued to hold at least 5% of the voting shares in the Company, to nominate one member of the Board – provided that such a Board member was independent of the controlling shareholder GIH. Mr. Maier was appointed on that basis.

In 2018, EBRD exercised the right to sell all of its ordinary shares in the

Operation of the Board

Meeting attendance

The Board meets regularly, at least once a quarter. The Board held a total of six meetings during 2019, including quarterly meetings in March, May, August and December. The Directors also approved 10 unanimous written resolutions during 2019.

The table below and the attendance tables in the Committee reports show the number of meetings individual Directors could have attended in 2019, and their actual attendance.

Although the attendance of Directors only is shown in the table below, the CEO also attended all but one of the Board's meetings during 2019. Other members of senior management also attended Board meetings from time to time at the invitation of the Chairman.

Director	Attendance	No. of Meetings
Mehmet Kutman	6	6
Ayşegül Bensel	6	6
Lord Mandelson	5	6
Thierry Edmond Déau	5	6
Jérôme Bernard Jean Auguste Bayle	6	6
Thomas Josef Maier	5	6
Ercan Nuri Ergül	5	6

Company to GIH (or its nominee) pursuant to a put option agreement between GIH and EBRD, and as a result, ceased to have nomination rights in respect of the Board. With the endorsement of the Board, Mr. Maier stood and was re-elected at the 2019 AGM as a fully-Independent Director.

Conflicts of interest

The Companies Act 2006 places a duty on the Directors to ensure that they do not, without the Company's prior consent, place themselves in a position where there is a conflict, or possible conflict, between the duties they owe the Company and either their personal interests or other duties they owe to a third party. Under the Articles, a director must declare actual or potential conflicts of interest and interests in existing or proposed transactions or arrangements with the Company and may be prohibited from voting on or being counted in the quorum in relation to a resolution concerning such a transaction or arrangement. The Board has the authority to authorise a conflict of interest on such terms as it may determine.

Directors' indemnity and insurance

The Company has provided indemnities to the Directors (to the extent permitted by the Companies Act 2006) in respect of liabilities incurred as a result of their office. The Company also maintains appropriate insurance cover against legal action brought against its or its subsidiaries' directors and officers. Neither the indemnity nor insurance provides cover in some events such as when a director is proved to have acted dishonestly or fraudulently.

The role of senior management

Day-to-day management of the Group is delegated to the Senior Management Team, consisting of the CEO, CFO, COO, CLO, CCO, HoBD, CMD and HRD. The Senior Management Team is supported by finance, human resources, investor relations and other administrative staff. The Board communicates with senior management primarily through the CEO, who normally attends Board and committee meetings in whole or in part. An extensive update from the CEO has been a standard item on the agenda for quarterly Board meetings since the Company's re-registration as a public company.

The CFO and other members of senior management also attend Board and committee meetings on request, and the Company Secretary acts as a further liaison with the Senior Management Team.

In turn, the Senior Management Team oversees and interacts with the individual port management teams.

The Company has a well-defined operating model that relies on four distinct pillars: organisation, governance, functions and technology. That operating model centralises the senior management of the operations of each port within its enterprise and is based on operational and commercial synergies to promote maximum efficiency.

There are significant differences (from concession or management agreement terms to applicable legislation) between the operations of each of the Group's ports and, as a result, there is no single port-level operating model. Instead, the Company's operating model pillars are defined in each case in harmony with its integration agenda: to identify and capitalise on potential synergies, service opportunities and operational efficiency. As such, the Company's headquarters and port operations are able to share and combine best practices.

In order to facilitate that process and to maintain operational discipline as the Group expands geographically, during 2019 the Company refined its operating model by introducing a regional component. As announced in July 2019, the Group's port operations have been grouped into four regions: Western Mediterranean (Barcelona, Malaga, Lisbon, Singapore and Ha Long Bay ports), Central Mediterranean (Valletta, Venice, Cagliari, Catania, Ravenna and La Goulette ports), Eastern Mediterranean (Ege Port, Bodrum, Akdeniz, Zadar and Bar ports) and Americas (Antigua, La Habana and Nassau ports). Management of the ports within each region is overseen by a regional director who reports to the COO. However, port performance continues to be assessed on a port-by-port basis.

Division of responsibilities

The roles of Executive Chairman and CEO are separate and clearly defined.

The Executive Chairman is primarily responsible for leadership of the Board and has a pivotal role in creating the conditions for individual Director and Board effectiveness and ensuring a culture of openness and debate in the boardroom. As its Chairman, he is responsible for setting the Board's agenda and works closely with the Company Secretary in this regard. He ensures that the discussion time afforded to agenda items at Board meetings is adequate and used effectively. It is also his responsibility to ensure effective communication with the shareholders. The Executive Chairman is also significantly involved in the Group's non-organic business development.

The CEO, supported by his Senior Management Team, is responsible for the day-to-day management of the Group and, in the course thereof, the satisfactory execution of policies and strategy agreed by the Board.

Further details of the roles and responsibilities are in the table at the bottom of this page.

Diversity

At the employee level, the principle of diversity is recognised in the Code of Ethics, which sets out the Group's commitment to maintaining a comprehensive and diverse workplace, and in the separate Human Rights Policy, which mandates fair and equal processes in recruitment and employment. A review of the Code of Ethics and the Human Rights Policy to ensure that they are consistent with best practices was commenced and completed during 2019 at the instigation of the HoIAC.

Consistent with our commitment to diversity, there is a mix of men and women with diverse backgrounds throughout the Group and a number of senior executive positions within the Company and its subsidiaries are held by women, including four of the eight members (50%) of the Senior Management Team profiled on pages 82 and 83 of this Annual Report.

The Directors also have diverse national and ethnic backgrounds, personal attributes, skills and experience. The Board currently includes one female member, and the Company Secretary and the HoIAC are women.

The Board Diversity Policy was adopted in December 2018 in order to entrench the Company's commitment to maintaining diversity of approach and thought at Board level. The policy, which can be found at www.globalportsholding.com under Investors — Corporate Governance, recognises the benefits that diversity in its broadest sense can bring to the Board and its

Executive Chairman	Chief Executive Officer	Senior Independent Director
As Chairman of the Board, his primary role is to lead an effective Board, which provides direction to senior management. The Executive Chairman has also assumed significant executive responsibilities for the Group's non-organic business development, which complement the responsibilities of the CEO.	The CEO's role is to lead the Senior Management Team. The CEO is not a member of the Board but attends Board meetings and reports, and is accountable, to the Board.	The role of the SID is to provide an alternative communication channel between the Executive Chairman and the Board and to provide an alternative point of contact for shareholders to raise any issues and concerns.

committees and, without limitation, the role that women with the right skills and experience can play in contributing to diversity of perspective in the boardroom.

During 2019, the Board re-affirmed its commitment to increasing its female membership. However, the Board members agreed that any near-term changes to the Board's composition should be evaluated, having particular regard to the findings of the Strategic Review.

Areas of focus during the year

During the first half of 2019 in particular, the Board focused extensively on business development and, specifically, the Company's organic and inorganic growth strategies. The Board endorsed the expansion of ancillary service lines, beginning with the assumption of stevedoring services at Barcelona Cruise Port. The Board was also closely involved with the progression of several new cruise port projects, including the entering into of concession agreements for cruise port operations in Antigua and Nassau, Bahamas. Having regard to the expansion of the Group's geographic portfolio, the Board endorsed the adoption of a regional structure within the Company's operating model.

The Board also received and discussed detailed updates from the CEO and other members of the Senior Management Team regarding various other business-related issues. Among those, the Board reviewed the Group's management of La Habana Cruise Port in light of declining travel to Cuba via cruise ships. The Group has not invested in the port and its activity there has declined.

In the second half of 2019, the Board's agenda was adapted pending the outcome of the Strategic Review. The Review, announced in July 2019 and carried out by Goldman Sachs International, was undertaken by the Company in light of emerging opportunities in the cruise business for the purpose of exploring ways to maximise value for all stakeholders through a range of potential corporate activity. Accordingly, the Board postponed further consideration of changes to its composition and of the Board and Director evaluation process until the findings of the Review were presented and considered.

Nevertheless, the Board considered a number of governance matters during the year. These included:

- the adoption of a new Gifts and Business Courtesy Policy. The Board was also informed of the review and revision of a number of existing Group policies which were commenced and completed during 2019 at the instigation of the HoIAC;
- with a view to increasing its direct engagement with employees, the Board also resolved that, going forward, Directors would meet annually with port managers and other senior managers to obtain their feedback, including on the Group's organisational structure. The meetings will be in addition to regular employee engagement through the Remuneration Committee as set out on page 102;
- in addition to Directors' informal interaction with shareholders as set out on page 90, the Board considered and responded to specific corporate governance issues raised by two institutional investors; and
- during 2019, the Board also continued to receive regular reports from the Committee Chairmen, including updates from:
  - the Audit and Risk Committee Chairman relating to the establishment, organisation and operation of the IAC Function, revisions to Group policies, and the status of the 2018 audit process and 2019 interim review;
  - the Remuneration Committee Chairman relating to implementation of the share based Long Term Incentive Plan ('LTIP') and adjustment of the Short Term Incentive Plan ('STIP'), and
  - the Nomination Committee Chairman recommending Directors for re-election.

In March 2019, the Board recommended a final dividend for the 2018 year, which was declared (as a final dividend of 21.2 GBP pence per ordinary share) by shareholders at the 2019 AGM and paid on 5 July 2019 in the aggregate amount of USD 16.7 million (GBP 13.3 million). In August 2019, the Board approved and declared an interim dividend, which was paid at the rate of 19.9 USD cents (15.5 GBP pence) per ordinary share on 29 November 2019 in the aggregate amount of USD 12.5 million (GBP 9.7 million). Accordingly, total dividend paid in 2019 was USD 29.2 million.

Board evaluation

The Board is committed to regular evaluation of its own effectiveness and that of its committees. Toward that end, it has provided for performance evaluations of the committees, the full Board and the Directors individually, to be made in three-year cycles, taking the form of an internal assessment by the Board's Chairman for each of the first two years and an assessment by an external consultant for the third year.

Performance evaluations for the Company's first full year, ending 31 December 2018, were to have been undertaken by the Executive Chairman and reported on to the Board at its quarterly meeting in August 2019. Having regard to the intervening Strategic Review, however, the Board agreed that it would be premature to conduct formal performance evaluations until the findings of the Strategic Review had been presented and considered.

Risk and internal control

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness, while the role of senior management is to implement Board policies on risk and control. However, this system is designed to manage, rather than eliminate, the risks of failure to achieve business objectives, and internal controls can only provide reasonable assurance against misstatement or loss. We note the Governance Code recommendation that the Board should review the effectiveness of the Group's system of internal controls at least annually, including financial, operational and compliance controls, and risk management. During 2019, the Senior Management Team continued the process of risk identification and assessment and, as set out below, the newly established IAC Function is poised to assume a key role in enterprise risk management (or 'ERM'). With its assistance, the Audit and Risk Committee intends to conduct an in-depth review of risks and internal controls and report thereon to the Board during 2020.

Risk management

The Group's assessment of the principal risks and uncertainties is described within the Strategic report on pages 24 to 25 and in the Risk Management Framework on pages 32 to 40, which outline the ongoing process for identifying, evaluating and managing significant risks faced by the Group. A key role of the IAC Function with regard to ERM will be to provide objective assurance to the Committee and the Board on the identification and correct evaluation of risks and the effectiveness of risk management. The IAC Function will also provide guidance to senior management on responding to and reporting risks, and will be active in further developing and maintaining the ERM framework as a structured, consistent and continuous process across the Group for identifying, assessing, deciding on responses to, and reporting on, opportunities and threats that affect the achievement of its objectives.

Internal control and compliance

The Group has a framework of internal controls, which has been fully implemented since the start of 2020. The framework includes the following key elements:

- the Board reviews Group strategy, and senior management is accountable for performance within the agreed strategy;
- the Group's port control procedures are designed to ensure complete and accurate accounting of financial transactions and to limit exposure to loss of assets or fraud;
- the Audit and Risk Committee meets regularly. Its responsibilities and the matters considered by it during the year are set out in the Audit and Risk Committee report on pages 91 to 96. The Audit and Risk Committee receives reports from the IAC Function on the results of work carried out under an annually approved audit plan, and also has full and unfettered access to the external auditors;
- now in place, the IAC Function will facilitate a process whereby operating entities provide certified statements of compliance with specified and appropriate key financial controls; those controls will then be cyclically tested by internal audit to ensure they remain effective and are being consistently applied;
- the HoIAC is also Head of Compliance, in which capacity she will develop, oversee and evaluate control systems to prevent and deal with violations of legal guidelines and internal policies;
- the IAC Function prescribes specific actions for senior management to take to correct any violations; and
- the Audit and Risk Committee will annually assess the effectiveness of the assurance provided by the internal and external auditors.

Share capital and shareholders

Share capital

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in Note 22 to the Financial statements.

The share capital of the Company consists of one class of ordinary shares with a nominal value of GBP 0.01 each. Each ordinary share carries the right to one vote at general meetings of the Company, to receive any dividends declared according to the amount paid up on the share and, under general law, to participate proportionally in any surplus assets on winding up. The Directors are not aware of any agreements between holders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights.

At Admission, 50,000 redeemable non-voting preference shares ('Redeemable Shares') with a nominal value of GBP 1.00 each were in existence and were held by GPH BV. The Redeemable Shares were redeemed for their nominal value in accordance with their terms and cancelled in February 2018. The Company does not intend to issue any further redeemable preference shares.

The LTIP was approved at the 2018 AGM for the benefit of members of senior management and any future executive directors, and is intended to align the interests of senior executives in the Group with those of shareholders and to incentivise executive management to maximise value over the long-term. Restricted Stock Units (or 'RSUs') under the LTIP have been granted from January 2019. Details of the LTIP and its implementation are set out on pages 109 to 112 of the Remuneration Committee report ('Remuneration Report').

No person has any special rights of control over the Company's share

Substantial Shareholders (at 31 December 2019)	% of total voting rights*	Date of last notification**
Global Ports Holding B.V.	58.38%	30 November 2018
Global Yatırım Holdings A.Ş.	2.51%	4 May 2018
Landsdowne Partners (UK) LLP	6.47%	7 May 2019
Första AP-fonden	4.03%	27 April 2018

* The percentage interest is as stated by the shareholder at the time of notification, and current interests may vary.

** Up to the 2019 year-end.

capital and all issued shares are fully paid. No shares were repurchased by the Company during 2019.

Substantial shareholdings

As at 31 December 2019, the Company had been notified in accordance with Rule 5 of the Disclosure and Transparency Rules, of the substantial voting rights as a shareholder of the Company set out in the table above.

As at 3 April 2020, being the latest practicable date prior to publication of this Annual Report, Global Yatırım Holdings A.Ş. has a 62.50% interest in the Company, directly and through its 100% owned subsidiary GPH BV, which is registered under a nominee. The remaining 37.50% of the total issued share capital of the Company represents free float.

The following significant share transactions occurred during the year:

The transfer of the second and final tranche of 1,579,930 ordinary shares in the Company originally held by EBRD, was completed on 11 July 2019. The shares were transferred to GPH BV at the direction of GIH. EBRD previously gave notice on 3 May 2018 that it was exercising its right to sell 3,159,860 ordinary shares (representing all of its original 5.03% stake) in the Company to GIH (or its nominee) pursuant to a put option agreement between GIH and EBRD.

On 27 September 2019, GIC Private Limited gave notice to the Company that its total voting rights in the Company had decreased from 3.95% to below 3%; the previous reduction from 4.99% to 3.95% was notified to the Company on 27 August 2019.

The Directors do not have any direct ownership of shares of the Company. However, as at the 2019 year-end, Mehmet Kutman owned, directly and indirectly, 26.04% of GIH, representing 15.86% of the Company. Since January 2019, members of senior management have had interests in shares of the Company pursuant to the LTIP as set out above and on pages 109 to 112 of the Remuneration Report.

There are no specific restrictions on the size of a holding nor on the transfer of ordinary shares, both of which are governed by the general provisions of the Articles and prevailing legislation. The Articles may be amended by special resolution of the shareholders.

Relations with shareholders

The Board considers its relationship with its shareholders to be of great importance, and readily enters into dialogue with them. On behalf of the Board, the Executive Chairman, certain Directors and members of senior management have consulted extensively with the Company's principal shareholders during the course of 2019 in relation to the ongoing progress. The Company is aware of the stewardship obligations of institutional investors as set out in the UK Stewardship Code, and will work with its institutional investors to ensure that they are able to satisfy these requirements.

All of the Directors have agreed to make themselves available for meetings with shareholders as required. The Company participated in the Berenberg Discovery Conference in June 2019, the J. P. Morgan Credit and Equities Emerging Market Conference in September 2019 and the Berenberg UK Opportunities Conference in October 2019. Also, the Company participated in full-year and interim results roadshows and dial-in conference calls in March and September 2019, as well as a number of ad hoc investor meetings and calls during the year.

The Board receives reports with regard to relations with the major shareholders, and developments and changes in their shareholdings, and is also advised of feedback from the Company's brokers, Barclays and Shore Capital.

Annual General Meeting

The Company's Annual General Meeting (or 'AGM') is to be held at 34 Brook Street, 3rd Floor, London W1K 5DN, United Kingdom on Friday, 5 June 2020 at 11.00 a.m. As at the date of this Annual Report, the Board is closely monitoring the impact of Covid-19, in view of the evolving situation, to ensure that the AGM is held safely having regard to public health concerns and in compliance with related regulatory measures. Please see page 120 for further information.

The AGM provides shareholders with an opportunity to discuss the Group's progress and operations directly with the Board. At the AGM, the Company will propose separate resolutions on each substantially separate issue and the numbers of proxy votes cast for and against each resolution will be made available to shareholders when voting has been completed. The notice of the 2020 AGM will be sent to shareholders at least 21 clear days before the meeting.

Ayşegül Bensel
Vice Chairperson
13 April 2020

Audit and Risk Committee report
Introduction by the Committee Chairman

MAINTAINING FINANCIAL INTEGRITY

As Chairman of the Audit and Risk Committee (the 'Committee') for Global Ports Holding PLC, I am pleased to present the Committee's report ('Report') covering the financial year ended 31 December 2019.

The Committee plays a vital role in the financial probity of the business with the ultimate aim of protecting shareholders' interests. In fulfilling its role, it focuses on key areas including financial controls and risk management, financial reporting and the independent external audit of this Annual Report and Accounts.

Areas of focus during the year
An important achievement overseen by the Committee during 2019 was the development of the Internal Audit and Compliance Function (or the 'IAC Function'). Following the appointment of Filiz Yücel Hazır as Head of Internal Audit, Risk and Compliance (or 'HoIAC') effective April 2019, the Committee approved internal audit and compliance charters. Policies and procedures related to internal audit activities also have been prepared to provide perspective on the audit approach and ensure that audit engagements are conducted in accordance with Institute of Internal Auditors Standards. The implementation of a newly formulated audit plan for the last quarter of 2019 through 2020 also commenced with a view to assisting the Board and senior management in their oversight and management.

Ms. Yücel Hazır and I meet on a weekly basis and, by the 2019 year-end, the IAC Function had completed a review of Group policies, a first internal audit – of the Group's Italian cruise ports, and a preliminary assessment for enterprise risk management purposes. In each case, the Committee considered related reports from the HoIAC, and it approved a new Gifts and Business Courtesy Policy for the Group, which was adopted by the Board upon recommendation of the Committee in December 2019. With the support of the IAC Function and benefit of additional internal audits, the Committee intends as a priority to progress its review of the Group's risks and financial controls during 2020.

Pending such further review, however, the Committee continued during 2019 to support and monitor new senior management initiatives to improve internal controls and risk management, including the reorganisation of financial reporting into four geographic regions under the supervision of two Group reporting specialists and the implementation of the Quantrix revenue and cost tracking software, which complements the Hyperion automated financial reporting and consolidation system previously put in place across ports controlled by the Group. Similarly, the Committee endorsed management's proposal to implement insider list management software with the aim of ensuring that the Company's insider lists are fully compliant with regulation and to assign responsibility therefor to the Company's Legal and Human Resources functions. During the year, the Committee also requested and considered presentations from management on the structure of Group operating currencies and the effects on the Group of IFRS 16.

The Committee carried out its yearly duties with respect to the review and announcement of the 2018 Annual Report and Accounts to which it gave final approval on behalf of the Board in April 2019, consideration of the external auditor's audit strategy and timetable for 2019, and the review and announcement of the Company's 2019 interim results which it approved on behalf of the Board in August 2019.

At its meetings on 5 March and 8 April 2020, the Committee considered management's financial report, covering the 2019 year-end consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income, significant accounting matters and the going concern analysis, together with the written report of the external auditor. The Committee noted in particular the spread of Covid-19 (the coronavirus) and discussed potential implications for the Group. The Committee's conclusions with respect to management's significant financial judgements and going concern analysis are set out below.

Financial reporting and judgements for 2019

The Committee has reviewed the Company's 2019 interim financial statements, and this Annual Report including the Company's 2019 annual financial statements, focusing on key judgements as well as the completeness and overall balance of reporting to shareholders.

The Committee believes that KPMG LLP ('KPMG'), the Company's external auditor, appropriately challenged management's key judgements and estimates as part of their audit work and the Committee has reviewed their written reports provided. In particular, the Committee took note of the external auditor's commentary around financial controls and audit findings.

With respect to financial reporting and significant financial judgements for 2019, the Committee considered each key audit matter identified and analysed by management, including:

- matters potentially affecting the going concern analysis, including the uncertain impact of the Covid-19 situation on passenger levels during the going concern assessment period and the associated effect on Group revenues and cash position, the Company's ability to refinance the USD 250 million subsidiary Eurobond maturing on 14 November 2021, financing requirements for committed and planned expenditure over the following 24 months – particularly the USD 160 million Group portion of financing for the Antigua and Nassau cruise ports (being newly-added to the Company's portfolio during 2019), and the negative business outlook for the Group's commercial operations related to macro-economic factors such as trade tariffs and their associated impact on global economies;
- the accounting treatment of the Antigua and Nassau cruise ports, in respect of which the Committee concurred with management's accounting analysis and judgements;
- the recoverability of goodwill and port operation rights, and whether any of those assets should be impaired. The Committee noted in particular the low performance of the commercial business at Port Akdeniz. However, having regard to continuing recovery at the Turkish cruise ports since 2018, the Committee concluded that no impairment was necessary and on that basis was satisfied that the assets were not impaired; and
- the recoverability of the parent company's investment in subsidiaries having regard to the general condition of the Turkish economy. The Committee concluded that the valuation techniques used by management to assess the recoverable amount of the parent company's investment in subsidiaries were acceptable.

The Committee closely considered management's going concern analysis and scenarios having particular regard to the matters listed above. With respect to the potential impact of Covid-19 on the Group's results and financial position, the Committee considered the assumptions underlying management's base case analysis as set out in Note 3 to the Financial statements, including a fall to zero in the number of cruise passengers arriving at all Group ports for a period to 1 June 2020, with a corresponding impact on passenger revenues and the ports' variable expenses; a fall in occupancy rates by 60% in the Mediterranean and 60% in the Caribbean for all cruise lines, with a corresponding impact on passenger revenues and ports' variable expenses, based on the issued itineraries for the period 1 June 2020 to 31 March 2021; a fall in marble exports in Port Akdeniz to China of 25% based on the forecasted container cargo of marble for both loading and unloading for the next 12 months; and delayed dividend payments by the Group and individual ports for the next 12 months.

The Committee also considered management's assessment of the impact of the foregoing on the Group's covenants, and it was satisfied with the evidence presented by management of the Company's ability to effect a refinancing of the Eurobond on acceptable terms within the timeframe up to its maturity. The Committee was also satisfied that financing requirements for the following 24 months and any continued decline in the Group's commercial operations could be managed. The Committee noted management's conclusion under the base case analysis that the Group would have sufficient cash resources to remain in operation and remain within covenant requirements for a period of not less than 12 months from the date of approval of this Annual Report (including the Company's 2019 annual financial statements).

In addition to the base case analysis, the Committee noted that in order to stress test the financial position of the Group, management had prepared a "severe but plausible" downside analysis whereby Covid-19 related circumstances would continue to impact significantly passenger levels and commercial trade volumes at Group ports for a period of 12 months. The Committee considered the assumptions underlying that scenario as set out in Note 3 to the Financial statements, including a fall to zero in the number of cruise passengers arriving at all Group ports for a period to 31 December 2020, with a corresponding impact on passenger revenues and the ports' variable expenses, to be followed by a moderate return, remaining 50% below original forecast, of cruise passengers to the Caribbean ports; a fall in marble exports in Port Akdeniz to China of 75% based on the forecasted container cargo of marble for both loading and unloading until September 2020, followed by a moderate return remaining at least 25% below original forecasts; delayed dividend payments by the Group and individual ports for the next 12 months; and partial suspension of the capital investment in Nassau Cruise Port forecasted for 2020 and 2021, amounting to a USD 10 million reduction. The Committee noted management's conclusion that the Group would still expect to have sufficient cash resources and to remain within covenant requirements for a period of not less than 12 months from the date of approval of this Annual Report taking into account: committed, undrawn credit lines, covenant waivers received, and potential mitigating actions within the control of the Group including the application of a number of contractual Force Majeure clauses. The Committee also noted that management considered the severe downside analysis to be plausible but highly unlikely.

Having considered both analyses prepared by management, the Committee was satisfied that there was a reasonable expectation that the Group would have sufficient cash resources to remain in operation and to remain within covenant requirements for a period of not ess than 12 months from the date of approval of this Annual Report, and that the going concern basis of accounting should continue to be adopted in preparing the consolidated financial statements.

Having regard to the foregoing, the Committee approved the disclosure in the 2019 annual financial statements.

The Committee also reviewed in detail the 2019 Annual Report as a whole, to ensure that it complies with applicable legal and regulatory requirements. Noting that parts of the Annual Report had also been reviewed by the Company's external legal adviser and an independent remuneration adviser, the Committee was satisfied that the Annual Report, taken as a whole, was fair, balanced and understandable, and provided the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Going forward

With the support of the IAC Function and benefit of its internal audits, he Committee intends to progress its review of the Group's risks and financial controls during 2020, and will continue to interact regularly with senior management to gain assurance on implementation of key controls. In addition to risk management, the Committee and the CEO agreed that facilitating whistle-blowing should also be a focus area for the IAC Function, working in conjunction with the Committee and the Remuneration Committee.

In addition to monitoring the Company's financial results and reporting throughout the year, the Committee will also continue to assist the Board in assessing the financial implications of new port arrangements, ancillary business opportunities and any recommendations arising from the Strategic Review.

Jérôme Bernard Jean Auguste Bayle
Chairman of the Audit and Risk Committee
13 April 2020

Meeting attendance

The table below shows the number of meetings individual members of the Committee could have attended, and their actual attendance during 2019.

Only the attendance of members of the Committee is shown in the table below. In addition to the Committee members, senior representatives of KPMG as external auditor attended four meetings during 2019, and those meetings were also attended in whole or in part by the CEO and the CFO.

Ms. Yücel Hazır also has attended all meetings of the Committee held since her appointment as HoIAC in April 2019.

Director	Attendance	No. of Meetings
Jérôme Bernard Jean Auguste Bayle	5	5
Thierry Edmond Déau	5	5
Ercan Nuri Ergül	5	5

Role of the Audit and Risk Committee

The Committee reviews the integrity of the financial information provided to shareholders, oversees the Company's system of internal controls and risk management, directs the internal and external audit process, and monitors the process for compliance with relevant laws, regulations and policies.

The Committee's key responsibilities include:

- **Financial reporting:** monitoring and ensuring the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external and/or internal auditor;
- **Internal controls and risk management systems:** keeping under review the effectiveness of the Company's internal financial controls and internal control and risk management systems, and reviewing and approving the statements to be included in the Annual Report concerning internal controls and risk management;
- **Internal audit:** assisting with the establishment of the internal audit function, including vetting candidates and approving the appointment of the HoIAC; considering and approving the remit of the IAC Function and ensuring that, once it is in place, it will have adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards, and that it will be free from management or other restrictions; and reviewing and assessing the annual internal audit plan;
- **External audit:** considering and making recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment or removal of the Company's external auditor; overseeing all aspects of the relationship with the external auditor, including assessing annually their independence and objectivity, taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole; meeting regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage, and at least once a year without management being present; reviewing and approving the annual audit plan at the start of the audit cycle; monitoring the statutory audit of the annual and consolidated financial statements; reviewing the findings of the audit with the external auditor; and reviewing any representation letter(s) requested by the external auditor before they are signed by management. The Committee on behalf of the Board will ensure that the relevant authorities are notified of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting, and the roles of the Committee and the Board in that process; and
- **Compliance, whistle-blowing and fraud:** reviewing the adequacy and security of the Group's arrangements for

employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, and ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action; reviewing the Group's procedures for detecting fraud and systems and controls for ethical behaviour and the prevention of bribery (in accordance with the Ministry of Justice Bribery Act 2010 Guidance or other relevant guidance) and receiving reports on non-compliance; reviewing the adequacy and effectiveness of the Group's anti-money laundering systems and controls; and reviewing the adequacy and effectiveness of the Company's compliance function.

Detailed responsibilities are set out in the Committee's Terms of Reference (or 'TOR') which can be found at www.globalportsholding.com under Investors — Corporate Governance.

Members of the Audit and Risk Committee

The members of the Audit and Risk Committee during 2019 were Jérôme Bernard Jean Auguste Bayle (Chairman), Thierry Edmond Déau and Ercan Nuri Ergül, with Messrs. Bayle and Déau being Independent Directors.

At the date of this Annual Report, there is a vacancy on the Committee resulting from the resignation of Thierry Edmond Déau as set out on page 85. It is expected that an additional Independent Non-Executive Director will join the Committee during 2020.

The current members of the Committee have sufficient recent and relevant financial expertise to participate and contribute competently as members of the Committee. Their educational backgrounds and professional experience in business and finance are set out on page 81.

Meetings of the Audit and Risk Committee and reports to the Board

The Committee met five times during 2019. In addition, the Committee passed four unanimous written resolutions during 2019.

Reports from the Chairman of the Audit and Risk Committee on the Committee's activities and its recommendations were included in the regular committee reports presented at meetings of the Board.

Internal controls and risk management

A key responsibility of the Committee is to keep under review the effectiveness of the Company's internal financial controls and internal control and risk management systems. With the IAC Function now firmly in place to support it, the Committee will be able to step up this review.

The level of risk that is considered appropriate to accept in achieving the Company's strategic objectives is regularly monitored by the Committee and reviewed and validated by the Board on an annual basis, and the appropriateness of mitigating actions is determined in accordance with the Board-approved risk appetite for each given area.

The risk management process begins with the identification of significant risks by each function, and risks will be assessed by taking into account the potential impact and likelihood of the risks occurring and the mitigations identified. The specific functions covered are the Group's cruise port operations, commercial operations, investments and strategy, and internal business functions (comprising purchasing and payables, financial reporting and accounting, revenue and receivables, plant-property-equipment, payroll, human resources and safety). The starting point for the process was a detailed presentation made in November 2018 by the CEO to a meeting of the Committee. The presentation consisted of a progress report and update on the risk management approach, potential Group risks and mitigating plans.

Going forward, the current level of risk will be compared with the Board's appetite to determine whether further mitigations are required. Risks that are specific to the function's activities will be managed within the function on an ongoing basis, with regular follow-up by the internal audit function. The most significant risks from each function (based on materiality or those which have common themes across the business) will be reviewed by the Committee, along with the principal risks and mitigations externally reported on pages 32 to 40 of this Annual Report. The Committee will also support senior management and the Board in the management of risks relating to key projects, third parties and places of operation.

The Group's principal business risks will be monitored and managed throughout the year by senior management, the IAC Function and the Committee, which will report thereon to the Board. The Committee intends to provide risk reports to the Board at least on a quarterly basis starting in 2020. The Company's detailed risk management framework is set out earlier in this Annual Report.

Independence of external auditor and provision of non-audit services

KPMG has confirmed its independence as external auditor to the Company.

KPMG performed non-audit services in 2019 of USD 222 thousand, of which USD 186 thousand was related to their review of the half-year financial information and USD 36 thousand was related to certification of Turkish tax return related services and Turkish Central Bank regulatory services. The Committee reviewed the work completed by the external auditor, as well as the provision of non-audit services, to ensure that the auditor maintained its independence.

In conjunction with the appointment of KPMG in June 2018 following a competitive tender process, the Board adopted a Non-Audit Services Policy which can be found at www.globalportsholding.com under Investors — Corporate Governance. The Non-Audit Services Policy is subject to annual review and the Committee re-affirmed it for 2019.

In March 2020, KPMG advised the Committee that the Financial Reporting Council on 17 December 2019 had published a revised Ethical Standard that applies to audit firms and replaces the 2016 Ethical Standard. It was noted that the changes relate mainly to non-audit services, and KPMG confirmed that the new Ethical Standard makes no significant changes to the responsibilities of the Committee in respect of non-audit services provided to the Group.

The Committee will continue to review the independence of the external auditor on a regular basis.

Reappointment of the external auditor and re-tender

Following careful consideration, the Committee recommends that KPMG be re-appointed as the external auditor of the Company under the current external auditor contract. KPMG have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming AGM. The Group will continue to carry out an annual review of external auditors to enable the Committee to assess the quality and effectiveness of the services provided by the incumbent auditor.

Under its TOR, the Committee has a duty to ensure that the audit services contract is put out to tender at least once every ten years, to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms.

Nomination Committee report
Introduction by the Committee Chairman

MAINTAINING OPTIMAL LEADERSHIP

As Chairman of the Nomination Committee (the 'Committee') for Global Ports Holding PLC, I am pleased to present the Committee's report ('Report') in respect of the financial year ended 31 December 2019.

The Committee is focused on optimising the quality and contribution of leadership within the Group, through an ongoing review of the composition and performance of the current Board and by formulating succession plans for the Board and senior management.

During 2019, I was supported on the Committee by my fellow members Thierry Edmond Déau and Ayşegül Bensel.

The Committee met on 21 February 2019. At that meeting, it closely considered the contribution and commitment of the incumbent Directors, prior to recommending that the Board support the re-election of each of them at the 2019 AGM. Under the terms of their appointment, all members of the Board agree to retire at each AGM – at which point they may stand for re-election by the shareholders. Each of the Directors was subsequently re-elected at the 2019 AGM.

At the same meeting, the Committee members considered how best to achieve the Board Diversity Policy (the 'Diversity Policy') initial target of increasing women's representation on the Board to two members, and agreed that diversity in the broader sense, including skills and nationality, should be considered in the selection of a new candidate.

However, as set out on page 88 in the Corporate Governance report, in the second half of 2019 the Board's agenda was adapted pending the outcome of the Strategic Review (or 'Review') and the Board postponed further consideration of changes to its composition and of the Board and Director evaluation process until findings of the Review were considered. Similarly, the Committee members agreed to postpone any further meeting of the Committee until early 2020 to allow the Review to progress.

The Committee met again on 4 February 2020. Initially, the Committee noted that the Strategic Review would be considered at a meeting of the Board later in the same month. Pending consideration of the Review by the Board, the Committee reviewed the performance during 2019 of the incumbent Directors on the assumption that all of them would be standing for re-election at the 2020 AGM. The Committee agreed that all of the Board members had performed competently and resolved that it recommend to the Board that any of the Board members who decided to stand be put forward for re-election at the 2020 AGM. As set out below, Thierry Edmond Déau and Thomas Josef Maier subsequently decided to step down from the Board and tendered their resignations on 24 February 2020.

In addition to matters arising from the Review, the Committee identified the following matters as being central to its consideration of any new candidates proposed for appointment to the Board: (i) the basis upon which a candidate was being proposed, (ii) the Board's commitment to diversity of membership, and (iii) the Committee members' agreed view that the current size of the Board was appropriate and its membership should not be increased without a compelling reason to do so.

The Committee agreed that a corporate governance workshop focusing on Board performance review, which had been postponed pending completion of the Review, should be rescheduled and that a corresponding recommendation be made to the Board at its upcoming meeting.

The Committee also considered succession planning and agreed that the Company's notable succession issue related to the Chairman of the Board – having regard to his executive involvement in new port projects. The Committee members agreed that the related risk was manageable and could be further mitigated by strengthening the M&A function within the Company.

The Committee met most recently on 24 February 2020. Prior to the meeting, Thierry Edmond Déau and Thomas Josef Maier informed me of their decisions to step down from the Board with immediate effect as set out on page 85.

I also had communications with the Chairman of the Board regarding potential governance implications of the Strategic Review.

Following discussion at the meeting, the Committee nominated Andrew Chan Stuart for appointment as an Independent Non-Executive Director to fill one of the vacancies, noting in particular his experience as a former senior executive in the cruise industry.

Lord Mandelson
Chairman of the Nomination Committee
13 April 2020

Role of the Nomination Committee

The Committee's key responsibilities include:

- **Structural review:** regularly reviewing the structure, size and composition of the Board (including the skills, knowledge, independence and absence of conflicts of interest, experience and diversity of the Board) and making recommendations to the Board;
- **Succession planning:** giving consideration to succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Group and the skills, diversity and expertise needed on the Board in the future, as reflected in the appointment of Mr. Stuart;
- **Annual evaluation:** assisting the Chairman of the Board to implement an annual evaluation process to assess the overall and individual performance of the Board and its committees, and reviewing the results that relate to the composition of the Board and its committees;
- **Board candidates:** identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. Also, as part of that process, reviewing any interests a candidate may have which conflict or may conflict with the interests of the Company; and
- **Recommendations:** making recommendations to the Board concerning succession plans; suitable candidates for the role of Senior Independent Director (SID); membership of the Audit and Risk Committee and the Remuneration Committee in consultation with the chairmen of those committees; the re-election of Directors by shareholders; any matters relating to the continuation in office of any

Meeting attendance and reports to the Board

The table below shows the number of meetings individual members of the Committee could have attended in 2019, and their actual attendance.

Director	Attendance	No. of Meetings
Lord Mandelson	1	1
Thierry Edmond Déau	1	1
Ayşegül Bensel	1	1

director at any time including the suspension or termination of service of any future executive director as an employee of the Company; and the appointment of any director to executive or other office.

Members of the Nomination Committee

The members of the Committee during 2019 were Lord Mandelson (Chairman), Thierry Edmond Déau and Ayşegül Bensel, with Lord Mandelson and Mr. Déau being Independent Directors.

For full details of the attendance of the Nomination Committee, please refer to the table at the top of this page.

The Committee members agreed to forego a second formal meeting of the Committee scheduled for December 2019 in order to allow the Strategic Review to progress. In accordance with its Terms of Reference, the Committee meets formally at least once a year, however the Committee members also communicate informally during the year.

Reports from the Chairman of the Nomination Committee on the Committee's activities and its recommendations are included in the regular committee reports that are presented at meetings of the Board.

Areas of focus in 2019 and going forward

As set out above, in February 2019, the Committee met and reviewed the performance of the incumbent Directors. At the same meeting, the Committee members identified matters which they regarded as being central to the consideration of any new candidates proposed for appointment to the Board.

Subject to the outcome of the Strategic Review, during 2020 the Committee expects to focus on:

- the continued review of the composition of Board having regard to diversity targets,
- progressing Board performance review,
- considering potential succession issues relating to other Directors, the CEO and other senior executives, and
- assisting with the implementation of any reforms which might be adopted as a result of the Strategic Review and fall within the scope of the Committee's responsibilities.

MAINTAINING APPROPRIATE REMUNERATION

As Chairman of the Remuneration Committee (the 'Committee') for Global Ports Holding PLC, I am pleased to present the Committee's report ('Report') for the financial year ended 31 December 2019, being the Company's second full year as an LSE-listed company.

In accordance with the reporting regulations, this Report comprises three sections:

- this Annual Statement;
- the three-year Remuneration Policy (or 'Policy'), which was approved by shareholders at the Annual General Meeting ('AGM') held on 8 May 2018 and which comprises distinct policies for:
  - the Executive Chairman;
  - Non-Executive Directors; and
  - the Senior Management Team and other senior managers within the Group (collectively, 'senior management') and any future Executive Directors; and
- our Annual Report on Remuneration ('Annual Remuneration Report'), which details the Directors' remuneration from 1 January 2019 to 31 December 2019 and the implementation of the Remuneration Policy during 2019. This will be subject to an advisory vote at the 2020 AGM.

Apart from the Executive Chairman, all of the Company's Directors during 2019 were non-executive. As detailed below, during 2019 the Committee implemented an increase in the Executive Chairman's fee which it had approved in principle in December 2018. No other changes to Directors' remuneration were made during the year, and the fees of all Directors are set out in the Annual Remuneration Report on page 113.

As the Board currently includes only Non-Executive Directors and the Executive Chairman, the Remuneration Policy for senior management and Executive Directors set out in this Report currently only applies to senior management. However, it would also apply to any future Executive Director appointed to the Board during the three-year Policy period. The current Board members do not participate in the Company's incentive schemes, and so their remuneration is not affected by an increase in the Company's share price.

Committee members and independence

I currently chair the Committee. During 2019, I was supported by my fellow Committee members Ayşegül Bensel, Thierry Edmond Déau and Thomas Josef Maier.

In accordance with the terms of reference ('TOR') of the Committee, three of the Committee members, including myself, were Independent Directors.

The Committee may invite other Directors or members of senior management to attend meetings. As Committee Chairman, I liaise regularly with the Human Resources Director and CEO in particular and relay their input to the Committee, whether or not they attend meetings.

Meeting attendance

The table below shows the number of meetings individual members of the Committee could have attended during 2019, and their actual attendance

Director	Attendance	No. of Meetings
Jérôme Bernard Jean Auguste Bayle (Chairman)	4	4
Ayşegül Bensel	4	4
Thierry Edmond Déau	4	4
Thomas Josef Maier	4	4

No-one is present at a meeting during any discussion or decision about their own remuneration.

Key areas of responsibility

The Committee's key areas of responsibility include:

- recommending, monitoring (and, if necessary, vetoing) the level and structure of remuneration for all Group employees, including senior management;
- determining the structure and levels of remuneration for the Company's Executive Chairman, any future Executive Directors and all Group employees at grades of C-level or higher; and
- preparing the Annual Remuneration Report for approval by shareholders at the AGM.

Detailed responsibilities are set out in the Committee's TOR which can be found at www.globalportsholding.com under Investors – Corporate Governance.

Activities of the Committee during the year

The Committee met formally four times between 1 January 2019 and 31 December 2019 and also passed one unanimous resolution in writing. During the period, it continued to review and refine executive remuneration arrangements with a view to ensuring that they remain appropriate for the Company and incorporate relevant market best practice.

In particular, during 2019, the Committee implemented an increase in the Executive Chairman's fee which it had approved in principle in December 2018. In deciding to implement the increase, which was effective from 1 February 2019, the Committee cited the Executive Chairman's instrumental efforts behind the Company's award of the concession for cruise port operations in Antigua announced on that date. Details of the increase are set out on page 103.

In May 2019, the Committee exercised its discretion to downwards adjust the 2018 annual bonus outcome for senior management under the Short-Term Incentive Plan ('STIP') to better align pay outcomes with underlying Company performance. The adjustment, which reduced bonuses by 5%, was based upon the shortfall in actual revenue compared with budget and was consistent with bonus adjustment for 2017.

The Committee exercised no other discretion during 2019 with respect to Directors' remuneration outcomes.

The Committee endorsed the CEO's proposals regarding Restricted Stock Unit ('RSU') allocations under the share-based Long-Term Incentive Plan ('LTIP') which were granted from January 2019 and to adjust the salaries of Turkey-based employees in response to the country's severe inflationary conditions.

For full details of the attendance of the Remuneration Committee, please refer to the table at the top of this page.

In addition, in May 2019 the Committee members passed a unanimous resolution in writing to effect a downward adjustment of bonus under the STIP. The Committee members also communicated informally between meetings with each other and with members of the Senior Management Team.

Our approach to developing the Company's Remuneration Policy

The aims for executive remuneration within the Group remain unchanged: namely, to support the achievement of the Company's strategy; to help attract, retain and motivate the right executive talent; and to further align management and shareholder interests.

Remuneration levels for senior management and any future Executive Directors are set at levels that are considered by the Remuneration Committee to be appropriate for the size, nature and stage of development of the business, having regard to salary bandings commissioned by remuneration specialists. Performance-based incentives form a material part of the remuneration package for all our senior executives and are based on stretching performance targets that support both the short-term and long-term business strategy.

In formulating the Remuneration Policy, the Committee took specialist, independent advice from Mercer | Kepler with a view to ensuring that the Company's remuneration policy incorporates current best practice for a UK-listed company.

The Remuneration Policy was adopted by shareholders at the 2018 AGM held on 8 May 2018 and is intended to operate for a three-year period from that date. The Committee believes that its approach to remuneration will support the delivery of the Company's aims during its initial years as a publicly listed company by helping to ensure close alignment of pay outcomes with the Company's performance and long-term success. The key features of the Remuneration Policy are summarised on page summarised below under 'Our remuneration at a glance' and the Policy is reproduced for reference on pages 103 to 113.

The first LTIP awards were granted in January 2019, and are based on two performance measures selected to reinforce our strategic drivers and support alignment of executive pay outcomes with shareholder interests: the awards vest 50% on 3-year Earnings Per Share ('EPS') growth and 50% on 3-year Total Shareholder Return ('TSR'). As at 31 December 2019, RSUs had been allocated under the LTIP to the CEO and 20 other members of senior management.

We hope you find this Report helpful in explaining the implementation of the Policy in 2019 and our approach for 2020, as well as the rationale for key Committee decisions during 2019.

The Committee believes that the Policy and the approach to implementing it are in the best interests of shareholders, and we hope that you will approve the Annual Remuneration Report when it is put to an advisory vote at the 2020 AGM.

Jérôme Bernard Jean Auguste Bayle
Chairman of the Remuneration Committee
13 April 2020

Basis of preparation of this report

This Report has been prepared in accordance with the provisions of the UK Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Company's (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UKLA's Listing Rules. It has been reviewed by independent remuneration consultants, Mercer | Kepler, who advised the Committee during the development of the Policy and on its implementation for the 2018 and 2019 financial years.

Our remuneration at a glance

Development of our Remuneration Policy

Following the admission to listing of the Company's shares ('Listing'), transitional remuneration arrangements were put in place to cover the period from Listing to 31 December 2017. During this period, the Remuneration Committee worked with Mercer | Kepler to develop the Remuneration Policy described below, which was approved by shareholders at the 2018 AGM.

Remuneration principles

The Policy reflects the remuneration principles (see page 101) agreed by the Remuneration Committee which help ensure that remuneration outcomes align with the Company's performance and shareholder interests.

Shareholder consultation and approval

The views of our shareholders and the broader investor community are important to the Committee. During the development of the Policy, the Committee engaged with the Company's largest shareholder and also took account of the guidelines issued by various investor bodies on remuneration governance, including the importance of aligning executive remuneration with performance and the need to take into account remuneration arrangements for the wider workforce.

The Committee is keen to foster an open and transparent approach to setting and determining outcomes against the Remuneration Policy.

At the 2019 AGM, shareholders approved the directors' remuneration report by 99.97% 'for' and 0.03% 'against' the resolution, with 1,701,912 votes withheld. The Remuneration Policy was approved at the 2018 AGM by 100% 'for' and 0% 'against', with 337 votes withheld.

Engagement with employees

A core purpose of the Policy is to attract and retain talented management, and feedback from employees and their representatives is critical to ensure that their views and interests are reflected in Committee and Board decisions. To that end, the Committee Chairman meets regularly with the Human Resources Director, and maintains an open door policy with respect to senior managers who wish to discuss employment-related issues or bring them to the attention of the Committee. With a view to increasing its direct engagement with employees, the Board also resolved during 2019 that, going forward, Directors would meet annually with port managers and other senior managers to obtain their feedback on the Company's approach to remuneration and other matters.

In addition, the Committee Chairman and the Head of Internal Audit, Risk and Compliance are designated contact points for employees wishing to provide whistle-blowing or other information on an anonymous basis.

Remuneration Policy report

This section of the Report sets out the Remuneration Policy, which was approved by shareholders at the AGM held on 8 May 2018 and is intended to be effective for three years from that date. The Policy, which was developed to reflect the guiding principles set out on page 101, comprises distinct policies for the Executive Chairman, Non-Executive Directors, and senior management and any future Executive Directors:

Remuneration Policy for the Executive Chairman:
Effective from 1 February 2019, the Executive Chairman's fee was increased from USD 200,000 per annum to USD 420,000 per annum, equivalent to 3.5 times' that of Non-Executive Directors other than the SID. In approving the increase, the Committee had regard to the increasing time commitment of the Executive Chairman in supporting business development for the Group, the results of independent external market benchmarking, and the growth of the Group. The increase became effective following the award to the Company of the concession for cruise port operations in Antigua.

The Executive Chairman is not eligible to participate in any of the Company's incentive (short-term or share) schemes or in any of the Company's other benefit arrangements.

Remuneration Policy for the Non-Executive Directors:
The remuneration for Non-Executive Directors comprises a Board fee and an additional fee for other duties, which include serving on one or more Board committees. Fees are set at a competitive level to recruit and retain Directors of the highest calibre.

The Non-Executive Directors are not eligible to participate in any of the Company's incentive (short-term or share) schemes or in any of the Company's other benefit arrangements.

Remuneration Policy for senior management and Executive Directors:
The remuneration for members of senior management and any future Executive Directors comprises salary, benefits and short-term and long-term incentive plans as described on pages 106 to 113.

Remuneration Policy Table for Executive Chairman
Details of the Policy on fees to be paid to our Executive Chairman are set out in the table below:

Purpose and link to strategy	Operation	Opportunity	Performance measures
Executive Chairman's remuneration			
To recognise the Executive Chairman's time commitment to the Company and his role in business development for the Group, as well as his role as Chairman of the Board.	The Executive Chairman's fee is set by the Remuneration Committee at a level that it considers commensurate with the significant time commitment he is expected to give to the Group. The Executive Chairman is also provided with an office and full-time secretarial and administrative support in London. All reasonable travelling and other expenses (including any relevant tax) incurred in carrying out his duties are reimbursed. Without limitation to the foregoing, the Company will reimburse the Executive Chairman for the reasonable cost of obtaining independent advice in accordance with Board procedure.	The Executive Chairman is not entitled to participate in the STIP or the LTIP and does not otherwise receive share options or retirement benefits from the Company.	Not applicable.

Executive Chairman letter of appointment

The Executive Chairman has a letter of appointment and is submitted for re-election annually. The Executive Chairman was re-elected at the 2019 AGM.

The dates relating to the appointment of the Executive Chairman are below:

Director	Role	Date of original appointment and of letter of appointment	Dates of re-appointment (election)
Mehmet Kutman	Executive Chairman and Co-Founder	11 April 2017	8 May 2018 and 24 May 2019

The Executive Chairman's letter of appointment is available for inspection at the Company's registered office during normal business hours.

Remuneration Policy Table for Non-Executive Directors

Details of the Policy on fees to be paid to our Non-Executive Directors are set out in the table below:

Purpose and link to strategy	Operation	Opportunity	Performance measures
Non-Executive Director remuneration			
Fees for the Non-Executive Directors are set at a competitive level to recruit and retain Directors of the highest calibre, with broad commercial and other relevant experience, to guide and influence Board-level decision-making.	Fee levels will typically be reviewed annually, with any adjustments effective January in the year following review. The fees of Non-Executive Directors are set by the Board as a whole within the limits set in the Company's Articles of Association. Non-Executive Directors receive a base fee for membership on the Board and an additional fee for all other duties, including serving on one or more Board committees. The Company reimburses the Non-Executive Directors for reasonable and properly documented expenses incurred in performing their duties. Without limitation to the foregoing, the Company will reimburse the Non-Executive Directors for the reasonable cost of obtaining independent advice in accordance with Board procedure. The Non-Executive Directors have the benefit of directors' and officers' liability insurance and a deed of indemnity from the Company.	Fee increases may be applied taking into account the outcome of the annual fee review. Under the Articles of Association, the aggregate amount of fees paid to the Directors is capped. At the 2018 AGM, the aggregate limit was increased from GBP 1.0 million to GBP 1.5 million per annum to cover any additional Directors. The current Non-Executive Directors are not entitled to participate in the LTIP or the STIP and do not otherwise receive share options or retirement benefits from the Company.	Not applicable.

Non-Executive Director letters of appointment

The Non-Executive Directors have letters of appointment and submit themselves for re-election annually. All Non-Executive Directors were re-elected at the 2019 AGM.

The dates relating to the appointments of the Non-Executive Directors who served during the reporting period are as follows:

Director	Role	Date of original appointment and of letter of appointment	Dates of re-appointment (election)
Ayşegül Bensel	Vice Chairperson	12 April 2017	8 May 2018 and 24 May 2019
Lord Mandelson	Board Member – Senior Independent Director	12 April 2017	8 May 2018 and 24 May 2019
Thierry Edmond Déau	Board Member – Independent	12 April 2017	8 May 2018 and 24 May 2019
Jérôme Bernard Jean Auguste Bayle	Board Member – Independent	12 April 2017	8 May 2018 and 24 May 2019
Thomas Josef Maier	Board Member – Independent	12 April 2017	8 May 2018 and 24 May 2019
Ercan Nuri Ergül	Board Member	12 April 2017	8 May 2018 and 24 May 2019

On 24 February 2020, Thierry Edmond Déau and Thomas Josef Maier resigned from the Board and Andrew Chan Stuart was appointed as an Independent Non-Executive Director to fill one of the resulting vacancies as set out on page 85 in the Governance report. The current Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours.

Remuneration Policy Table for Executive Directors (excluding the Executive Chairman) and senior management

The Remuneration Policy set out in the table below currently applies only to members of senior management. However, it would also apply to an Executive Director should an Executive Director be appointed to the Board. In that case, references below to the Remuneration Policy for a 'senior manager' would apply to an 'Executive Director'. This section of the Remuneration Policy does not apply to the Executive Chairman, who is remunerated in accordance with the details earlier in this Remuneration report.

Purpose and link to strategy	Operation	Opportunity	Performance measures
Base salary			
To attract and retain talented executives to deliver the Company's strategy, by ensuring base salaries and total packages are competitive in relevant talent markets, while not overpaying.	Base salaries are reviewed by the Committee annually, in the context of personal and Company performance, and by reference to external market benchmarking. Any resulting changes will normally be effective from January. Salaries are positioned to reflect professional experience and level of responsibility.	There is no prescribed maximum salary payable. Salaries will be set on a case-by-case basis to reflect the role, and the experience and qualifications of the individual role-holder. Base salary % increases for the senior managers will normally be aligned with those of the wider workforce but may be made above this if there is a material change in responsibilities, size or complexity of the role, or if a senior manager was intentionally appointed to the Board on a below-market salary, but with the intention of moving it to market over time subject to performance in the role. If an Executive Director is appointed, their base salary for the year under review and proposed for the following year would be disclosed in the relevant year's Annual Report on Remuneration, together with the rationale for any changes.	Not applicable.

Purpose and link to strategy	Operation	Opportunity	Performance measures
Pension			
To provide an appropriate level of post-retirement benefit.	Although the Company currently does not have a formal pension plan, mandatory pension contributions are made by the Company on behalf of UK employees in accordance with UK law (and would also be made at the same % of salary on behalf of any UK-based Executive Directors). Any Executive Directors outside the UK will be able to voluntarily designate a portion of their salary to be invested by the Company in a pension plan with a recognised third-party provider.		
Other taxable benefits			
To provide other competitive benefits for comparable roles in the market in which the senior manager is employed.	The Company may also provide senior managers benefits in kind including, but not limited to, company car or car allowance, financial and/or legal advice, an expatriate allowance, relocation expenses and a housing allowance.	Benefits for executives and senior managers are generally set at a level which reflects competitive practice in the relevant market. It is not anticipated that the costs of benefits provided would increase significantly over the policy period, although the Committee retains discretion to approve non-material increases in cost. In addition, the Committee retains discretion to approve a higher cost in exceptional circumstances (e.g. to facilitate recruitment,) or in circumstances where factors outside the Company's control have changed (e.g. general increases in the cost of insurance cover). In the case of an Executive Director, benefits in respect of the year under review will be disclosed in the relevant year's Annual Report on Remuneration.	Not applicable.

Purpose and link to strategy	Operation	Opportunity	Performance measures
STIP (Short-Term Incentive Plan)			
To incentivise executives to deliver strong performance on an annual basis, to reward progress towards the Company's strategic goals, and to underpin the longer-term health and growth of the business.	Performance measures, targets and corresponding weightings are set by the Committee at the start of the year. After the end of the financial year, the Committee determines the level of bonus to be paid, taking into account the extent to which targets have been achieved. Bonuses are payable in cash. Malus and clawback provisions apply to the bonuses in certain circumstances (as set out in the Notes to the Policy Tables).	The normal maximum annual bonus opportunity is 50% of base salary, with up to 75% available in exceptional circumstances. The pay-out for on-target performance is 50% of maximum.	Performance is assessed on an annual basis against specific objectives set at the start of each year. Financial measures make up the majority of the bonus opportunity, although these may be supplemented with non-financial metrics and personal objectives, as appropriate. Bonus measures are weighted according to the business priorities for the year. Targets under each measure are generally calibrated with reference to the Company's budget. The Committee may adjust the formulaic annual bonus outcomes (including down to zero) to ensure outcomes align with the Company's Remuneration Principles and with underlying Company performance, and to ensure fairness to shareholders and participants. If an Executive Director is appointed, further details will be disclosed in the relevant year's Annual Report on Remuneration. Performance targets set for each year will be disclosed at the end of the year in question.

Purpose and link to strategy	Operation	Opportunity	Performance measures
LTIP (Long-Term Incentive Plan)			
To align the interests of executives with those of shareholders, and to incentivise management to maximise value over the long-term.	Senior managers are eligible to receive annual awards of RSUs, being conditional rights to receive shares in the Company. The Committee may also award share options or restricted shares. Prior to awards being granted, the Committee sets performance conditions and targets which are stretching and aligned to the Company's strategy. LTIP awards to executives and senior managers typically have a performance and vesting period of not less than three years. If threshold performance has not been achieved at the end of the relevant performance period, the awards would not vest. The Remuneration Committee may also determine that vested LTIP shares be made subject to a holding period after the Vesting Date. The Remuneration Committee has discretion to award dividend equivalents on awards, in which case the number of shares which are subject to an LTIP award will be increased to reflect the value of the corresponding dividends during the performance period (or an equivalent value will be granted in cash at the discretion of the Remuneration Committee). LTIP awards granted to senior managers will be subject to malus and clawback provisions, as set out in the Notes to the Policy Tables.	The maximum annual LTIP opportunity is 100% of base salary. 25% of an award will vest if performance against each performance condition is at threshold and 100% will vest if it is at stretch (being the minimum level of performance required for full vesting), with straight-line vesting in between. Further details of any LTIP awards granted to any Executive Director will be disclosed in the relevant Annual Report on Remuneration. Having regard to the decrease in the Company's share price since Listing, the Committee has discretion during the initial two years of the LTIP to propose a decrease in the number of shares that would otherwise be allocated under the principles above, subject to Board approval of the reduction.	Vesting of the LTIP is subject to continued employment during the performance period and the achievement of performance conditions. If an Executive Director is appointed, further details will be disclosed in the relevant Annual Report on Remuneration, including the performance targets attached on any LTIP awards made, for each cycle.

Notes to the Policy Tables

Approach to target-setting and performance measure selection

The Committee considers carefully the selection of performance measures at the start of each performance cycle, taking into account the Company's strategic goals, annual priorities and the relevant political and macro-economic environment.

Annual bonus measures under the STIP are selected to align with the Company's annual priorities. Measures may change from year to year. The rationale for any changes to bonus measures will be disclosed in the relevant Annual Report on Remuneration.

LTIP performance measures are selected to ensure they align with the Company's strategy and with long-term growth in shareholder value. They are intended to help align senior managers' interests with those of shareholders. The first LTIP awards were granted from January 2019 based 50% on three-year EPS growth and 50% on three-year absolute TSR.

Targets are set to be stretching and motivational. EPS targets are set taking into account multiple relevant reference points, including internal forecasts, external expectations for the future performance of the Company, and typical performance ranges for these measures at other companies of comparable size in our sector.

As determined by the Board, shares issued under the LTIP are subject to a dilution limit of up to 3% over 10 years.

Malus and clawback

In respect of the STIP and the LTIP, the Committee has the discretion to reduce an award before vesting or require an award-holder to pay back shares or a cash amount in the event of serious financial misstatement of the Company, fraud on the part of the award-holder, any breach of the Company's Code of Conduct by the award-holder, excessive risk-taking, actions/decisions/behaviours that lead to serious reputational damage, corporate failure or in any other similar circumstances deemed appropriate by the Committee. The Committee may seek to claw back shares for a period of up to two years after an award-holder's departure from the Group.

Remuneration for the wider workforce

Remuneration for the wider workforce is determined based on principles consistent with those for the remuneration of senior managers and executives. Annual salary reviews take into account Company performance, local pay and market conditions to help ensure that reward within the Group remains competitive. Incentive bonus arrangements are in place for employees below the executive level which are tied to employee performance targets and EBITDA.

Approach to remuneration on recruitment

External appointments

In cases of hiring or appointing an Executive Director from outside the Company, the Committee may make use of all existing components of remuneration set out in the Policy Table, up to the disclosed maximum opportunities (where applicable). As set out in the table on pages 108 to 109, in normal circumstances the sum of maximum opportunities under the STIP and LTIP is 150% of salary, and in exceptional circumstances, 175% of salary. The Committee and Board have discretion during the initial two years of the LTIP performance period to reduce the number of shares allocated to reflect low share price levels.

When determining the remuneration package for a new Executive Director, the Committee will take into account all relevant factors, based on the circumstances at that time, to ensure that remuneration arrangements serve the best interests of the Company and its shareholders. This may include factors such as the experience and skills of the individual, internal comparisons and relevant market data.

The Committee may also make an award in respect of a new appointment to 'buy-out' incentive arrangements forfeited on leaving a previous employer. Buy-out awards made be over and above the maximum limits on incentive opportunities set out in the Policy Table on pages 108 to 109. In doing so, the Committee will consider all relevant factors, including any performance conditions attached to awards, the likelihood of those conditions being met, and the time over which they would have vested. The intention is that the expected value of any buy-out award would be no higher than the expected value of the awards foregone, and that the structure will replicate (as far as reasonably possible) that of the awards forfeited. The Committee may consider it appropriate to structure 'buy-out' awards differently from the structure described in the Policy Table, exercising its discretion under the LTIP rules to offer awards in other forms (including market value options, restricted shares, forfeitable shares or phantom awards) and the discretion available under UKLA Listing Rule 9.4.2R where necessary, to make a one-off award to an Executive Director in this context.

Internal promotion

Where an Executive Director is appointed by way of internal promotion, the Policy will be consistent with that for external appointees as detailed above (other than in relation to 'buy-out' awards). Any commitments made prior to an individual's promotion will continue to be honoured even if they would not otherwise be consistent with the Policy prevailing when the commitment is fulfilled, although the Company may, where appropriate, seek to revise an individual's existing service contract on promotion to align it with that of the other Executive Directors and good practice.

Disclosure on the remuneration structure of any new Executive Director, including details of any 'buy-out' awards, will be disclosed in the public 'RNS' notification made at the time of appointment and in the Annual Report on Remuneration for the year in which recruitment occurred.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Remuneration Committee will apply the Policy as set out in the Policy Table on page 104 in this Report. A base fee in line with the prevailing fee schedule would be payable for Board membership, with an additional fee payable for all other duties, including serving on one or more of the Board's Committees.

Executive Director service contracts

In accordance with general market practice, any Executive Director will have a rolling service contract and a notice period of three months.

Exit payments policy

The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the executive's service contract and the circumstances of termination. All Executive Directors' contracts will provide for the payment of a pre-determined sum in the event of termination of employment in certain circumstances (but excluding circumstances where the Company is entitled to dismiss without compensation), comprising base salary, pension allowance and benefits in respect of the unexpired portion of the notice period. Termination payments may take the form of payments in lieu of notice. Payments would normally be made on a phased basis and subject to mitigation.

If the employment is terminated by the Company, the Committee retains the discretion to settle any other amount the Committee considers reasonable to the Executive Director including in settlement of claims, in respect of legal fees incurred in connection with the termination, and fees for any outplacement services and relocation costs.

In addition to contractual provisions, the table below summarises how awards under each discretionary incentive plan are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plan.

Disclosure in relation to any departing Executive Director, including details of any remuneration payment made to him or her after their employment ceases, will be provided in the relevant year's Directors' Remuneration Report.

Reason for cessation	Calculation of vesting/payment	Timing of vesting/payment
STIP		
Injury, ill-health, disability, death, redundancy, retirement, or other such event as the Committee determines.	The Committee may determine that a bonus is payable on cessation of employment (normally pro-rated for the proportion of the performance year worked). The bonus payable will be determined based on the performance of the Company and of the individual over the relevant period, and the executive's loss of office.	At the usual payment date.
All other reasons (including voluntary resignation).	No bonus will be paid for the financial year.	Not applicable.
LTIP		
Resignation or dismissal for cause.	Awards will lapse, unless the Remuneration Committee determines within 30 days of cessation of employment to treat the individual as a 'good leaver'.	Not applicable.
Death, ill-health or disability.	Personal representatives will be entitled to exercise their LTIP Awards within the 12 month period immediately following their death or the 10th anniversary of the Date of Grant (subject to pro-rating).	Within 12 months following death (or the 10th anniversary of the Date of Grant).
Redundancy, retirement or injury.	The Committee may determine that an LTIP is payable for the proportion of the performance period worked. The LTIP payable will be determined based on the performance of the Company and of the individual over the relevant period, and the executive's loss of office.	At the date of the event.
Change of control.	Any unvested awards will vest immediately subject to being pro-rated for time and subject to any reduction based on the Committee's assessment of whether performance conditions have been satisfied to the date of the event, or are likely to be satisfied at the end of the performance period.	At the date of the event.

The treatment of shares subject to deferral or holding periods will be subject to the Remuneration Committee's discretion and will take into account the circumstances at the time, with the normal treatment being that the relevant deferral or holding period continues to apply. In the event of an award-holder's death, any deferral or holding period will no longer be applied.

External appointments held by Executive Directors
Executive Directors may only accept external appointments subject to agreement by the Board. Details of any external appointments and the associated fees received will be included in the Annual Report on Remuneration.

Consideration of conditions elsewhere in the Company
The Committee seeks to promote and maintain good relations with employees as part of its broader employee engagement strategy. It considers pay practices across the Company and is mindful of the salary increases applying across the rest of the business in relevant markets when considering any increases to salaries for senior managers. The Committee does not currently formally consult with employees on its executive remuneration policy.

Consideration of shareholder views
The Committee will take into consideration all shareholder views received during the year and at the AGM, as well as guidance from shareholder representative bodies more broadly, in shaping the Company's implementation of its

Remuneration Policy, as well as any future changes to the Policy. It is the Committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

Annual Report on Remuneration

This section of the Remuneration report provides details of how our Remuneration Policy was implemented during the year ended 31 December 2019, and how it will be implemented in the year ending 31 December 2020.

Committee membership in 2019 and meeting attendance

The Committee is composed of four Non-Executive Directors:

Jérôme Bernard Jean Auguste Bayle – Committee Chairman (Independent)
Ayşegül Bensel – Non-Executive Director
Thierry Edmond Déau – Non-Executive Director (Independent)
Thomas Josef Maier – Non-Executive Director (Independent)

The Committee met formally four times during the financial year ending 31 December 2019 and passed one unanimous resolution in writing. The table on page 101 shows the number of meetings individual members of the Committee could have attended during 2019, and their actual attendance.

The Remuneration Committee is responsible for assisting the Board in discharging its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration (including setting the over-arching principles, parameters and governance framework of the Remuneration Policy) and determining the individual remuneration and benefits packages of each of the Executive Chairman and any Executive Directors.

Advisers

The Committee has re-appointed Mercer | Kepler as independent remuneration adviser, and they report to the Committee Chairman. Mercer | Kepler is a member of the UK Remuneration Consultants Group and operates voluntarily under the Code of Conduct in relation to executive remuneration consulting.

Mercer | Kepler does not have any other connection with the Company and is considered to be independent by the Committee. Fees paid to Mercer | Kepler are determined on a time and materials basis and totalled GBP 7,020 (excluding expenses and VAT) during the financial year ended 31 December 2019 in their capacity as advisers to the Committee.

Single total figure of remuneration for the Executive Chairman and the Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by the Executive Chairman and each Non-Executive Director for the financial years ended 31 December 2019 and 31 December 2018. The current Directors are not entitled to participate in the LTIP or the STIP and do not otherwise receive share options or retirement benefits from the Company:

Director	Total fees for 2019[1]	Total fees for 2018[1]
Mehmet Kutman[2]	USD 560,316.67[3]	USD 378,000
Ayşegül Bensel	USD 180,930[4]	USD 183,560
Lord Mandelson (Senior Independent Director)	USD 158,060[5]	USD 156,200
Thierry Edmond Déau	USD 120,000	USD 120,000
Jérôme Bernard Jean Auguste Bayle	USD 120,000	USD 120,000
Thomas Josef Maier	USD 120,000	USD 120,000
Ercan Nuri Ergül	USD 120,000	USD 125,500[6]

1. Reflects the fees paid by the Company and subsidiaries of the Company from 1 January to 31 December in each year.
2. Effective 1 February 2019, following the award to the Company of the concession for cruise port operations in Antigua, Mr. Kutman's fee as Executive Chairman was increased from USD 200,000 to USD 420,000 per annum (3.5 times the standard USD fee paid to Non-Executive Directors); the increase was pro-rated for 11 months.
3. Includes the additional fee from a subsidiary of the Company of USD 158,650 for Mr. Kutman in 2019 (USD 178,000 in 2018).
4. Includes the additional fee from subsidiaries of the Company of USD 60,930 for Mrs. Bensel in 2019 (USD 63,560 in 2018).
5. Lord Mandelson is the only Non-Executive Director to be paid in GBP. His fee for 2019 was set at GBP 120,000 (GBP 120,000 in 2018).
6. Includes the additional fee from a subsidiary of the Company of USD 5,500 for Mr. Ergül in 2018. No such additional fee was received by him in 2019.

Relative importance of spend on pay

On 5 July 2019, the Company paid a final dividend in respect of 2018 of 21.2 pence per share, totalling USD 16.7 million (GBP 13.3 million), which had been approved by shareholders at the 2019 AGM.

On 29 November 2019, the Company paid an interim dividend for 2019 of 19.9 USD cents (15.5 GBP pence) per share, totalling USD 12.5 million (GBP 9.7 million).

Accordingly, total dividend paid in 2019 was USD 29.2 million.

There were no other dividends paid or share buybacks implemented or other significant distributions, payments or other uses of profit or cashflow in the 2019 financial year which the Directors consider relevant in assisting an understanding of the relative importance of spend on pay. Total staff costs – disclosed in Note 9 to the Financial statements – were USD 17.4 million for the same period.

	Distributions to shareholders (USD'000)	Total employee pay (USD'000)
FY18	34,840	16,000
FY19	29,225	17,369

Payments for loss of office (audited)

No payments for loss of office were made during the year.

Payments to past Directors (audited)

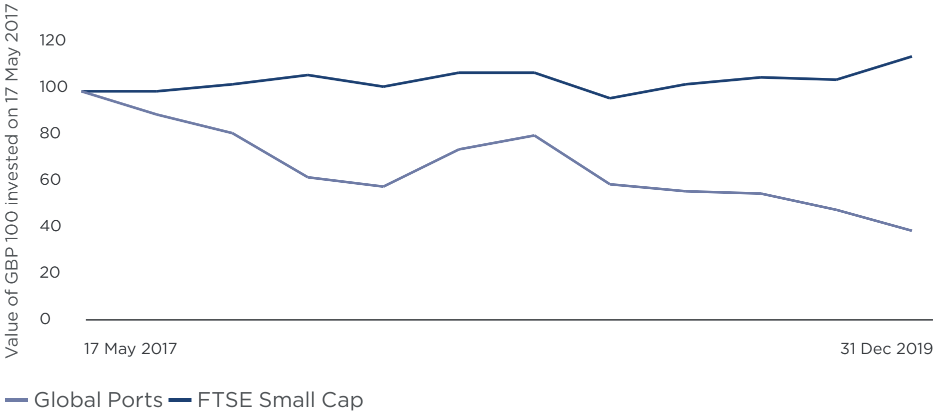
No payments were made to past Directors during the year.

TSR performance (unaudited)

Although the Committee does not consider that there is an ideal TSR comparator for the Company, the FTSE Small Cap index is considered to be the best comparator group. The following chart shows the Company's TSR relative to the FTSE Small Cap index from Listing to 31 December 2019.

Historical TSR performance (GBP)

Growth in the value of a hypothetical GBP 100 holding from Listing to 31 December 2019.



Source: Refinitiv

Total Shareholder Return ('TSR') captures the change in the value of a shareholding, assuming that dividends are reinvested on the ex-dividend date – special cash dividends are excluded.

Implementation of the Executive Chairman Remuneration Policy for 2020

The fee per annum payable to the Executive Chairman in 2020 will be as follows:

Role	Fee (USD'000)
Executive Chairman fee	420

The Committee has not recommended any change to the Executive Chairman's fee, which will remain at USD 420,000 for 2020.

Implementation of the Non-Executive Director Remuneration Policy for 2020

The fees payable to the Non-Executive Directors in 2020 will be as follows:

Role	Fee 000
Non-Executive Director basic fee Additional fee:	USD 90 USD 30
Senior Independent Director basic fee Additional fee:	GBP 90 GBP 30

The Board has not recommended any change to Non-Executive Directors' fees, which will remain at the above levels for 2020.

Directors' shareholdings (audited)

The Directors did not own any shares in the Company as at 31 December 2019 as set out in the table below. Accordingly, there was no change from 31 December 2018.

	Shares			Options	
Director	Owned outright or vested	Unvested and not subject to performance	Unvested and subject to performance	Vested but not exercised	Unvested and not subject to performance
Mehmet Kutman	nil	–	–	–	–
Ayşegül Bensel	nil	–	–	–	–
Lord Mandelson	nil	–	–	–	–
Thierry Edmond Déau	nil	–	–	–	–
Jérôme Bernard Jean Auguste Bayle	nil	–	–	–	–
Thomas Josef Maier	nil	–	–	–	–
Ercan Nuri Ergül	nil	–	–	–	–

No shares were acquired by the Directors between 31 December 2019 and 11 April 2020, being the latest practicable date prior to publication of this Annual Report. As at 31 December 2019, the Executive Chairman Mehmet Kutman owned indirectly through GIH approximately 15.86% of the Company. As at 24 March 2020, being the latest practicable date prior to the publication of this Annual Report, Mr. Kutman's indirect ownership through GIH was approximately 16.93% of the Company.

Implementation of the Senior Management and Executive Director Remuneration Policy for 2020

Members of senior management will be eligible for salary and bonus (STIP) in 2020 in accordance with the Remuneration Policy and may be allocated RSUs under the LTIP.

The Directors' Remuneration Report has been approved by the Board and signed on its behalf by:

Jérôme Bernard Jean Auguste Bayle
Chairman of the Remuneration Committee
13 April 2020

DIRECTORS' REPORT

The Directors, being the directors of Global Ports Holding PLC (registered in England and Wales with Company Number 10629250), present their Annual Report and Accounts for the year ended 31 December 2019, including the audited consolidated financial statements of the Company and Group for the year (the 'Financial statements'). These will be laid before the shareholders at the Company's 2020 Annual General Meeting ('2020 AGM'), to be held on Friday, 5 June 2020.

Registered office

The Company's registered office is 34 Brook Street, 3rd Floor, London W1K 5DN, United Kingdom. The Company has occupied an office at that address under a five-year lease since January 2018. Full details of the Company's offices and its auditor and advisers are given at the end of this report.

Results and dividends

The Group made a loss after tax of USD 15.2 million in 2019, compared with a profit after tax of USD 7.136 million in 2018.

At the 2019 AGM, on the recommendation of the Board, shareholders approved a final dividend of 21.2 GBP pence per ordinary share of the Company for the year ended 31 December 2018. The dividend totalled USD 16.7 million (GBP 13.3 million) and was paid on 5 July 2019 to the holders of ordinary shares on the register of members at the close of business on 31 May 2019.

On 29 November 2019, the Company paid an interim dividend of 19.9 USD cents (15.5 GBP pence per share), totalling USD 12.5 million (GBP 9.7 million). As announced on 11 March 2020, in light of the unprecedented level of disruption to global trade and the cruise industry and the associated short-term uncertainty created by the spread of Covid-19 (the coronavirus), the Board has decided that it is prudent and in the best interests of all of the Company's stakeholders to temporarily suspend the dividend for full-year 2019, until the situation becomes clearer. Accordingly, shareholders will not be asked to declare a final dividend at the 2020 AGM.

The timing and amount of any future dividend payments will depend on the Group's existing and future financial condition, results of operations, capital requirements, liquidity needs and other matters that it may consider relevant from time to time. These may include, without limitation, the ability of subsidiaries to distribute dividends, the Group's capital needs, financial performance and prevailing equity market conditions.

Subsequent events that have occurred after the balance sheet date as at 31 December 2019 are included in Note 50 to the Financial statements.

Going concern

The Directors are required to consider the liquidity position of the Group for a period of not less than 12 months from the date of signing the 31 December 2019 consolidated Financial statements.

At that date, the Group had cash and cash equivalents of USD 63.8 million and net assets of USD 155.3 million. The Directors have prepared detailed monthly cash flow forecasts for a period of not less than twelve months from the date of signing the 31 December 2019 Annual Report and Accounts, which show sufficient liquidity and compliance with relevant debt covenants. These cash flows take into account a number of risks and uncertainties regarding future trading. As outlined in Note 24 to the Financial statements, the Group's maturity profile on its debt means that the largest secured loans mature no earlier than 2020, with the Eurobonds maturing in 2021.

The United Kingdom left the EU on 31 January 2020. The Directors will monitor the implementation of Brexit and consider its potential implications for the Company and the Group, having regard in particular to the ports which are located and operated by subsidiaries in EU countries. Although there continues to be considerable uncertainty, at this time the Directors do not expect the implementation of Brexit to have a materially adverse impact on the operations of the Company or the Group.

As set out on pages 92 and 93 in its report, the Audit and Risk Committee has closely considered management's going concern analysis and scenarios. Having regard to the Audit and Risk Committee report and to all of the above, the Directors have, at the time of approving the Financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the consolidated Financial statements.

Strategic report and Management report

Details of the Group's strategy and business model during the year, and the information that fulfils the requirements of the Strategic report, can be found on pages 1 to 75 of this document, which is deemed to form part of this Directors' report by reference. Without limitation, actions of the Directors during the year to engage with Group employees and with its suppliers, customers and others with whom it maintains business relationships are set out on pages 64 to 65 of this document.

The Directors' report, together with the Strategic report referred to above, form the Management report for the purposes of DTR 4.1.5 R.

Change of control

The Company is not party to any significant agreements that take effect, alter or terminate in the event of a change of control of the Company. In addition, there are no agreements with the Company and its employees or directors for compensation for loss of office or employment that occurs because of a takeover bid.

Any unvested awards under the LTIP will vest immediately on a change of control, as set out on page 112 in the Remuneration Committee report ('Remuneration report').

Corporate governance

The Company's Corporate Governance report ('Governance report') is set out on pages 76 to 90 of this document and is deemed to form part of this Directors' Report by reference.

As set out on page 79 of the Governance report, the Company is not required to adopt the 'comply or explain' regime of the UK Corporate Governance Code, however the Directors consider the principles and recommendations contained in it to be a valuable source of guidance to the Board. Likewise, the matters set out in Section 172 of the Companies Act 2006 are integral to the Board's decision-making, and engagement with the Company's varied stakeholders is considered vital to the Group's success, as set out on page 79 of the Governance report and pages 64 to 65 of the Strategic report.

Directors

The names and biographical details of the Directors who constituted the Board during 2019 are given in the Board of Directors section on pages 80 to 81 in the Governance report. On 24 February 2020, the Board appointed Andrew Chan Stuart as an Independent Non-Executive Director to fill one of the vacancies created by the resignations of Thierry Edmond Déau and Thomas Josef Maier, as set out on page 85 in the Governance report. Mr. Stuart's biographical details are set out in the circular containing the Notice of AGM which is posted together with this Annual Report and Accounts on our website at www.globalportsholding.com under Investors — Corporate Governance.

None of the Directors has any direct ownership of ordinary shares of the Company ('Ordinary Shares'). The beneficial interest of the Chairman in Ordinary Shares is set out on page 90 in the Governance report and page 115 in the Remuneration report.

The Chairman and the current Directors are not eligible to join the Company's incentive or share schemes or to participate in any of the Company's other benefit arrangements. Accordingly, there are no outstanding awards over Ordinary Shares in favour of the Directors (or any members of their families).

None of the Directors has a material interest in any contract with the Company or any of its subsidiary undertakings.

Share capital

The issued share capital of the Company is shown in Note 22 to the Financial statements. As at 13 April 2020, there are 62,826,963 ordinary shares of one pence (GBP 0.01) each which have been issued, are fully paid up and are quoted on the London Stock Exchange. The rights attaching to the Ordinary Shares are set out in the Articles.

There are no special control rights in relation to the Company's shares and the Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Further details of the Company's share capital are set out on page 89 in the Governance report.

Major interests in share capital
Notifications of shareholdings of 3% and over received by the Company are set out on page 90 in the Governance report.

Political donations
No political donations were made, and no political expenditure was incurred during the year.

Employee involvement and consultation
The Company places considerable value on the involvement of Group employees in the business; it regards regular communication and consultation as essential for motivating people and developing a culture of learning and initiative within the organisation. The Company endeavours to inform and obtain feedback from employees on a continuing basis, through formal and informal meetings and other internal communication channels. This dialogue relates to matters that directly affect them as employees, as well as considerations concerning the performance of the Company more widely. During 2019, the Board also resolved that Directors would meet annually with port managers and other senior managers to obtain feedback on the Group's organisational structure going forward.

Incentive plans
In accordance with remuneration principles approved at the AGM, the Company has implemented short- and long-term incentive plans ('STIP' and 'LTIP', respectively) for Group employees and senior management, in order to more closely align employee targets and company strategy in the short- and long-term, thereby increasing shareholder value. Details of the STIP and LTIP are set out on pages 108 and 109 in the Remuneration report.

Discrimination and disability
The Board and executive management strive to ensure that employees are protected from discrimination within the Group. All decisions regarding employment processes, including recruitment, promotions, transfers, training, dismissal and working conditions, are based on consistent selection criteria. Employees or staff authorised to make such decisions are expected to act without prejudice or bias regarding employee disabilities. The Board regards it as essential that evaluating and assessing employees on their knowledge and skills is made on the basis of objective, rather than subjective, criteria. In the event of an employee becoming disabled, every effort is made to ensure that their employment with the Group continues in a capacity that accommodates their needs.

Modern Slavery and Human Trafficking statement
The Directors, on behalf of the Group as a whole, recognise and condemn slavery, servitude, forced labour and human trafficking (modern slavery) as abhorrent infringements of human rights. In February 2018, the Board adopted a Modern Slavery and Human Trafficking statement that set out the Company's commitment to preventing modern slavery in the Group's business and supply chains, and the steps taken toward that end. The statement, which was updated and approved by the Board in respect of the 2019 financial year, can be found on our website at www.globalportsholding.com under Investors – Corporate Governance – Corporate Social Responsibility.

Data protection
In November 2018, the Board adopted a comprehensive Data Protection Policy. This entrenches the Group's commitment to local, international and cross-border compliance with data protection laws and regulations, including, but not limited to, the General Data Protection Regulation 2016/679 and the Turkish Personal Data Protection Law no. 6698.

Environmental responsibility
The Company strives to do business responsibly and aims to integrate environmental sustainability to the core of its business strategy. The Company is aware of the environmental risks inherent within the business and is committed to manage and reduce the environmental footprint caused by its activities.

The Company's environmental impacts relate mainly to natural resource, water and energy consumption, emissions, dredging and impacts on marine ecosystems due to noise and vibration, while environmental risks include air and water pollution, risks arising from the handling of hazardous waste and effluents, and natural disasters. The Company responds to these impacts and risks in a systematic and proactive manner in line with its environmental management systems.

To foster environmental sustainability, the Company manages environmental matters in line with laws and regulations where the Company operates, international environmental standards and the Company's Environmental Policy.

Five of the Company's ports have been accredited with the ISO 14001 standard, and three ports have GreenPort and EcoPorts certification. In 2020, the Company set targets on acquiring new environmental management systems, ISO 14001 and EcoPorts certificates for European ports. Additional information about the EcoPorts and ISO certifications is set out on page 71 of this document.

Energy efficiency and saving are of great importance to the Company. In 2019, Port Akdeniz was certified with TS EN ISO 50001 – Energy Management.

Within the scope of the ISO 50001 standard, critical energy consumption within the enterprise was determined and energy risk analysis and evaluations were conducted accordingly. Based on this analysis, an energy action plan to reduce energy consumption was created. As a process-based certification, the ports' ongoing energy performances will now be monitored and reviewed, as the Company continually seeks to improve its energy management.

Greenhouse gas ('GHG') emissions

The Company is aware of the risks that climate change poses to its operations and regards contributing to global efforts to tackle climate change as being among its primary environmental responsibilities. To reduce its impact on climate change, the Company tracks its energy consumption and GHG gas emissions, invests in energy efficiency and renewable energy sources, deploys low- or zero- emission vehicles and raises awareness among its employees and other stakeholders.

The Company is required to disclose GHG emissions pursuant to the Companies Act 2006 (Strategic report and Director's report) Regulations 2013. The calculations on GHG emissions data, which cover the Scope 1 and 2 GHG emissions, have been conducted by an independent consultancy in accordance with the GHG Protocol control approach using IPCC 2006 emission factors, AR5 GWP values, the International Energy Agency and the World Resources Institute emission factors and local fuel data (net calorific value and density), where possible. As stated in the table below, during the GHG reporting period (1 January – 31 December 2019), the Group's Scope 1 and 2 emissions (location-based) totalled 8,941.2 tonnes CO_2e.

	In tonnes CO_2e	
	2019	2018
Scope 1	**2,514.20**	2,747.8
Scope 2 Location-based	**5,362.8**	5,907.3
Scope 1 and 2 total Location-based	**7,877.0**	8,655.1
Carbon intensity		
Per full-time equivalent employee	**12.32**	14.77
Per sqm facility area	**0.0085**	0.0096

1. Market specific EF data, in compliance with the GHG Scope 2 Guideline is not available. Market-based emissions are reported as the same as location-based emissions.
2. Organisational boundary has been set according to the operational boundary approach. All of the Company's ports, except for Lisbon (in respect of which 50% of emissions are covered), Singapore and Venice, are fully covered. Less than 50% of Lisbon Cruise Port's ownership is held by GPH. Less than 25% of each of the Singapore and Venice cruise ports are owned by GPH and their GHG emissions are not covered. Although GPH owned less than 50% of Malaga Cruise Port, it held more than 50% of voting power, and Malaga Cruise Port's GHG emissions are fully covered.
3. In cases where 2018 data is missing, 2019 data is used as a proxy.
4. 2018 GHG emissions have been recalculated in light of more accurate data presented, and differ from the data presented in the Company's 2018 Annual Report.

Financial instruments

The financial risk management objectives and policies of the Company are detailed in Note 35 to the Financial statements and in the Risk Management Framework on pages 32 to 40 of this document.

Acquisition of own shares

There were no acquisitions by the Company of its own shares during 2019.

Articles of Association
Unless expressly specified to the contrary therein, the Company's articles of association ('Articles') may be amended by a special resolution of the Company's shareholders.

Appointment and replacement of directors
The Articles provide that Directors can be appointed by the Company by ordinary resolution or by the Board. The Nomination Committee makes recommendations to the Board on the appointment and replacement of Directors. Further details of the rules governing the appointment and replacement of Directors are set out on page 85 in the Governance report, page 98 in the Nomination Committee report and in the Articles.

Directors' indemnity and insurance
Details of the Directors' indemnity and insurance from the Company are set out on page 86 in the Governance report.

Powers of the Directors
Subject to the Articles, UK legislation and any directions given by special resolution, the business and affairs of the Company are managed by the Board which may exercise all the powers of the Company whether relating to the management of the business or not. The Directors currently have powers both in relation to the issuing and buying back of the Company's shares and will seek renewal of these powers at the 2020 AGM.

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

KPMG LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the 2020 AGM in accordance with Section 489 of the Companies Act 2006.

AGM for 2020
The 2020 AGM of the Company will be held at the Company's registered office at 34 Brook Street, 3rd Floor, London W1K 5DN, United Kingdom on Friday, 5 June 2020. The resolutions to be proposed at the AGM are set out and fully explained in the circular containing the Notice of AGM ('AGM Notice Circular') which will be posted, together with the proxy form for the 2020 AGM and this Annual Report and Accounts, on our website at www.globalportsholding.com under Investors — Corporate Governance. These will be made available to shareholders electronically or, if they have expressed a preference otherwise, sent to them in hard copy.

The Board is closely monitoring the impact of Covid-19, in view of the evolving situation, to ensure that the AGM is held safely having regard to public health concerns and in compliance with related regulatory measures. As at the date of this Annual Report, the UK Government has published compulsory measures prohibiting, among other things, public gatherings of more than two people; it is not certain how long such measures will remain in force. Further details will be set out in the AGM Notice Circular. If it becomes necessary or appropriate to postpone, to move and/or to make alternative arrangements for holding the 2020 AGM, shareholders will be given as much notice as possible and further information will be made available at www.globalportsholding.com. Shareholders are reminded that proxy voting is available for the 2020 AGM and are encouraged to complete and return proxy forms as early as possible.

Recommendation
The Board considers that all of the resolutions to be considered at the 2020 AGM are in the best interests of the Company and its shareholders as a whole, and unanimously recommends that you vote in favour of all of the proposed resolutions, as the Directors intend to do in relation to their own beneficial shareholdings.
By order of the Board

Ercan Nuri Ergül
Director
13 April 2020

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements
The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report
We confirm that to the best of our knowledge:
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

Ayşegül Bensel
Vice Chairperson
13 April 2020

1. Our opinion is unmodified

We have audited the financial statements of Global Ports Holding PLC ("the Company") for the year ended 31 December 2019 which comprise the Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated cash flow statement and the related notes, including the accounting policies in note 3, and the Parent company balance sheet, Parent company statement of changes in equity and the related notes, including the accounting policies in note 37.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with the UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 29 June 2018. The period of total uninterrupted engagement is for the 2 financial years ended 31 December 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: group financial statements as a whole		USD 1.3m (2018: USD 1.2m) 1.1% (2018: 1.0%) of group revenue
Coverage		88% (2018: 99%) of group revenue
Key audit matters		**vs 2018**
Recurring risks	Recoverability of parent's investment in subsidiaries	↓
New risks	**New:** Going concern	
	New: Accounting for new concession agreements signed with the government of Bahamas (Nassau Cruise Port) and the government of Antigua (Antigua Cruise Port)	
	New: Recoverability of Akdeniz port operation rights	

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Going concern	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risk most likely to adversely affect the Group's and Company's available financial resources over this period was the 'shut down' of cruise ports operated by the Group, due to Covid-19, continuing for a prolonged period and the impact this would have on the Group's liquidity and ability to comply with covenants linked to its borrowing facilities. There are also less predictable but realistic second order impacts, such as the impact of an economic downturn on the Group's operations at Port Akdeniz, the failure to renew the Group's financing facilities, and the rights allowing the Group to operate its ports not being extended or terminated before they expire. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	**Our procedures included:** • **Sensitivity analysis:** We considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. In addition, we considered whether these scenarios led to the breach of covenants linked to the Group's borrowing facilities. • **Benchmarking assumptions:** We challenged whether the directors' stress testing of the potential decline in passenger numbers at the Group's cruise terminals and export volumes at Port Akdeniz included a sufficiently severe, but plausible, downside scenario. • **Funding assessment:** We assessed the Director's intentions for refinancing the Eurobond before it matures in November 2021, by inquiring with Directors and corroborating the results of those inquiries with inspection of correspondence with potential financial advisors, as well as evaluating the Director's intentions with our own debt advisory team. Furthermore, we challenged the extent to which the Group's financial forecasts rely on funding which has not yet been secured by comparing forecast cash inflows from financing activities to existing signed loan agreements. • **Evaluating directors' intent:** We evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise; including the reduction of planned capital expenditure and potential cost savings. • **Assessing transparency:** We assessed the completeness and accuracy of the matters covered in the going concern disclosure by comparing these to the Group's internally generated cash flow forecast projections and downside scenarios. **Our results** We found the going concern disclosure without any material uncertainty to be acceptable (2018 result: acceptable).

2. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Accounting for new concession agreements signed with the government of Bahamas (Nassau Cruise Port) and the government of Antigua (Antigua Cruise Port) *Nassau Cruise Port – Port operating intangible asset of USD 68.5 million; 2018 N/A* *Antigua Cruise Port – Right of use asset of USD 33.7m (2018: N/A)* *Refer to page 92 (Audit and Risk Committee Report – Financial reporting and judgments for 2019), pages 141 to 142 (Critical accounting judgments and key sources of estimation uncertainty – Intangible assets – Scope of IFRIC 12 Service Concession Arrangements), pages 152 to 153 (Significant accounting policies – Intangible assets: Service concession arrangements) and pages 171 to 172 (Note 13 to the Consolidated Financial Statements – Intangible assets).*	**Accounting treatment: Application of IFRIC 12 – "Service Concession Agreements"** During the year, the Group acquired the rights to operate 2 new port concessions for Nassau Cruise Port and Antigua Cruise Port. Accounting for these agreements has required management to exercise significant judgment when determining the correct accounting treatment to apply to certain aspects of the agreements. In respect of both ports, the Directors have exercised significant judgment in determining whether IFRIC 12 –Service Concession Arrangements applied with regard to the concession agreements. In particular, the Directors have exercised significant judgment when determining whether the Group or the grantor of the concession controls the prices/tariffs that the Group charge users of the port. With regards Antigua Cruise Port, the Directors have determined that the concession agreement does not fall under the scope of IFRIC 12 because the Group controls pricing (the other criteria of IFRIC 12 – "Service Concession Agreements" are met) and, as a result, have treated the concession agreement as a lease. With regards Nassau Cruise Port, the Directors have determined that the concession agreement falls under the scope of IFRIC 12 because the grantor controls pricing (the other criteria of IFRIC 12 – "Service Concession Agreements" are met) and, as a result, have recognised an intangible asset in respect of the Group's right to operate Nassau Cruise Port. The outcome of these judgments means that the Group has recognised an intangible asset in respect of the right to operate the Port of Nassau of USD 68.5m, and have recognised a right of use asset of USD 33.7m in relation to the Port of Antigua.	**Our procedures included:** • **Accounting analysis:** We have examined the judgments taken and challenged the conclusion reached by the Group as to who controls pricing for Nassau Cruise Port and Antigua Cruise Port. We have considered alternative treatments and whether these would lead to a more appropriate treatment than that proposed by management. • **Test of detail:** We have inspected the relevant documents, including the concession agreements. We have compared the facts upon which the accounting judgments are based to the underlying terms of these documents. • **Assessing transparency:** We have considered the adequacy of the Group's disclosures in respect of the accounting treatment. **Our results** We found the Group's determination as to whether new port agreements are service concession arrangements or leases to be acceptable.

	The risk	Our response
Recoverability of Akdeniz port operation right *Akdeniz port operating right: USD 144.2m (2018: USD 160.8m)* *Refer to page 92 (Audit and Risk Committee Report – Financial reporting and judgments for 2019), page 142 (Critical accounting judgments and key sources of estimation uncertainty – Impairment review of cash generating units (CGUs), pages 152 to 153 (Significant accounting policies – Intangible assets) and pages 171 to 172 (Note 13 to the Consolidated Financial Statements – Intangible assets).*	**Forecast-based valuation:** Port operating rights in the Group are significant and at risk of irrecoverability due to weak demand at Akdeniz port. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the value in use of Akdeniz port operating rights had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. In conducting our final audit work, we determined that no reasonably possible change in key assumptions in the value in use calculation would result in impairment.	**Our procedures included:** • **Our sector experience:** Evaluating the assumptions used, in particular those relating to the forecast growth in container volumes and the discount rate used. For assumptions relating to discount rates, we have used our own valuation specialist to challenge the assumptions. • **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as projected container volumes and discount rates. • **Sensitivity analysis:** Performing sensitivity analysis on the assumptions noted above based on reasonably possible changes to the key assumptions. • **Comparing valuations:** Comparing the sum of the discounted cash flows to the Group's market capitalisation to assess the reasonableness of those cashflows. • **Assessing transparency:** Assessing whether the group's disclosures reflected the risks inherent in the valuation of the Akdeniz port operating right. **Our results** We found the carrying amount of Akdeniz port operation rights to be acceptable (2018 result: acceptable).

2. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Recoverability of parent's investment in subsidiaries Parent company investment (USD 354.8m; 2018: USD 354.8m) *Refer to page 92 (Audit and Risk Committee Report – Financial reporting and judgments for 2019), pages 225 to 226 (Critical accounting judgments and key sources of estimation uncertainty - Impairment of investments in subsidiaries), page 223 (Accounting policies- Investments) and pages 226 to 228 (Note 42 to the Parent Company Financial Statements – Investments).*	**Forecast-based valuation:** The carrying amount of the parent Company's investment in subsidiaries is significant and at risk of irrecoverability due to weak customer demand at Port Akdeniz. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty in forecasting trading conditions and cash flows used in the budgets. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of the parent's investment in subsidiaries has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	**Our procedures included:** • **Our sector experience:** Evaluating the assumptions used, in particular those relating to forecast growth in the number of calls and passenger numbers for certain ports, forecast growth in container volumes for certain ports and the discount rates used. For assumptions relating to discount rates, we have used our own valuation specialist to evaluate the assumptions. • **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as projected call and passenger numbers, container volumes, and discount rates. • **Sensitivity analysis:** Performing sensitivity analysis on the assumptions noted above based on reasonably possible changes to the key assumptions. • **Comparing valuations:** Comparing the sum of the discounted cash flows to the Group's market capitalisation to assess the reasonableness of those cashflows. • **Assessing transparency:** Assessing the adequacy of the parent company's disclosures in respect of the investment in subsidiaries. **Our results** We found the carrying amount of the parent's investment in subsidiaries to be acceptable (2018 result: acceptable).

We continue to perform procedures over the replacement provision for Creuers (BPI). For the prior year financial statements, the Group engaged an expert to assess the amount of provision required. In the current year, the Group continues to apply the expert's methodology to calculate the amount of the provision. As a result, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Additionally, we continue to perform procedures over the recoverability of goodwill and port operation rights (relating to Ege Port and Bodrum Cruise Port). In the prior year, the Key Audit Matter related to the assessment of cash flow forecasts which were used to estimate the recoverable amount of the goodwill and port operation rights (relating to Ege Port and Bodrum Cruise Port). However, due to the improved performance of the ports in 2019, the risk in relation to this matter decreased to the extent that we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of Group materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at USD 1.3m (2018: USD 1.2m), determined with reference to a benchmark of group revenue, of which it represents 1.1% (2018: 1.0%). We consider group revenue to be the most appropriate benchmark as it provide a more stable measure year on year than group profit before tax.

Materiality for the parent company financial statements as a whole was set at USD 1.0m (2018: USD 1.0m), determined with reference to a benchmark of company total assets, of which it represents 0.3% (2018: 0.3%).

We agreed to report to the audit committee any corrected or uncorrected identified misstatements exceeding USD 0.065m (2018: USD 0.06m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 33 (2018: 27) reporting components, we subjected 8 (2018: 12) to full scope audits for group purposes and 1 (2018: nil) to specified risk-focused audit procedures. The latter was not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the percentages illustrated opposite. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

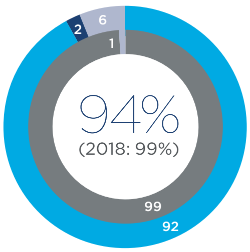
The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The group team approved the component materialities, which ranged from USD 0.15m to USD 1.0m (2018: USD 0.1 to USD 1.0m), having regard to the mix of size and risk profile of the Group across the components.

The work on 8 of the 8 components was performed by component auditors (2018: 11 of the 12 components). The audit of the parent company was performed by the Group team.

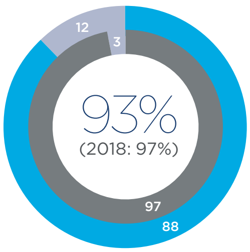
The Group team visited 6 component locations in the UK, Turkey, Spain, Malta and Montenegro, to assess the audit risk and strategy (2018: 4 components). Telephone conference meetings were also held with these component auditors and others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

Group materiality

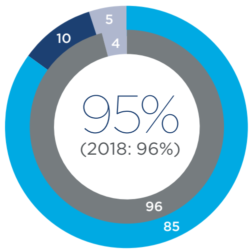
Group revenue



Group profit before tax



Group total assets



Full scope for group audit purposes 2019
Specified risk-focused audit procedures 2019
Full scope for group audit purposes 2018
Residual components

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 121, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company'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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the Group's right to operate a port being terminated before those rights were due to expire. We identified the following areas as those most likely to have such an effect: health and safety, antibribery, employment law, and certain aspects of company legislation recognising the nature of the group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter. In response to the matter identified, we inspected correspondence between the Group and its legal advisors, as well as correspondence with the regulatory authority.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Luke (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants, 15 Canada Square, Canary Wharf, London E14 5GL
13 April 2020

Consolidated statement of profit or loss and other comprehensive income

For the years ended 31 December 2019 and 2018

	Note	Year ended 31 December 2019 (USD '000)	Year ended 31 December 2018 (USD '000)
Revenue	6	**117,884**	124,812
Cost of sales	7	**(79,884)**	(77,523)
Gross profit		**38,000**	47,289
Other income	10	**3,501**	19,728
Selling and marketing expenses		**(2,109)**	(1,293)
Administrative expenses	8	**(15,505)**	(15,993)
Other expenses	10	**(8,580)**	(13,834)
Operating profit		**15,307**	35,897
Finance income	11	**8,082**	27,955
Finance costs	11	**(42,333)**	(60,867)
Net finance costs		**(34,251)**	(32,912)
Share of profit of equity-accounted investees	15	**5,580**	5,631
(Loss)/Profit before tax		**(13,364)**	8,616
Tax expense	17	**(1,855)**	(1,480)
(Loss)/Profit for the year		**(15,219)**	7,136
Profit/(Loss) for the year attributable to:			
Owners of the Company		**(18,558)**	770
Non-controlling interests		**3,339**	6,366
		(15,219)	7,136

	Note	Year ended 31 December 2019 (USD '000)	Year ended 31 December 2018 (USD '000)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	27	**(40)**	(19)
Income tax relating to items that will not be reclassified subsequently to profit or loss	17, 27	**9**	4
		(31)	(15)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**14,774**	42,107
Cash flow hedges – effective portion of changes in fair value		**335**	155
Cash flow hedges – realised amounts transferred to income statement		**(246)**	(216)
Losses on a hedge of a net investment		**(24,725)**	(59,630)
		(9,862)	(17,584)
Other comprehensive income/(loss) for the year, net of income tax		**(9,893)**	(17,599)
Total comprehensive income/(loss) for the year		**(25,112)**	(10,463)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(26,757)**	(12,315)
Non-controlling interests		**1,645**	1,852
		(25,112)	(10,463)
Basic and diluted earnings/(loss) per share (cents per share)	29	**(29.5)**	1.23

The notes on pages 135 to 231 are an integral part of these financial statements.

Consolidated statement of financial position

For the years ended 31 December 2019 and 2018

	Note	As at 31 December 2019 (USD '000)	As at 31 December 2018 (USD '000)
Non-current assets			
Property and equipment	12	**130,511**	129,351
Intangible assets	13	**424,618**	392,361
Right of use assets	31	**81,123**	–
Investment property	32	**2,139**	–
Goodwill	14	**13,485**	13,485
Equity-accounted investments	15	**26,637**	26,003
Due from related parties	34	**6,811**	–
Other investments	16	**4**	12,013
Deferred tax assets	17	**2,179**	3,066
Other non-current assets	19	**4,573**	4,626
		692,080	580,905
Current assets			
Trade and other receivables	18	**31,022**	19,999
Due from related parties	34	**771**	1,027
Other investments	16	**71**	72
Other current assets	19	**3,916**	3,336
Inventories	20	**1,393**	1,454
Prepaid taxes		**1,846**	1,363
Cash and cash equivalents	21	**63,780**	79,829
		102,799	107,080
Total assets		**794,879**	687,985
Current liabilities			
Loans and borrowings	24	**62,691**	48,755
Other financial liabilities	35	**4,536**	–
Trade and other payables	25	**21,367**	15,279
Due to related parties	34	**1,317**	542
Current tax liabilities	17	**2,725**	2,459
Provisions	28	**2,043**	955
		94,679	67,990
Non-current liabilities			
Loans and borrowings	24	**390,299**	298,296
Other financial liabilities	35	**50,394**	3,408
Deferred tax liabilities	17	**84,715**	92,294
Provisions	28	**18,175**	8,862
Employee benefits	27	**869**	797
Derivative financial liabilities	35	**485**	617
		544,937	404,274
Total liabilities		**639,616**	472,264
Net assets		**155,263**	215,721
Equity			
Share capital	22	**811**	811
Legal reserves	22	**13,144**	13,030
Share based payment reserves	26	**239**	–
Hedging reserves	22	**(220,029)**	(195,393)
Translation reserves	22	**213,715**	197,247
Retained earnings		**61,053**	108,981
Equity attributable to equity holders of the Company		**68,933**	124,676
Non-controlling interests	23	**86,330**	91,045
Total equity		**155,263**	215,721

The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 (if any) is recognised in retained earnings at the date of initial application. See Note 2.

These financial statements were approved by the board of directors on 13 April 2020 and were signed on its behalf by:

Ercan Nuri Ergül
Board Member
Company registered number: 10629250

The notes on pages 135 to 231 are an integral part of these financial statements.

Consolidated statement of changes in equity

For the years ended 31 December 2019 and 2018

	Note	Share capital (USD'000)	Legal reserves (USD'000)	Share based payment reserves (USD '000)	Hedging reserves (USD'000)	Translation reserves (USD'000)	Retained earnings (USD '000)	Total (USD '000)	Non-controlling interests (USD '000)	Total equity (USD '000)
Balance at 1 January 2019		**811**	**13,030**	**–**	**(195,393)**	**197,247**	**108,981**	**124,676**	**91,045**	**215,721**
Adjustment on initial application of IFRS 16 (net of tax)*		–	–	–	–	–	–	–	–	–
Adjusted balance at 1 January 2019		**811**	**13,030**	**–**	**(195,393)**	**197,247**	**108,981**	**124,676**	**91,045**	**215,721**
(Loss)/income for the year		**–**	**–**	**–**	**–**	**–**	**(18,558)**	**(18,558)**	**3,339**	**(15,219)**
Other comprehensive (loss)/income for the year		**–**	**–**	**–**	**(24,636)**	**16,468**	**(31)**	**(8,199)**	**(1,694)**	**(9,893)**
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**(24,636)**	**16,468**	**(18,589)**	**(26,757)**	**1,645**	**(25,112)**
Transactions with owners of the Company										
Transactions with non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6**	**6**
Transfer to legal reserves	22 (b) (i)	**–**	**114**	**–**	**–**	**–**	**(114)**	**–**	**–**	**–**
Equity settled share-based payment expenses	26	**–**	**–**	**239**	**–**	**–**	**–**	**239**	**–**	**239**
Dividends	22 (c)	**–**	**–**	**–**	**–**	**–**	**(29,225)**	**(29,225)**	**(6,366)**	**(35,591)**
Total contributions and distributions		**–**	**114**	**239**	**–**	**–**	**(29,339)**	**(28,986)**	**(6,360)**	**(35,346)**
Total transactions with owners of the Company		**–**	**114**	**239**	**(24,636)**	**16,468**	**(47,928)**	**(55,743)**	**(4,715)**	**(60,458)**
Balance at 31 December 2019		**811**	**13,144**	**239**	**(220,029)**	**213,715**	**61,053**	**68,933**	**86,330**	**155,263**

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 (if any) is recognised in retained earnings at the date of initial application. See Note 2.

The notes on pages 135 to 231 are an integral part of these financial statements.

	Note	Share capital (USD'000)	Share premium (USD '000)	Legal reserves (USD'000)	Hedging reserves (USD'000)	Translation reserves (USD '000)	Retained earnings (USD '000)	Total (USD '000)	Non-controlling interests (USD '000)	Total equity (USD '000)
Balance at 1 January 2018	22	811	–	13,012	(135,763)	150,626	143,148	171,834	92,896	264,730
(Loss)/income for the year		–	–	–	–	–	770	770	6,366	7,136
Other comprehensive (loss)/income for the year		–	–	–	(59,630)	46,621	(76)	(13,085)	(4,514)	(17,599)
Total comprehensive (loss)/income for the year		–	–	–	(59,630)	46,621	694	(12,315)	1,852	(10,463)
Transactions with owners of the Company										
Transactions with non-controlling interest		–	–	–	–	–	–	–	94	94
Transfer to legal reserves		–	–	18	–	–	(18)	–	–	–
Dividends	22 (c)	–	–	–	–	–	(34,843)	(34,843)	(3,797)	(38,640)
Total contributions and distributions		–	–	18	–	–	(34,861)	(34,843)	(3,703)	(38,546)
Total transactions with owners of the Company		–	–	18	(59,630)	46,621	(34,167)	(47,158)	(1,851)	(49,009)
Balance at 31 December 2018		811	–	13,030	(195,393)	197,247	108,981	124,676	91,045	215,721

The notes on pages 135 to 231 are an integral part of these financial statements.

Consolidated cash flow statement

For the years ended 31 December 2019 and 2018

	Note	**Year ended 31 December 2019 (USD '000)**	Year ended 31 December 2018 (USD '000)
Cash flows from operating activities			
(Loss)/Profit for the year		**(15,219)**	7,136
Adjustments for:			
Depreciation of PPE, and RoU assets, and amortisation expense	12,13,31,32	**47,737**	44,668
Share of profit of equity-accounted investees, net of tax	15	**(5,580)**	(5,631)
Gain on disposal of property plant and equipment		**(17)**	(142)
Finance costs (excluding foreign exchange differences)		**30,571**	26,623
Finance income (excluding foreign exchange differences)		**(2,017)**	(1,684)
Foreign exchange differences on finance costs and income, net		**5,697**	7,973
Income tax (benefit)/expense	17	**1,855**	1,480
Employment termination indemnity reserve	27	**139**	39
Equity settled share-based payment expenses		**239**	–
Reversal of/(Charges to) Provision	28	**1,676**	(12,000)
Operating cash flow before changes in operating assets and liabilities		**65,081**	68,462
Changes in:			
– trade and other receivables		**(11,023)**	(4,297)
– other current assets		**(1,003)**	3,510
– related party receivables		**(6,555)**	572
– other non-current assets		**346**	412
– trade and other payables		**(11,849)**	(71)
– related party payables		**775**	59
– post-employment benefits paid	27	**(31)**	(131)
– provisions		**8,573**	(64)
Cash generated by operations before benefit and tax payments		**44,314**	68,452
Income taxes paid	17	**(7,195)**	(7,345)
Net cash generated from operating activities		**37,119**	61,107
Investing activities			
Acquisition of property and equipment	12	**(15,813)**	(11,896)
Acquisition of intangible assets	13	**(8,155)**	(2,911)
Acquisition of a lease asset		**(21,000)**	–
Proceeds from sale of property and equipment		**35**	234
Bond and short-term investment income		**–**	(30)
Proceeds from sale of investments		**–**	13,944
Bank interest received		**251**	348
Dividends from equity accounted investees		**2,849**	541
Proceeds from sale of other investments in FVTPL instruments		**13,184**	–
Investment in equity accounted investee		**(61)**	
Incorporation of subsidiary		**(5)**	–
Other Investment in FVTPL instruments		**–**	(11,977)
Advances given for tangible assets		**(292)**	(85)
Net cash (used in)/from investing activities		**(29,007)**	(11,832)
Financing activities			
Equity injection by minorities to subsidiaries		**7**	94
Dividends paid to equity owners	22(c)	**(29,225)**	(34,843)
Dividends paid to NCIs	22(c)	**(5,062)**	(3,797)
Interest paid		**(26,388)**	(23,902)
Proceeds from borrowings		**74,918**	44,205
Repayments of borrowings		**(31,949)**	(34,697)
Repayments of lese liabilities (2018: payment of finance lease liabilities)*		**(3,066)**	(1,427)
Net cash (used in)/from financing activities		**(20,765)**	(54,367)
Net increase/(decrease in cash and cash equivalents		**(12,653)**	(5,092)
Effect of foreign exchange rate changes on cash and cash equivalents		**(3,396)**	(14,527)
Cash and cash equivalents at beginning of year	21	**79,829**	99,448
Cash and cash equivalents at end of year	21	**63,780**	79,829

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 (if any) is recognised in retained earnings at the date of initial application. See Note 2.

The notes on pages 135 to 231 are an integral part of these financial statements.

Notes to the consolidated financial statements

1 General information

Global Ports Holding PLC is a public company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is 34 Brook Street 3rd Floor, London W1K 5DN, United Kingdom. Global Ports Holding PLC is the parent company of Global Liman Isletmeleri A.S. and its subsidiaries (the 'Existing Group'). The majority shareholder of the Company is Global Yatırım Holding.

These consolidated financial statements of Global Ports Holding PLC (the 'Company', and together with its subsidiaries, the 'Group') for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 5 March 2020.

As at 31 December 2019, the number of employees of the Group was 640 (31 December 2018: 646).

The nature of the operations and the locations of the subsidiaries of the Company are listed below:

Subsidiaries	Locations	Operations
Ege Liman İşletmeleri A.Ş. ('Ege Liman')	Aydın-Turkey	Port operations
Ortadoğu Antalya Liman İşletmeleri A.Ş. ('Ortadoğu Liman')	Antalya-Turkey	Port operations
Bodrum Liman İşletmeleri A.Ş. ('Bodrum Liman')	Muğla-Turkey	Port operations
Port of Adria – Bar A.d. ('Port of Adria')	Montenegro	Port operations
Barcelona Port Investments, S.L ('BPI')	Spain	Port investments
Creuers del Port de Barcelona, S.A. ('Creuers')	Spain	Port operations
Cruceros Malaga, S.A. ('Malaga Port')	Spain	Port operations
Global Ports Mediterranean S.L. ('GP Med')	Spain	Service operations
Global Ports Europe B.V ('Global BV')	Netherlands	Port investments
Global Ports Melita Ltd. ('GP Melita')	Malta	Port investments
Valletta Cruise Port PLC ('VCP')	Valletta – Malta	Port operations
Port Operation Holding Srl ('POH')	Italy	Port investments
Royal Caribbean Investments (Cyprus) Ltd ('RCI Cyprus')	Cyprus	Port investments
Ravenna Terminal Passegeri Srl ('Ravenna')	Italy	Port operations
Catania Cruise Terminal Srl ('Catania')	Italy	Port operations
Cagliari Cruise Port Srl ('Cagliari')	Italy	Port operations
Global Ports Netherlands B.V. ('GP Netherlands')	Netherlands	Port investments
Zadar International Port Operations d.o.o. ('ZIPO')	Croatia	Port operations
GPH Americas Ltd ('GPH Americas')	Bahamas	Port investments
GPH (Bahamas) Ltd ('GPH Bahamas')	Bahamas	Port investments
GPH (Antigua) Ltd ('GPH Antigua')	Antigua & Barbuda	Port operations
Nassau Cruise Port Limited ('NCP')	Bahamas	Port operations
Global Depolama A.Ş. ('Global Depolama')	İstanbul-Turkey	Storage
Global Gemicilik A.Ş. ('Global Gemicilik')	İstanbul-Turkey	Logistics services
Randa Denizcilik San. ve Tic. Ltd. Şti. ('Randa')	Antalya-Turkey	Marine vehicle trade

Ege Liman

Kuşadası Cruise Port was constructed in 1968 and was operated by the Turkish Maritime Organisation Inc. (Türkiye Denizcilik Isletmeleri A.Ş.) ('TDI') until its privatisation in 2003. On 2 July 2003, Ege Liman entered into a transfer of operational rights agreement ('TOORA') for Kuşadası Cruise Port for a period of 30 years with the Privatisation Administration (Özelleştirme İdaresi Başkanlığı) ('OIB') and TDI. The TOORA will end in 2033.

Global Liman acquired 72.50% of the shares of Ege Liman on 6 July 2005, with Royal Caribbean Cruises Ltd. ('RCCL') holding a 27.49% interest and the TDI owns one share.

Ege Liman offers the following basic services to ships calling at the port: tugging, pilotage, sheltering, security, clean water supply, disposal of solid waste, underwater diving inspection, fuel supply and liquid waste collection.

1 General information continued

Ortadoğu Liman

Antalya Port, constructed in 1977, is a multi-functional facility harbouring a cruise port, a marina and a commercial port and was operated by the TDI until its privatisation in 1998. Operational rights for Antalya Port were taken over for a period of 30 years by Ortadoğu Liman in August 1998. In 2001, due to the difficulties in the other commercial activities of the former shareholders of Ortadoğu Liman, Savings Deposit Insurance Fund ('SDIF') confiscated the company.

Akdeniz Liman İşletmeleri A.Ş. ('Akdeniz Liman'), a joint venture of Global Liman, acquired 99.99% of the shares of Ortadoğu Liman which were subsequently tendered by the SDIF. Akdeniz Liman merged with Ortadoğu Liman in December 2006 and all the rights and obligations of Akdeniz Liman were transferred to Ortadoğu Liman which was denoted the successor entity. The concession period will end in 2028.

Until 29 July 2010, Global Liman owned 39.80% shares of Ortadoğu Liman. On 29 July 2010, Global Liman acquired 60% of the shares of Ortadoğu Liman from other shareholders and obtained control by raising the ownership to 99.80%.

Bodrum Liman

Bodrum Cruise Port was tendered by the State Railways, Ports and Airports Construction Company (Demiryolları, Limanlar ve Havayolları) ('DLH') in September 2003 through a 12-year Build-Operate-Transfer ('BOT') tender agreement, which commenced in December 2007. The BOT agreement period was until 2019. The winning bidder of the BOT concession was a consortium, which later established Bodrum Liman to carry out the operations of Bodrum Cruise Port.

Global Liman acquired 60% of the shares of Bodrum Liman on 16 June 2008. As of 27 December 2018, the BOT agreement period was extended 49 years to the end of 2067. As at 31 December 2019 shareholders of the remaining 30% and 10% of the shares of Bodrum Liman are Yüksel Çağlar and Setur Servis Turistik A.Ş. ('Setur'), respectively.

Port of Adria

On 23 July 2013, Global Liman won the tender for the repair, financing, operation, maintenance and transfer of Port of Adria and the right to acquire 62.09% of the shares in Port of Adria from the Montenegro Government through AD Port of Adria-Bar, which has an operating concession for thirty years (terminating in 2043). Global Liman finalised a share purchase agreement with the Montenegro Government on 15 November 2013 that was approved by the tender commission, the Montenegro Privatisation and Capital Investments Authority and the Montenegro Council of Ministers. The shares were transferred to the Group on 30 December 2013.

Port of Adria represents an important link in the chain of intermodal transport because of its integration with the Belgrade-Bar railway and road traffic network, and benefits from a free zone regime.

BPI, Creuers and Cruceros

Barcelona Port Investments, S.L ('BPI') was established as a joint venture between the Group and Royal Caribbean Cruises Ltd. ('RCCL') on 26 July 2013, where the Group held a 49% interest in BPI which was accounted for using the equity method. BPI then acquired a 43% interest in Creuers on 30 December 2013. Creuers holds a 100% interest in the port operation rights for the Barcelona cruise port, as well as 80% in the port operation rights for the Malaga cruise port ('Cruceros Malaga') and a 40% interest in the port operation rights for the Singapore cruise port.

On 30 September 2014, BPI acquired an additional 57% interest in Creuers which resulted in BPI obtaining control of Creuers as of that date.

Subsequently on 30 September 2014, the Group increased its interest in BPI from 49% to 62% by acquiring a 13% interest from RCCL. As a result, the Group became the controlling shareholder of Creuers. The port operation rights of Creuers and Cruceros terminate in 2030 and 2038, respectively.

Global BV, GP Melita and VCP
Global BV was established in the Netherlands for investments in European Ports. As of 15 November 2015, Global BV acquired 55.60% of VCP shares through Holding Companies of GP Malta and Perquisite. VCP was set up to develop the Valletta Waterfront, situated on the Grand Harbour, Malta, for the purpose of the operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. VCP is also responsible for the handling of international cruise and ferry passengers and was granted a license by the Malta Maritime Authority. The concession will end in 2067.

Port Operation Holding, RCI Cyprus, Ravenna, Catania and Cagliari
POH was established in Italy for investments made in Italian Ports. As of 31 December 2016, POH acquired 51% of Ravenna shares, 62% of Catania shares and 71% of Cagliari shares, a significant portion being through Holding Company of RCI Cyprus. Ravenna, Cagliari, and Catania were set up to operate the cruise liner passenger terminal together with complementary leisure facilities at their territories. The companies are responsible for the handling of international cruise passengers. The port operation rights of Ravenna, Cagliari and Catania terminate in 2020, 2025 and 2026, respectively.

Zadar International Port Operations 'ZIPO'
ZIPO was established in Zadar (Croatia) for attending to tender for concession of Gazenica cruise port operation rights. ZIPO has signed a 20-year (terminating in 2038) concession agreement ('the Agreement'), with the Port Authority of Zadar for the operating rights of the Gazenica cruise port in Zadar, Croatia. Under the terms of the Agreement, GPH will from Q4 2018, use its global expertise and operating model to manage all the cruise port operations at Gazenica port over the life of the concession. 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.

GPH Antigua
GPH Antigua was established in Antigua and Barbuda for signing the concession agreement of St John's cruise terminal port operation rights. GPH Antigua has signed a 30-year concession agreement ('the Agreement'), with the Government of Antigua and Barbuda for the operating rights of the St John's cruise terminal in Antigua. Under the terms of the Agreement, GPH will from October 23, 2019, use its global expertise and operating model to manage all the cruise port operations at St John's cruise terminal over the life of the concession. The concession includes cruise ship passenger port and terminal services, as well as an enhancement investment in the Terminal area, to modernise the terminal. After completion of CAPEX, terminal will have 2,400sqm, with leasable retail spaces.

Nassau Cruise Port Limited ('NCP')
NCP was established in Nassau (Bahamas) for signing of Port Operation and Lease Agreement ('POLA') with respect to the Nassau Cruise Port at Prince George wharf. GPH Bahamas, a wholly owned subsidiary of GPH plc, owns a 49% equity interest in NCP, Bahamian Investment Fund "BIF" (a Company established by Bahamian authorities for arrangement of financing of the project) holds 49% shares, and YES foundation (a charitable fund dedicated to empowering generations of Bahamians by supporting local youth, education, and sports-related programs) holds remaining 2% shares of NCP. NCP has signed a 25-year agreement ('the Agreement') from the end of construction completion, with the Government of Bahamas ('GoB') for the operating rights of the Prince George wharf in Nassau, Bahamas, starting from November 11th, 2019. Under the terms of the Agreement, NCP has an obligation to perform capital investments which include Cruise Terminal for an iconic design respecting and reflecting the richness and uniqueness of the traditional Bahamian culture. The concession includes cruise ship passenger port and terminal services. It will also contain a commercial area, after completion of CAPEX, with leasable retail and office space.

2 Adoption of new and revised standards and application of new accounting policies

(i) Amendments to International Financial Reporting Standards ('IFRSs') that are mandatorily effective for the current year

In the year ended 31 December 2019, the Group applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

2 Adoption of new and revised standards and application of new accounting policies continued

(i) Amendments to International Financial Reporting Standards ('IFRSs') that are mandatorily effective for the current year continued

(a) IFRS 16 – Leases

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was, or contained, a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease as explained in note 3I. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including land, property, and cars. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Lease payments linked to an index or rate are included in the initial measurement of the lessee's lease liability and ROU asset using the index as at the commencement date or transition date for existing lease agreements. For any subsequent changes in those indices, the lease liability needs to be measured with the corresponding increase/decrease to be accounted in the ROU assets.

Leases classified as operating leases under IAS 17

Previously, the Group classified lease payments under concession agreements which do not fall within IFRIC 122, as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the related Subsidiary's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to its concession agreements that fall outside of IFRIC 12 scope.

The Group has tested its right-of-use assets for impairment on the date of transition as part of the relevant CGU and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Group leases a number of items of machinery and equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

Impacts on transition

On transition to IFRS 16, the Group recognised right-of-use assets including investment property and additional lease liabilities. For the annual year starting at 1 January 2019, the Right-of-use assets have been measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The impact on transition is summarised below.

	1 January 2019 (USD'000)
Right of use assets	**58,983**
Investment property	**2,250**
Prepayments	**328**
Accruals	**(1,423)**
Lease liabilities	**62,328**

For the impact of IFRS 16 on profit or loss for the period, see Note 31. For the impact of IFRS 16 on segment information and EBITDA, see Note 5.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted- average rate applied is 3.4%.

	1 January 2019 (USD'000)
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	**158,860**
Discounted using the incremental borrowing rate at 1 January 2019	**61,268**
Finance lease liabilities recognised as at 31 December 2018	**1,905**
– Recognition exemption for short-term leases	**(35)**
Lease liabilities recognised at 1 January 2019	**63,138**

The Group presents right-of-use assets are presented as a line item on the face of financials. The carrying amounts of right-of-use assets are as below.

	Right of Use (USD'000)	Investment property (USD'000)
Balance at 1 January 2019	**58,983**	**2,250**
Balance at 31 December 2019	**81,123**	**2,139**

The Group presents lease liabilities in 'loans and borrowings' in the statement of financial position. The adoption of IFRS 16 does not impact the ability of the Group to comply with its Gross debt to EBITDA covenant. Details described on Note 24.

(b) Other Standards

The IASB issued Annual Improvements as at 15 March 2019. The amendments are effective after annual period started as of 1 January 2019.

Following standards are effective from 1 January 2019. The adoption of the amendments has had no major impact on the Group's consolidated financial position or performance of the Group as per management analysis performed.

- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)

2 Adoption of new and revised standards and application of new accounting policies continued

(i) Amendments to International Financial Reporting Standards ('IFRSs') that are mandatorily effective for the current year continued

(ii) New and revised IFRSs in issue but not yet effective

The following amended standards and interpretations are not expected to have significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards, effective from 1 January 2020
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate
- Benchmark Reform, effective from 1 January 2020
- IFRS 3 Definition of a Business, effective from 1 January 2020
- IAS 1 and IAS 8, Definition of Material, effective from 1 January 2020
- IFRS 17 Insurance contracts, effective from 1 January 2021

(c) IFRS 2 – Share-based payment arrangements

On 1 January 2019, the Group established share option program that entitles key management personnel to receive shares in the Company based on the performance of the Company during the vesting period. Under this program, holders of vested option are entitled to receive shares of the Company at the grant date. Currently, this program is limited to key management personnel and other senior employees.

The option will be settled by physical delivery of shares.

On 1 January 2019, the Group granted 204,000 Restricted Stock Units (RSUs) to employees that entitle them to a share issued after three years of service. The RSUs will be granted at the end of three-year vesting period and issued after two year holding period. Shares issued under the LTIP are subject to a dilution limit of up to 3% over 10 years, which will be monitored by the Committee. Upon vesting of an RSU, Employees must pay the par value in respect of each share that vests. Employees are also responsible to declare and pay the tax related to gains from RSUs to the authorities.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRSs as adopted by the European Union.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Functional and presentation currency

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency).

For the purpose of the consolidated financial statements, United States Dollars ('USD') is chosen as the presentation currency by management to facilitate the investors' ability to evaluate the Group's performance and financial position to similar companies. The consolidated financial statements are rounded to the nearest thousand dollars, except when otherwise indicated.

USD is the most significant currency to the operations of Global Ports Holding PLC ('the Company'), and therefore USD has been determined as its functional currency in line with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

Global Liman and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in TL in accordance with the Turkish Commercial Code, tax legislation and Turkish Uniform Chart of Accounts. The subsidiaries operating in Montenegro, Spain and Malta maintain their books of account and prepare their statutory financial statements in Euro in accordance with their respective local laws.

TL is the most significant currency to the operations of Global Liman, and therefore TL has been determined as its functional currency in line with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

USD is the most significant currency to the operations of Ortadoğu Liman, GPH Antigua and Nassau Cruise Port, therefore USD has been determined as functional currency of these companies in line with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

EUR was the most significant currency to the operations of the subsidiaries, Ege Liman and Bodrum Liman for the year ended 31 December 2018, and therefore EUR was determined as the functional currency of these companies for that year. From 1 January 2019, based on the change in tariffs from EUR to USD, the most significant currency used in Ege Liman and Bodrum Liman's operations changed to USD, and therefore the functional currency changed to US Dollars for the year ended 31 December 2019. This in line with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

Euro is significantly used in the operations of the Port of Adria, VCP, BPI, Creuers, Malaga Port, Ravenna, Cagliara and Catania. Therefore, Euro has been determined as the functional currency of these companies in line with IAS 21 – 'The Effects of Changes in Foreign Exchange Rates'.

(d) Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

Intangible assets – Scope of IFRIC 12 'Service Concession Arrangements'
The Group's intangible assets recognised primarily consist of the port operation rights.

Judgement is applied by management to determine whether IFRIC 12 '*Service Concession Arrangements*' applies to port operating rights arising from a service concession arrangement. For an arrangement to be within the scope of this Interpretation it typically involves a private sector entity (an operator) constructing the infrastructure used to provide the public service or upgrading it and operating and maintaining that infrastructure for a specified period of time. The operator is paid for its services over the period of the arrangement. The arrangement is governed by a contract that sets out performance standards and mechanisms for adjusting prices.

Judgement is applied on whether an arrangement meets the public-to-private arrangement definition. IFRIC 12 states that a feature of public to private arrangement is the 'public service nature of the obligation undertaken by the operator'.

Although IFRIC 12 does not define 'public-to-private service concession arrangement', it describes the typical features of such arrangements which include an infrastructure used to deliver public services, a contractual arrangement between a grantor and an operator which specifies the services the operator is to provide using the infrastructure and governs the basis on which the operator will be remunerated, supply of services by the operator which the construction or upgrade of the infrastructure and the operation and maintenance of that infrastructure.

3 Significant accounting policies continued

(d) Critical accounting judgements and key sources of estimation uncertainty continued

Management has assessed that the Group's concession arrangements meet the definition of the 'public service nature of the obligation undertaken by the operator'.

Following the above judgement, IFRIC 12 specifies three scope criteria to be met in order for an arrangement to be accounted for under IFRIC 12. These are 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, and also controls any significant residual interest in the infrastructure at the end of the service concession arrangement. Judgment is often required to determine whether these criteria are being satisfied. Significant judgement is required to assess whether the control of price is held by the grantor or the operator (Company) and in particular whether a capping mechanism is substantial and whether price control is exercised on all or some of the services being provided. If a concession is deemed to fall within the scope of IFRIC 12 then any payments made to acquire or operate the concession are capitalised as an intangible asset in accordance with IAS 38 and amortised over the concession period.

The carrying value of port concession intangible assets at 31 December 2019 is USD 419,024 thousand (2018: USD 390,888 thousand). Concession arrangements at Nassau, Creuers, Cruceros, Ravenna and Catania were assessed as being within the scope of IFRIC 12. The concession agreement at Antigua has been assessed not to fall within the scope of IFRIC 12 as the Group controls pricing and has been recognised as Right of use asset in accordance with IFRS 16 at an amount of USD 33,702 thousand as at 31.12.2019.

Control of an entity – IFRS 10 '*Consolidated Financial Statements*'

Management assessed whether or not the Group has control over NCP based on whether the Group has the practical ability to direct the relevant activities of NCP unilaterally. In making their judgement, management considered the Group's absolute size of holding in NCP, the relative size of and dispersion of the shareholdings owned by the other shareholders, Group's ability to assign board members to NCP, voting rights and how decisions about relevant activities are being made.

After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of NCP due to the power to appoint the majority of NCP's directors, by having the casting vote and by having the responsibility to direct, supervise and manage the everyday operation of the port. Therefore the Group has control over NCP and therefore the Group has control over. If the directors had concluded that the 49 per cent ownership interest was insufficient to give the Group control, NCP would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

Other estimates

Impairment review of cash generating units (CGUs)

IFRS requires management to perform impairment tests annually for goodwill and, for finite lived assets, if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Impairment testing requires management to judge whether the carrying value of Assets and the associated goodwill of Ege port and the carrying value of assets of Port Akdeniz can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's expectations of:

- operational growth expectations including the forecast number of calls, passengers and container volumes; and
- appropriate discount rates to reflect the risks involved.

Management prepares formal forecast for Ege Port and Port Akdeniz operations for the remaining concession period, which are used to estimate their value in use.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence reported assets and profits or losses.

(e) Basis of consolidation

The consolidated financial statements includes the accounts of the Company, entities controlled by the Company (its subsidiaries) and joint arrangements on the basis set out in sections below.

(i) Subsidiaries

As at 31 December 2019, the consolidated financial statements includes the financial results of the Company and its controlled subsidiaries.

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it has the power to direct the relevant activities, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and is prepared with the same chart of accounts as the Company.

As at 31 December 2019 and 2018, the subsidiaries in which the Group owned a majority shareholding and/or effectively controlled their operations are as shown below:

	Effective ownership (%)		Voting power held (%)	
	2019	2018	**2019**	2018
Ege Liman	**72.50**	72.50	**72.50**	72.50
Ortadoğu Liman	**100.00**	100.00	**100.00**	100.00
Bodrum Liman	**60.00**	60.00	**60.00**	60.00
Port of Adria	**63.79**	63.79	**63.79**	63.79
Malaga Port*	**49.60**	49.60	**80.00**	80.00
Creuers	**62.00**	62.00	**62.00**	62.00
BPI	**62.00**	62.00	**62.00**	62.00
Global Depolama	**100.00**	100.00	**100.00**	100.00
Global BV	**100.00**	100.00	**100.00**	100.00
VCP	**55.60**	55.60	**55.60**	55.60
Ravenna	**53.67**	53.67	**53.67**	53.67
Cagliari	**70.89**	70.89	**70.89**	70.89
Catania	**62.21**	62.21	**62.21**	62.21
ZIPO	**100.00**	100.00	**100.00**	100.00
GPH Antigua	**100.00**	–	**100.00**	–
NCP**	**49.00**	–	**50.00**	–

* Global Liman has 62% shares of BPI, which in turn has 100% ownership in Creuers and Creuers having 80% ownership in Malaga, the Group has significant voting power establish control in Cruceros Malaga.

** As per Shareholders agreement signed, GPH (Bahamas) Ltd (wholly owned subsidiary of GPH) has the right to assign 5 out of 7 Board members, and Board shall decide by simple majority vote, which allows GPH to control the Company. Also, the Company had a casting vote on General Assembly of NCP.

(ii) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific operation.

3 Significant accounting policies continued

(e) Basis of consolidation continued

Interests in the equity-accounted investees are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements includes the Group's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

On acquisition of the investment in equity-accounted investees, any excess of the cost of the investment over the Group's share of the next fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any 'negative goodwill' is excluded from the carrying amount of the investment and is instead included as income in the investor's share of profit or loss in the associate in the period of acquisition.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2019 and 2018 for the equity-accounted investees:

	Effective ownership rates		Voting power held	
	31 December 2019 (%)	31 December 2018 (%)	**31 December 2019 (%)**	31 December 2018 (%)
Lisbon Cruise Terminals	**46.2**	46.2	**50**	50
Singapore Port	**24.8**	24.8	**40**	40
Venezia Investimenti	**25.0**	25.0	**25**	25
Goulette Cruise Holding Limited	**50.0**	–	**50**	–
La Spezia	**28.5**	28.5	**30**	30

(iii) Non-controlling interests

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.

(iv) Transactions eliminated on consolidation

Subsidiaries are consolidated by using the full consolidation method. Therefore, the carrying value of subsidiaries is eliminated against the related equity. The equity and net income attributable to non-controlling interests are shown separately in the consolidated balance sheet and income statement and other comprehensive income. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Business combinations

The acquisition of subsidiaries and businesses from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Any costs directly attributable to the business combination are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

The excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill. Goodwill arising from business combinations is not amortised, but tested for impairment annually or more frequently if there is any evidence that the goodwill may be impaired.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

If the share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree exceed the cost of a business combination, the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

(f) Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Commercial and Cruise business models on pages 14 to 17. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 22 to 23. In addition, notes 3 and 32 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's portfolio consists of investments in or management of 19 cruise ports and two commercial ports in 13 countries which diversifies economic and political risks. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The principal events and conditions identified by Management that have the most significant impact on the going concern of the Group are:
(a) the passenger levels that will be observed during the Going Concern assessment period of not less than 12 months from the date of approval of these Annual Report and Accounts in view of the COVID-19 situation and the associated effect on Group revenues and cash position;
(b) the refinancing of the Group's Eurobond principal amounting to USD 250 million which has a maturity date of 14 November 2021;
(c) the financing requirements for committed and planned expenditure over the following 24 months, particularly in respect of the Group's newly acquired Caribbean Ports totalling USD 160 million (GPH Group's portion); and
(d) any negative business outlook on commercial operations related to macro-economic factors such as trade tariffs and their associated impact on global economies.

The uncertainty caused by the recent COVID-19 outbreak has been considered by the Group. The Group's main cruise port portfolio is located in Mediterranean region. Peak season for the cruise business in Mediterranean region starts in early May, due to the seasonality of the cruise business, with passenger numbers during the first Q1 budgeted and observed to be low. However, as at the approval date of these Annual Report and Accounts, the Group has experienced a significant level of cancellations for the April-May 2020 period from cruise line customers.

One of the major export products in Port Akdeniz is marble exports to China. After the closing of borders in China due to the spread of COVID-19, there were several delays in marble exports experienced in Q1. Management does not expect these delays to cause significant impact on the business and the fall in container volumes the Port is experiencing during the first months of 2020 is partly offset by an increase in general and bulk cargo volumes. A recovery of marble export is expected in 2020.

Management has considered the potential impact of COVID-19 outbreak on the Group's results and financial position. The following key, base case, assumptions were used in preparing this analysis:
- A fall to zero in the number of cruise passengers arriving at all ports in the GPH portfolio for a period to 1 June 2020 with a corresponding impact on passenger revenues and ports' variable expenses.
- A fall in occupancy rates by 60% in the Mediterranean and 60% in the Caribbean for all cruise lines, with a corresponding impact on passenger revenues and ports' variable expenses, based on the issued itineraries for the period 1 June 2020 to 31 March 2021.
- A fall in marble exports in Port Akdeniz to China of 25% based on the forecasted container cargo of marble for both loading and unloading for the next 12 months.
- Delay of dividend payments by the Group and individual ports for the next 12 months.

3 Significant accounting policies continued

(f) Going concern (continued)

Under this scenario the Group expects to have sufficient cash resources to remain in operation and remain within covenant requirements for a period of not less than 12 months from the date of approval of these Annual Report and Accounts. Management has also assessed the impact of the above scenario on the Group's covenants. Barcelona Ports Investments and Valetta Cruise Port Limited covenants are projected to remain above the required level. The Group's Eurobond has a consolidated leverage ratio limit of 5x which is only required to be calculated when there is a change in the ratio due to additional indebtedness or acquisition or disposals of entities within the sub-group of the Eurobond covenant perimeter.

However, in order to stress test the financial position of the Group, management has also considered a plausible but, highly unlikely, severe downside scenario whereby the current passenger levels and commercial trade volumes due to the COVID-19 related circumstances persist for a period of 12 months. The following key, severe but plausible, assumptions were used in preparing this analysis:

- A fall to zero in the number of cruise passengers arriving at all ports in the GPH portfolio for a period to 31 December 2020 with a corresponding impact on passenger revenues and ports' variable expenses. To be followed by a moderate return, remaining 50% below original forecast, of cruise passengers to our Caribbean ports only.
- A fall in marble exports in Port Akdeniz to China of 75% based on the forecasted container cargo of marble for both loading and unloading until September 2020 followed by a moderate return, remaining at least 25% below original forecasts.
- Delay of dividend payments by the Group and individual ports for the next 12 months.
- Partial suspension of the capital investment in Nassau Cruise Port Limited forecasted for 2020 and 2021 amounting to a USD 10m reduction.

Under this scenario the Group still expects to have sufficient cash resources and remain within covenant requirements for a period of not less than 12 months from the date of approval of these Annual Report and Accounts having taken into account: committed, undrawn credit lines, covenant waivers that have been received, and potential mitigating actions within the control of the Group including the application of a number of contractual Force Majeure clauses.

In the circumstances of this severe downside scenario management are of the view that there may be a number of further mitigating actions that could be executed to reduce the depletion of cash resources but that are not within the control of Group at the date of approval of these Annual Report and Accounts and thus not included in the assessment. These includes being eligible for and receiving certain Governmental reliefs currently being discussed by various Governments and negotiated deferral or waiver of concession payments due to concessionaires.

Management has also commenced discussions with a number of investment banks to assess several options for the Eurobond refinancing including but not limited to re-issuing a new Eurobond. With Port Akdeniz being a significant guarantor of the bond, the outcome of the Group's exclusive negotiations with a potential buyer of this port may have a material impact on the appropriate refinancing structure. A final decision on the sale process is expected in Q3 2020, after which the Group will pursue the most appropriate refinancing structure.

So far considering the stage of these discussions, there is no indication that suggests that a refinancing cannot be obtained or an appropriate lender would not be found. The impact of COVID-19 has also been considered in relation to the Eurobond refinancing. Noting that the refinancing is only due by November 2021, Management does not currently expect any negative impact on its fundamental ability to secure financing by that time and has performed the Going Concern analysis on this basis.

The Group has arranged the required finance for the investment requirements of GPH Antigua while for Nassau Cruise Port an initial bridge financing arrangement of $50m has been agreed which will cover the first year's requirements. (Note 24).

The Group is not expecting any significant impact on its operations from the UK decision to leave the European Union.

The Directors have considered the information described herein and have a reasonable expectation that the Group and its subsidiaries have adequate resources to continue in operational existence. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(g) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into 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 the reporting date. Non-monetary assets and liabilities denominated in foreign currencies carried at historical cost should be retranslated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

The Group entities use USD, Euro or TL as their functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21 *The Effect of Changes in Foreign Exchange Rates*. The Group uses USD as the presentation currency.

Assets and liabilities of those Group entities with a different functional currency than the presentation currency of the Group are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date. The income and expenses of the Group entities are translated into the presentation currency at the average exchange rates for the period. Equity items, except for net income, are translated using their historical costs. These foreign currency differences are recognised in 'other comprehensive income' ('OCI'), within equity, under 'translation reserves'.

As at 31 December 2019 and 2018 foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2019	2018
TL/USD	**0.1683**	0.1901
Euro/USD	**1.1196**	1.1458

For the years ended 31 December 2019 and 2018, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2019	2018
TL/USD	**0.1763**	0.2078
Euro/USD	**1.1194**	1.1764

(ii) Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into USD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity (attributed to non-controlling interests as appropriate).

3 Significant accounting policies continued

(g) Foreign currency continued

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in OCI.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the future, then foreign currency differences arising from such items form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in translation reserves.

(h) Financial instruments

(i) Recognition and Initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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.

(ii) Classification and subsequent measurement

Financial assets

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.

Financial assets at amortised cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

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. 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

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;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable 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 compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 Significant accounting policies continued

(h) Financial instruments continued

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in 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.

(iii) Derecognition

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 Group 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 Group 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.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposure. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

It is expected that a hedge transaction is to be effective in stabilising changes between changes in fair value or cash flow. During all financial reporting periods in which it is defined, a hedge transaction is evaluated continuously for identification of effectiveness and it is expected to be consistent with documented risk management strategy. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The derivatives are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity.

The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Net investment hedges
A net investment hedge is a hedge of the foreign currency exposure arising from a net investment in a foreign operation using derivative or non-derivative financial items as the hedging instrument. If a monetary item is a part of net investments made to subsidiaries of the Group whose functional currency is other than TL, foreign exchange differences arise in consolidated financial statements of the Group. Those foreign exchange differences are recognised in other comprehensive income in the consolidated financial statements when the differences are considered as hedging instruments.

Hedges of net investments in a subsidiary whose functional currency is other than TL are accounted for similarly to cash flow accounting hedges. Any gains or losses on the hedging instrument are accounted as follows:
- the effective portion of gain or loss arising from the hedging instrument is recognised in other comprehensive income; and
- the ineffective portion of gain or loss arising from the hedging instrument is recognised in profit or loss.

Gain or loss on hedging instruments related to the effective portion accumulated in other comprehensive income is reclassified to profit or loss on disposal of the related subsidiary.

(i) Property and equipment
(i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

3 Significant accounting policies continued

(i) Property and equipment continued

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the 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.

Leasehold improvements are amortised over the periods of the respective leases and remaining life of concession agreements, also on a straight-line basis.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Leasehold improvements	4-50
Furniture and fixtures	4-20
Machinery and equipment	4-30
Motor vehicles	4-18

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) De-recognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(j) Intangible assets

(i) Recognition and measurement

Intangible assets comprise port operation rights, contract-based customer relationships and software. Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditures

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in profit or loss as incurred.

Intangible assets recognised in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). The Group's intangible assets recognised in a business combination comprise the port operation rights and the customer relationships. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Service concession arrangements

Port operation rights arising from a service concession arrangement are recognised in line with IFRIC 12 'Service Concession Arrangements' and under the intangible asset model 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 contractual obligations to pay concession fees that are not variable but contractually fixed in amount or in substance fixed payments are recorded as financial liabilities. These liabilities are initially recognised at fair value using a risk-adjusted discount rate. Port operation rights received as consideration are recorded as intangible assets at the same amount and variable payments are being expensed.

The rights received as consideration for construction services are recognised at the cost of construction for the period in which the construction costs are incurred. Revenue and expenses from construction services are recognised under IFRIC 12.14 and in accordance with IFRS 15.

Subsequent to initial recognition, the intangible asset is measured at cost less any capitalised borrowing costs, accumulated amortisation and accumulated impairment losses. These assets are amortised based on the lower of their useful lives or concession period.

Provisions for maintenance are recognised if maintenance obligations of specified amounts arise from the concession agreement. Costs for regular maintenance is recognised as expense in the relevant year.

(iv) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated finite useful lives of intangible assets from the date they are available for use, since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Port operation rights	4-50 (concession term)
Customer relationships	12
Software	5

(v) Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(k) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

3 Significant accounting policies continued

(l) Investment property

Investment property is initially measured at cost and subsequently at cost less accumulated depreciation.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

(m) Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses related subsidiary's incremental borrowing rate as the discount rate for related concession arrangement.

The Group determines each subsidiary's incremental borrowing rate as borrowing rate obtained to finance its capital investment obligations in the port as specified in the concession agreement.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets as a separate non-current asset and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of ‘other revenue’.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) as a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group’s statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

3 Significant accounting policies continued

(m) Leases continued

(ii) as a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

(n) Inventories

Inventories of the Group composed of spare and replacement parts, and consumables used for the tangible assets in commercial ports, and inventories held for sale in duty free operations on Valletta Cruise Port. Costs of inventories are determined on weighted average basis. Inventories are kept at the lower of cost and net realisable value.

(o) Impairment

(i) Non derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Contract Losses ('ECL') on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- 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 (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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 debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; 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. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(ii) Non–financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories, contract assets 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. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

3 Significant accounting policies continued

(p) Employee benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plans as per IAS 19 (revised) Employee Benefits ('IAS 19'). The retirement benefit obligation recognised in the consolidated balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognised in other comprehensive income. The key assumptions used in the calculation of the retirement pay liability are detailed in Note 25.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(q) Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(s) Revenue

Revenue is measured based on the consideration specified in a contract with a customer, stated net of taxes. The Group recognises revenue when the related performance obligation has been satisfied. The main revenue streams are explained below;

(i) Container revenues

Container cargo revenues relate to services provided for container cargo handling including sea and land services. Revenue is recognised at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Port Akdeniz are mainly made in advance, in some cases payment terms are up to 30 days.

(ii) Port service revenues

Port service revenues relate to services provided to ships and motorboats (pilotage, towage, tugboat rents, etc.). Revenue is recognised at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are made in advance, in European ports increased up to 45 days.

(iii) Cargo revenues

Cargo revenues relate to services provided for general and bulk cargo handling including sea and land services. Revenue is recognised at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are mainly made in advance, in other cases payment terms are up to 30 days.

(iv) Landing fees
Landing fees relate to services provided to cruise ships including passenger landing, luggage handling, security fees, etc. Revenue is recognised at the point in time services are completed, as the services are usually provided over a very short period of time. Payments in Turkish Ports are made in advance, in European ports increased up to 45 days.

(v) Rental income
Rental income is generated from the leasing of marina and shopping centres. Revenue is recognised over time as the services are provided. Revenue is recognised on a straight-line basis over the term of the lease. Invoices are issued on a monthly basis and are usually payable within 30 days. Guarantees are taken up to 6 months' rent.

(vi) Income from duty free operations
Income from duty free operations is recognised in profit or loss at the point of sale. Invoices are issued when the products are sold and are paid in cash or by credit card.

(vii) Income from management agreements
The revenue the Group receives in respect of management agreements, such as those for the Port of Havana, Cuba, tend to include performance bonuses. These bonuses are variable consideration and are based on the Port achieving certain results, for example, the number of passengers accepted at the port or control of costs compared to budget. Where revenue is variable, the Group recognises the related revenue in the period in which the condition triggering the performance bonus is met.

(t) Operating profit
Operating profit is profit for the year stated before the share of results of equity-accounted investees, finance income, finance costs and tax.

(u) Finance income and finance costs
Finance income comprises interest income, gains on sale of marketable securities and net foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, net foreign currency losses, losses on sale of marketable securities and finance costs from lease liabilities unwinding. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(v) Income tax
Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement and other comprehensive income because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A current tax provision is recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation.

3 Significant accounting policies continued

(v) Income tax continued

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(ii) Current and deferred tax for the period

Current and deferred tax are recognised as in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(w) Inventory

The Group has two types of inventories, Commercial goods for retail operations in Valetta Cruise Port and replacement parts for machinery and equipment in commercial ports. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average principle.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market and observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted in active markets for identical assets or liabilities);
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 31 – Financial risk management.

5 Segment reporting

(a) Products and services from which reportable segments derive their revenues

The Group operates various cruise and commercial ports and all revenue is generated from external customers such as cruise liners, ferries, yachts, individual passengers, container ships and bulk and general cargo ships.

(b) Reportable segments

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision-maker, in deciding how to allocate resources and assessing performance.

The Group has identified two main segments as commercial and cruise businesses. Under each main segment, Group had presented its operations on port basis as an operating segment, as each port represents a set of activities which generates revenue and the financial information of each port is reviewed by the Group's chief operating decision-maker in deciding how to allocate resources and assess performance. Spanish Ports are aggregated due to the Group's operational structure. The Group's chief operating decision-maker is the Chief Executive Officer ('CEO'), who reviews the management reports of each port at least on a monthly basis.

The CEO evaluates segmental performance on the basis of earnings before interest, tax, depreciation and amortisation excluding the effects of specific adjusting income and expenses comprising project expenses, bargain purchase gains and reserves, board member leaving fees, employee termination payments, unallocated expenses, finance income, finance costs, and including the share of equity-accounted investments which is fully integrated into GPH cruise port network ('Adjusted EBITDA' or 'Segmental EBITDA'). Adjusted EBITDA is considered by Group management to be the most appropriate profit measure for the review of the segment operations because it excludes items which the Group does not consider to represent the operating cash flows generated by underlying business performance. The share of equity-accounted investees has been included as it is considered to represent operating cash flows generated by the Group's operations that are structured in this manner.

The Group has the following operating segments under IFRS 8:

- BPI ('Creuers' or 'Creuers (Barcelona and Málaga)'), VCP ('Valetta Cruise Port'), Ege Liman ('Ege Ports-Kuşadası'), Bodrum Liman ('Bodrum Cruise Port'), Ortadoğu Liman (Cruise port operations), POH, Nassau Cruise Port ('NCP'), Antigua Cruise Port ('GPH Antigua'), Lisbon Cruise Terminals, SATS – Creuers Cruise Services Pte. Ltd. ('Singapore Port'), Venezia Investimenti Srl. ('Venice Investment' or 'Venice Cruise Port') and La Spezia Cruise Facility Srl. ('La Spezia') which fall under the Group's cruise port operations.
- Ortadoğu Liman (Commercial port operations) ('Port Akdeniz-Antalya') and Port of Adria ('Port of Adria-Bar') which both fall under the Group's commercial port operations.

The Group's reportable segments under IFRS 8 are BPI, VCP, Ege Liman, Nassau Cruise Port, Ortadoğu Liman (Commercial port operations) and Port of Adria (Commercial port operations).

Bodrum Cruise Port, Italian Ports, Ortadoğu Liman (Cruise operations), Port of Adria (Cruise Operations), and GPH Antigua, that just started its operations at the end of 2019 are not exceeding the quantitative threshold, have been included in Other Cruise Ports.

Global Depolama does not generate any revenues and therefore is presented as unallocated to reconcile to the consolidated financial statements results.

Assets, revenue and expenses directly attributable to segments are reported under each reportable segment.

Any items which are not attributable to segments have been disclosed as unallocated.

The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated (see Note 2). In order to account for the application of IFRS 16, management has presented as separate reconciling items the impact of IFRS 16 on segmental and adjusted EBITDA, segment assets, segment liabilities, depreciation, finance costs.

5 Segment reporting continued

(b) Reportable segments continued

As a result, the Group recognised USD 82,381 thousand of right-of-use assets and USD 64,828 thousand of liabilities from those lease contracts. These assets and liabilities are included in BPI, VCP, Other Cruise Ports, Ortadoğu Liman and Port of Adria segments as at 31 December 2019. The Group recognises depreciation and interest costs, instead of operating lease expense (see Note 2a). During the year ended 31 December 2019, in relation to those leases, the Group recognised USD 2,319 thousand of depreciation charges and USD 2,385 thousand of additional interest costs from leases.

(i) Segment revenues, results and reconciliation to profit before tax

The following is an analysis of the Group's revenue, results and reconciliation to profit before tax by reportable segment:

	BPI (USD '000)	VCP (USD '000)	Ege Liman (USD '000)	Nassau Cruise Port (USD '000)	Other Cruise Ports (USD '000)	Total Cruise (USD '000)	Ortadoğu Liman (USD '000)	Port of Adria (USD '000)	Total Commercial (USD '000)	Total (USD '000)
31 December 2019										
Revenue	**31,278**	**13,872**	**6,549**	**2,492**	**8,855**	**63,046**	**47,486**	**7,352**	**54,838**	**117,884**
Segmental EBITDA	**20,461**	**8,027**	**4,590**	**1,808**	**9,478**	**44,364**	**37,369**	**1,708**	**39,077**	**83,441**
– Segmental EBITDA pre IFRS 16	**19,564**	**7,194**	**4,590**	**1,808**	**8,879**	**42,035**	**37,306**	**1,120**	**38,426**	**80,461**
– IFRS 16 impact on Segmental EBITDA	**897**	**833**	**–**	**–**	**599**	**2,329**	**63**	**588**	**651**	**2,980**
Unallocated expenses										**(6,426)**
Adjusted EBITDA										**77,015**
– IFRS 16 impact on Adjusted EBITDA										**224**
Reconciliation to profit before tax										
Depreciation and amortisation expenses										**(47,737)**
– IFRS 16 impact on depreciation and amortisation expenses										**(2,441)**
Specific adjusting items*										**(8,391)**
Finance income										**8,082**
Finance costs										**(42,333)**
– IFRS 16 impact on finance costs										**(2,385)**
Profit before income tax										**(13,364)**
31 December 2018										
Revenue	31,577	13,017	4,650	–	5,670	54,914	59,887	10,011	69,898	124,812
Segmental EBITDA	19,793	6,399	3,084	–	8,331	37,607	49,184	3,928	53,112	90,719
Unallocated expenses										(7,005)
Adjusted EBITDA										83,714
Reconciliation to profit before tax										
Depreciation and amortisation expenses										(44,668)
Specific adjusting items*										2,482
Finance income										27,955
Finance costs										(60,867)
Profit before income tax										8,616

* Please refer to glossary of alternative performance measures (APM) on pages 232 to 235.

The Group did not have inter-segment revenues in any of the periods shown above.

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment for the years ended:

	BPI (USD'000)	VCP (USD'000)	Ege Liman (USD'000)	Nassau Cruise Port (USD'000)	Other Cruise Ports (USD'000)	Total Cruise (USD '000)	Ortadoğu Liman (USD'000)	Port of Adria (USD'000)	Total Commercial (USD'000)	Total (USD'000)
31 December 2019										
Segment assets	**151,938**	**117,434**	**46,283**	**79,794**	**44,994**	**440,443**	**231,789**	**72,844**	**304,633**	**745,076**
– Right-of-use assets	**11,770**	**21,627**	**–**	**–**	**39,123**	**72,520**	**49**	**7,917**	**7,966**	**80,486**
– Investment property	**–**	**2,139**	**–**	**–**	**–**	**2,139**	**–**	**–**	**–**	**2,139**
Equity-accounted investees	**–**	**–**	**–**	**–**	**26,637**	**26,637**	**–**	**–**	**–**	**26,637**
Unallocated assets										**23,166**
– Right-of-use assets										**637**
Total assets										**794,879**
Segment liabilities	**68,591**	**60,430**	**9,918**	**79,583**	**41,930**	**260,452**	**72,367**	**38,474**	**110,841**	**371,293**
– Lease liabilities recognised under IFRS 16	**11,903**	**25,001**	**–**	**–**	**17,868**	**54,772**	**–**	**9,408**	**9,408**	**64,180**
Unallocated liabilities										**268,323**
– Lease liabilities recognised under IFRS 16										**648**
Total liabilities										**639,616**
31 December 2018										
Segment assets	152,341	96,756	48,117	–	12,789	310,003	220,984	67,672	288,656	598,659
Equity-accounted investees	–	–	–	–	26,003	26,003	–	–	–	26,003
Unallocated assets										63,323
Total assets										687,985
Segment liabilities	66,652	35,248	13,202	–	7,048	122,150	56,969	29,725	86,694	208,844
Unallocated liabilities										263,420
Total liabilities										472,264

5 Segment reporting continued
(b) Reportable segments continued
(iii) Other segment information
The following table details other segment information for the years ended:

	BPI (USD'000)	VCP (USD'000)	Ege Liman (USD'000)	Nassau Cruise Port (USD'000)	Other Cruise Ports (USD'000)	Total Cruise (USD '000)	Ortadoğu Liman (USD'000)	Port of Adria (USD'000)	Total Commercial (USD'000)	Un-allocated (USD '000)	Total (USD'000)
31 December 2019											
Depreciation and amortisation expenses	**(11,696)**	**(3,102)**	**(2,857)**	**(1,027)**	**(3,705)**	**(22,387)**	**(21,832)**	**(3,141)**	**(24,973)**	**(377)**	**(47,737)**
– Depreciation of right of use assets recognised under IFRS 16	**(738)**	**(657)**	**–**	**–**	**(438)**	**(1,833)**	**(68)**	**(328)**	**(396)**	**(212)**	**(2,441)**
Additions to non-current assets*											
– Capital expenditures	**1,571**	**1,615**	**46**	**7,850**	**7,903**	**18,985**	**3,311**	**1,596**	**4,907**	**76**	**23,968**
Total additions to non-current assets*	**1,571**	**1,615**	**46**	**7,850**	**7,903**	**18,985**	**3,311**	**1,596**	**4,907**	**76**	**23,968**
31 December 2018											
Depreciation and amortisation expenses	(11,350)	(2,595)	(3,027)	–	(3,359)	(20,331)	(21,342)	(2,875)	(24,217)	(120)	(44,668)
Additions to non-current assets*											
– Capital expenditures	2,074	927	259	–	2,361	5,621	4,761	3,443	8,204	982	14,807
– Other	–	–	–	–	–	–	–	–	–	–	–
Total additions to non-current assets*	2,074	927	259	–	2,361	5,621	4,761	3,443	8,204	982	14,807

* Non-current assets exclude those relating to deferred tax assets and financial instruments (including equity-accounted investees).

(iv) Geographical information

The Port operations of the Group are managed on a worldwide basis, but operational ports and management offices are primarily in Turkey, Montenegro, Malta, Spain, Bahamas, Antigua & Barbuda and Italy. The geographic information below analyses the Group's revenue and non-current assets by countries. In presenting the following information, segment revenue has been based on the geographic location of port operations and segment non-current assets were based on the geographic location of the assets.

Revenue	**Year ended 31 December 2019 (USD '000)**	Year ended 31 December 2018 (USD '000)
Turkey	**57,021**	66,985
Montenegro	**7,380**	10,042
Malta	**13,872**	13,017
Spain	**31,278**	31,577
Bahamas	**2,492**	–
Antigua & Barbuda	**1,753**	–
Italy	**3,838**	3,191
Croatia	**250**	–
	117,884	124,812

Non-current assets	**As at 31 December 2019 (USD '000)**	As at 31 December 2018 (USD '000)
Turkey	**222,615**	243,224
Spain	**129,114**	129,695
Malta	**115,467**	94,703
Montenegro	**70,080**	65,202
Bahamas	**69,213**	–
Antigua & Barbuda	**40,494**	–
Italy	**5,863**	6,962
UK	**7,474**	12,048
Croatia	**2,944**	–
Unallocated	**28,816**	29,071
	692,080	580,905

Non-current assets relating to deferred tax assets and financial instruments (including equity-accounted investments) are presented as unallocated.

(v) Information about major customers

The Group did not have a single customer that accounted for more than 10% of the Group's consolidated net revenues in any of the periods presented.

6 Revenue

For the years ended 31 December, revenue comprised the following:

	BPI		VCP		EP		NCP		others	
	2019 (USD'000)	2018 (USD'000)	2019 (USD'000)	2018 (USD'000)	2019 (USD'000)	2018 (USD'000)	2019 (USD'000)	2018 (USD'000)	2019 (USD'000)	2018 (USD'000)
Point in time										
Container revenue	–	–	–	–	–	–	–	–	–	–
Landing fees	26,829	27,356	5,852	4,754	2,585	1,838	2,450	–	4,581	3,144
Port service revenue	1,733	1,742	1,093	1,163	2,071	1,468	18	–	570	746
Cargo revenue	–	–	–	–	–	–	–	–	–	–
Domestic water sales	406	695	–	–	47	86	–	–	20	34
Income from duty free operations	–	–	4,001	4,030	–	–	–	–	–	–
Other revenue	351	–	384	436	733	264	24	–	1,070	454
Over time										
Rental income	1,959	1,784	2,542	2,634	1,113	994	–	–	996	713
Habana Management fee	–	–	–	–	–	–	–	–	1,618	579
Total	**31,278**	31,577	**13,872**	13,017	**6,549**	4,650	**2,492**	–	**8,855**	5,670

	Cruise		Port Akdeniz		Port of Adria		Commercial		Consolidated	
	2019 (USD'000)	2018 (USD'000)	2019 (USD'000)	2018 (USD'000)	2019 (USD'000)	2018 (USD'000)	2019 (USD'000)	2018 (USD'000)	2019 (USD'000)	2018 (USD'000)
Point in time										
Container revenue	–	–	29,259	37,158	5,090	5,360	34,349	42,518	34,349	42,518
Landing fees	42,297	37,092	–	–	–	–	–	–	42,297	37,092
Port service revenue	5,485	5,119	9,980	12,146	229	282	10,209	12,428	15,694	17,547
Cargo revenue	–	–	3,896	9,307	1,505	3,378	5,401	12,685	5,401	12,685
Domestic water sales	473	815	29	35	15	19	44	54	517	869
Income from duty free operations	4,001	4,030	–	–	–	–	–	–	4,001	4,030
Other revenue	2,562	1,154	3,636	589	–	33	3,636	622	6,198	1,776
Over time										
Rental income	6,610	6,125	686	653	513	938	1,199	1,591	7,809	7,716
Habana Management fee	1,618	579	–	–	–	–	–	–	1,618	579
Total	**63,046**	54,914	**47,486**	59,888	**7,352**	10,010	**54,838**	69,898	**117,884**	124,812

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers;

Revenue	Year ended 31 December 2019 (USD '000)	Year ended 31 December 2018 (USD '000)
Receivables, which are included in 'trade and other receivables'	19,195	12,129
Contract assets	1,765	797
Contract liabilities	(967)	(990)
	19,993	11,936

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on Commercial services provided to vessels and management agreements. The contract assets are transferred to receivables when the rights become unconditional. This occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for services not yet been provided. These amounts will be recognised as revenue when the services has provided to customers and billed, which was based on the nature of the business less than one week period.

The amount of USD 654 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2019.

The amount of revenue recognised in the period ended 31 December 2019 from performance obligations satisfied (or partially satisfied) in previous periods is USD 797 thousand. This is mainly due to the nature of operations.

No information is provided about remaining performance obligations at 31 December 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

7 Cost of sales

For the years ended 31 December, cost of sales comprised the following:

	2019 (USD '000)	2018 (USD '000)
Depreciation and amortisation expenses	**45,587**	41,655
Personnel expenses*	**16,418**	14,228
Cost of inventories sold	**2,884**	2,453
Commission fees to government authorities and pilotage expenses	**2,289**	3,716
Security expenses	**3,168**	2,627
Repair and maintenance expenses	**1,827**	1,923
Subcontractor lashing expenses	**1,074**	1,403
Subcontractor crane expenses	**930**	1,305
Replacement provision	**673**	677
Other expenses	**5,034**	7,536
Total	**79,884**	77,523

* 6,003 thousand USD (2018: USD 4,058 thousand) of total personnel expenses are related to outsourced personnel expenses.

8 Administrative expenses

For the years ended 31 December, administrative expenses comprised the following:

	2019 (USD '000)	2018 (USD '000)
Personnel expenses	**6,954**	5,983
Depreciation and amortisation expenses	**2,145**	3,013
Consultancy expenses	**2,651**	2,191
Representation and travel expenses	**570**	826
Other expenses	**3,185**	3,980
Total	**15,505**	15,993

The analysis of the auditor's remuneration is as follows:

	2019 (USD '000)	2018 (USD '000)
Fees payable to KPMG LLP and their associates for the audit of the company's annual accounts	**541**	212
Fees payable to KPMG LLP and their associates for the audit of the company's subsidiaries	**163**	194
Total audit fees	**704**	406
– Audit-related assurance services KPMG LLP and their associates	**186**	191
– Tax compliance services KPMG LLP and their associates	**36**	30
Total non-audit fees	**222**	221
Total fees	**926**	627

9 Staff numbers and costs

The average number of persons employed by the group (including Directors) during the year, analysed by category, was as follows:

	2019	2018
Temporary	**35**	34
Permanent	**605**	612
	640	646

The aggregate payroll costs of these persons were as follows:

	2019 (USD '000)	2018 (USD '000)
Employee benefits	**17,369**	16,153
– Wages and salaries	**13,891**	12,940
– Social security contributions	**1,191**	1,059
– Overtime and bonuses paid	**569**	459
– Benefits	**1,276**	1,503
– Defined benefit obligations	**203**	192
– Equity-settled share-based payment arrangements	**239**	–

10 Other income and other expenses

For the years ended 31 December, other income comprised the following:

	2019 (USD '000)	2018 (USD '000)
Reversal of replacement for Spanish Ports*	**–**	12,210
Foreign currency income from operations	**1,813**	4,646
Income from reversal of withholding tax**	**–**	1,095
Insurance income	**587**	615
Gain on sale of fixed assets	**17**	145
Other	**1,084**	1,017
Total	**3,501**	19,728

* Reversal of replacement for Spanish Ports are related to an assumption change on provision. See Note 27.

** Income from reversal of withholding tax is related to cancellation of tax for distributed dividends to foreign entities.

For the years ended 31 December, other expenses comprised the following:

	2019 (USD '000)	2018 (USD '000)
Project expenses	**5,146**	9,594
Foreign currency losses from operations	**–**	1,523
Tax amnesty expenses	**–**	920
Recovery from insurance	**346**	496
Impairment losses on inventory	**262**	106
Provisions	**1,203**	34
Other	**1,623**	1,161
Total	**8,580**	13,834

11 Finance income and costs

For the years ended 31 December, finance income comprised the following:

Finance income	**2019 (USD '000)**	2018 (USD '000)
Other foreign exchange gains	**6,065**	26,271
Interest income on related parties	**–**	449
Interest income on banks and others	**248**	470
Interest income from housing loans	**3**	33
Interest income from debt instruments	**1,766**	–
Other income	**–**	732
Total	**8,082**	27,955

The income from financial instruments within the category financial assets at amortised cost is USD 251 thousand (31 December 2018: USD 952 thousand). Income from financial instruments within the category fair value through profit and loss is 1,814 thousand (31 December 2018: nil).

For the years ended 31 December, finance costs comprised the following:

Finance costs	**2019 (USD '000)**	2018 (USD '000)
Interest expense on loans and borrowings	**26,077**	25,005
Foreign exchange losses from Eurobond	**5,222**	17,552
Foreign exchange losses on loans and borrowings	**3,956**	1,321
Interest expense on leases	**2,434**	192
Other foreign exchange losses*	**2,584**	15,371
Loan commission expenses	**1,097**	103
Unwinding of provisions during the year (Note 28)	**355**	303
Letter of guarantee commission expenses	**215**	158
Other interest expenses	**235**	17
Other costs	**158**	845
Total	**42,333**	60,867

* Port Akdeniz, Ege Ports and Bodrum Cruise Port have functional currency of USD while their books are required to be kept as per Turkish Companies Law 'VUK 213' article 215 in TL. All equity transactions are made in TL and transaction incurred during the year are being translated to USD resulting to foreign exchange differences on the profit or loss account.

The interest expense for financial liabilities not classified as fair value through profit or loss is 28,355 thousand (31 December 2018: USD 25,325 thousand).

12 Property and equipment

Movements of property and equipment for the year ended 31 December 2019 comprised the following:

Cost	1 January 2019 (USD '000)	Additions (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2019 (USD '000)
Leasehold improvements	122,482	2,597	(2)	4,431	(1,587)	127,921
Machinery and equipment	55,159	1,147	(30)	227	(423)	56,080
Motor vehicles	17,858	126	(6)	–	(82)	17,896
Furniture and fixtures	9,666	1,931	(18)	–	(242)	11,337
Construction in progress	4,388	9,987	–	(4,658)	42	9,759
Land improvement	67	25	–	–	–	92
Total	**209,620**	**15,813**	**(56)**	**–**	**(2,292)**	**223,085**

Accumulated depreciation	1 January 2019 (USD'000)	Depreciation expense (USD'000)	Disposals (USD'000)	Transfers (USD'000)	Currency translation differences (USD'000)	31 December 2019 (USD'000)
Leasehold improvements	33,586	6,022	–	–	(170)	39,438
Machinery and equipment	30,326	4,385	(31)	(6)	(104)	34,570
Motor vehicles	10,041	1,386	–	6	(2)	11,431
Furniture and fixtures	6,278	859	(6)	–	(38)	7,093
Land improvement	38	4	–	–	–	42
Total	**80,269**	**12,656**	**(37)**	**–**	**(314)**	**92,574**
Net book value	**129,351**					**130,511**

Movements of property and equipment for the year ended 31 December 2018 comprised the following:

Cost	1 January 2018 (USD '000)	Additions (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2018 (USD '000)
Leasehold improvements	121,690	2,358	(62)	2,955	(4,459)	122,482
Machinery and equipment	53,227	2,925	(167)	22	(848)	55,159
Motor vehicles	18,593	111	(327)	4	(523)	17,858
Furniture and fixtures	9,266	932	(1)	71	(602)	9,666
Construction in progress	1,596	5,570	–	(2,709)	(69)	4,388
Land improvement	151	–	–	(81)	(3)	67
Total	204,523	11,896	(557)	262	(6,504)	209,620

Accumulated depreciation	1 January 2018 (USD '000)	Depreciation expense (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2018 (USD '000)
Leasehold improvements	28,080	5,657	–	922	(1,073)	33,586
Machinery and equipment	26,241	4,208	(158)	250	(215)	30,326
Motor vehicles	9,141	1,485	(328)	–	(257)	10,041
Furniture and fixtures	5,453	1,012	(1)	(1)	(185)	6,278
Land improvement	944	5	–	(909)	(2)	38
Total	69,859	12,367	(487)	262	(1,732)	80,269
Net book value	134,664					129,351

As at 31 December 2019, the net book value of machinery and equipment purchased through leasing amounts to USD 1,511 thousand (31 December 2018: USD 1,689 thousand), the net book value of motor vehicles purchased through leasing amounts to USD 6,810 thousand (31 December 2018: USD 7,991 thousand), and the net book value of furniture and fixtures purchased through leasing amounts to USD 7 thousand (31 December 2018: USD 45 thousand). In 2019, no capital expenditure was made through finance leases (31 December 2018: nil).

As at 31 December 2019 and 2018, according to the 'TOORA' and 'BOT' tender agreements signed with the related Authorities, at the end of the agreement periods, real estate with their capital improvements will be returned as running, clean, free of any liability and free of charge. The details of the pledge or mortgage on property and equipment regarding the loans and borrowings are explained on Note 30.

For the years ended 31 December 2019 and 2018, there are no borrowing costs capitalised into property and equipment.

As at 31 December 2019, the insured amount of property and equipment amounts to USD 295,721 thousand (31 December 2018: USD 326,671 thousand).

13 Intangible assets

Movements of intangible assets for the year ended 31 December 2019 comprised the following:

Cost	**1 January 2019 (USD '000)**	**Additions (USD '000)**	**Disposals (USD '000)**	**Transfers (USD '000)**	**Currency translation differences (USD '000)**	**31 December 2019 (USD '000)**
Port operation rights	**605,115**	**70,028**	**(393)**	**–**	**(6,174)**	**668,576**
Customer relationships	**3,937**	**–**	**–**	**–**	**–**	**3,937**
Software	**1,268**	**88**	**–**	**–**	**(13)**	**1,343**
Other intangibles	**713**	**58**	**–**	**–**	**(65)**	**706**
Total	**611,033**	**70,174**	**(393)**	**–**	**(6,252)**	**674,562**

Accumulated amortisation	**1 January 2019 (USD '000)**	**Amortisation expense (USD '000)**	**Disposals (USD '000)**	**Transfers (USD '000)**	**Currency translation differences (USD '000)**	**31 December 2019 (USD '000)**
Port operation rights	**214,227**	**32,012**	**(79)**	**7**	**(1,245)**	**244,922**
Customer relationships	**3,365**	**328**	**–**	**–**	**–**	**3,693**
Software	**646**	**156**	**–**	**–**	**(5)**	**797**
Other intangibles	**434**	**144**	**–**	**(7)**	**(39)**	**532**
Total	**218,672**	**32,640**	**(79)**	**–**	**(1,289)**	**249,944**
Net book value	**392,361**					**424,618**

Movements of intangible assets for the year ended 31 December 2018 comprised the following:

USD '000 Cost	1 January 2018 (USD '000)	Additions (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2018 (USD '000)
Port operation rights	616,411	2,068	(23)	–	(13,341)	605,115
Customer relationships	4,113	–	–	–	(176)	3,937
Software	1,155	140	(3)	–	(24)	1,268
Other intangibles	889	703	–	–	(879)	713
Total	622,568	2,911	(26)	–	(14,420)	611,033

Accumulated amortisation	1 January 2018 (USD '000)	Amortisation expense (USD '000)	Disposals (USD '000)	Transfers (USD '000)	Currency translation differences (USD '000)	31 December 2018 (USD '000)
Port operation rights	185,452	31,648	–	–	(2,873)	214,227
Customer relationships	3,173	337	–	–	(145)	3,365
Software	492	164	(3)	–	(7)	646
Other intangibles	376	152	–	–	(94)	434
Total	189,493	32,301	(3)	–	(3,119)	218,672
Net book value	433,075					392,361

13 Intangible assets continued

The details of Port operation rights for the years ended 31 December 2019 and 2018 are as follows:

	As at 31 December 2019		As at 31 December 2018	
	Carrying amount (USD '000)	**Remaining amortisation period (USD '000)**	Carrying amount (USD '000)	Remaining amortisation period (USD '000)
Creuers del Port de Barcelona	**100,336**	**126 months**	112,652	138 months
Cruceros Malaga	**11,400**	**152 months**	12,300	164 months
Valletta Cruise Port	**61,299**	**563 months**	64,072	575 months
Port of Adria	**19,623**	**288 months**	20,919	300 months
Port Akdeniz	**144,198**	**104 months**	160,798	116 months
Ege Ports	**11,240**	**159 months**	12,079	171 months
Bodrum Cruise Port	**2,657**	**579 months**	2,446	591 months
Nassau Cruise Port	**68,488**	**332 months**	–	–
Cagliari Cruise Port	**2,201**	**84 months**	2,889	96 months
Catania Cruise Port	**2,173**	**96 months**	2,514	108 months
Ravenna Cruise Port	**39**	**12 months**	220	24 months

All port operating rights have arisen as a result of IFRS 3 Business combinations, except Barcelona Port Investments, Ravenna Cruise Port, Catania Cruise Port and Nassau Cruise Port, which arose as a result of applying IFRIC 12. Each port represent a separate CGU as per IAS 36.

Port operating rights of Nassau have been created by discounted cash outflows of fixed payments related to the future concession fees payable to the government and future payments to local organisation (in substance payments to obtain the rights) in accordance with the concession agreement. The discount rate used is a risk-adjusted rate that matches the duration of concession term and currency of the cash flows. As these payments are contractually agreed, an equivalent long-term financial liability of USD 48,083 thousand, short term financial liability of USD 4,079 thousand has been created

Project expenses directly attributable to the creation of the port right of USD 7,125 have also been capitalised as part of the port operating rights.

Recoverability of intangible assets

The recoverable amount of the CGU relating to the Port Akdeniz was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of USD 226 million and no impairment loss during 2019 (2018: nil) was recognised.

The key assumptions are the expected growth rate in container volume of the port and the discount rate used. Cash flows used to calculate value-in-use are prepared in USD. A post-tax discount rate of 11.24% was used for discounting future cash flows to the reporting date. The growth in container operations was forecasted at 2.2% average per annum until end of concession. General Cargo has been assumed to recover back to 2017 levels in 2023 and no growth has been forecasted for the remaining life of concession. 9 years of cash flows were included instead of 5 years plus terminal value as the life of the rights determined in the concession agreement. The growth is forecasted based on the historical information, management knowledge on the business and meetings made with customers for 2020. Future growth expectations forecasted based on the average growth rate expectation of containerised products and Country growth forecast made by World Bank.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 14.8%.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately USD 55.1m. Management has not identified any reasonably possible change in the number of container cargo or the discount rate that could cause the carrying amount to exceed the recoverable amount.

The low performance in Port of Adria is related to non-recurring project-based revenues in 2018 which was subsequently discontinued in early 2019. When these revenues are being excluded, core operations showed a better performing year compared to last year.

14 Goodwill

Movements of goodwill associated with Ege Port for the years ended 31 December comprised the following:

Cost	(USD '000)
At 1 January 2018	**14,088**
Exchange difference	(603)
At 31 December 2018	**13,485**
Exchange differences*	–
At 31 December 2019	**13,485**

* Functional currency of the company changed to USD as of 1 January 2019 (Note 3 (c)).

The recoverable amount of this CGU was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of USD 75m and no impairment loss during 2019 (2018: nil) was recognised.

The key assumptions are the expected increase in the number of calls and passengers of the port and the discount rate used. Cash flows used to calculate value-in-use are prepared in USD. A post-tax discount rate of 11.26% was used for discounting future cash flows to the reporting date. The growth in number of passengers was assumed at 26.7% average per annum until 2023, followed by 2% per annum until end of concession. 13 years of cash flows were included in the discounted cash flow instead of 5 years plus terminal value as the life of the rights are determined in the concession agreement. The discount rate was estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 12% at a market interest rate of 7%. The growth is forecasted based on the nature of the business. Average days during cruise season used as 210 days, average cruise itineraries of 7 days during 2016-2018 is used during the forecast period. An average of 8 ship calls are added for every itinerary change for the region.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 12.9%.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately USD 31m (2018: USD 23m). Management has not identified any reasonably possible change in the number of passengers or the discount rate that could cause the carrying amount to exceed the recoverable amount.

15 Equity-accounted investments

The nature of the operations and the locations of the equity-accounted investees of the Company are listed below:

Equity-accounted investees	Locations	Operations
LCT – Lisbon Cruise Terminals, LDA	Portugal	Port operations
SATS – Creuers Cruise Services Pte. Ltd. ('Singapore Port')	Singapore	Port operations
Venezia Investimenti Srl. ('Venice Investment')	Italy	Port investments
Goulette Cruise Holding ('Goulette')	UK	Port investments
La Spezia Cruise Facility Srl. ('La Spezia')	Italy	Port operations

Lisbon Cruise Terminals

The Group has entered into the concession agreement of Lisbon Cruise Port within the framework of a public-service concession on 18 July 2014 as a part of the consortium comprising Global Liman, RCCL, Creuers and Group Sousa – Investimentos SGPS, LDA. The operation right of Lisbon Cruise Port has been transferred by the Port Authority of Lisbon to LCT-Lisbon Cruise Terminals, LDA, which was established by the Consortium on 26 August 2014. The Group has a 46.2% effective interest in Lisbon Cruise Terminals as at 31 December 2019, hence the Group can only appoint a minority of Directors to the Board and therefore does not have control over the Entity. Lisbon Cruise Terminals has been recognised as an equity-accounted investee in the consolidated financial report as at and for the years ended 31 December 2019 and 2018.

15 Equity-accounted investments continued

Singapore Port

Barcelona Port Investments, S.L ('BPI') was established as a joint venture between the Group and Royal Caribbean Cruises Ltd. ('RCCL') on 26 July 2013 for the purpose of acquiring Creuers. Global Liman has 62% ownership in BPI. Creuers holds a 100% interest in the port operation rights for the Barcelona cruise port, as well as an 80% interest in the port operation rights for the Malaga cruise port and a 40% interest in the port operation rights for the Singapore cruise port. The entity has a fiscal year starting from 1 April and ending on 31 March. The entity's financial results are aligned to the Group's fiscal year to account for under the scope of IAS 28. The effective interest held on Singapore cruise port is 24.8%. Singapore has been recognised as an equity-accounted investee in the consolidated financial report as at and for the years ended 31 December 2019 and 2018.

Venice Investment

Venezia Investimenti Srl is an international consortium formed for investing in Venezia Terminal Passegeri S.p.A ('VTP'). The international consortium formed as a joint venture by GPH, Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having a 25% share of the Company.

Goulette Cruise Holding

Goulette Cruise Holding is a joint venture established 50%-50% between the Company and MSC Cruises S.A. ('MSC'), to acquire La Goulette Shipping Cruise, which operates the cruise terminal in La Goulette, Tunisia. The Company made a share capital contribution for its 50% shareholding amounting to €55 thousand and issued a loan of $6m in December 2019 to fund the acquisition of La Goulette Shipping Cruise proportionately to its share. The joint venture acquired the shares in La Goulette Shipping Cruise on 26 December 2019.

La Spezia

GPH purchased a minority interest of 28.5% through POH in La Spezia Cruise Facility Srl, which has the operating rights of La Spezia Cruise Port, Italy.

For the year ended 31 December 2019

At 31 December 2019, La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port are equity-accounted investees in which the Group participates.

The following table summarises the financial information of La Spezia, Goulette Cruise Holding, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port as included in the consolidated financial statements as at 31 December 2019. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Lisbon Cruise Terminals and Singapore Port.

	La Spezia (USD '000)	Goulette Cruise Holding (USD '000)	Venezia Investimenti (USD '000)	Lisbon Cruise Terminals (USD '000)	Singapore Port (USD '000)
Percentage ownership interest	**30.00%**	**50.00%**	**25.00%**	**50.00%**	**40.00%**
Non-current assets	–	13,536	34,274	29,465	7,141
Current assets	24	246	5,020	6,484	19,272
Non-current liabilities	–	(13,659)	–	(13,569)	(2,846)
Current liabilities	–	–	(37)	(3,476)	(5,312)
Net assets (100%)	24	123	39,257	18,904	18,255
Group's share of net assets	7	62	9,814	9,452	7,302
Carrying amount of interest in equity-accounted investees	**7**	**62**	**9,814**	**9,452**	**7,302**
Revenue	–	–	3,053	7,832	28,490
Expenses	–	–	(925)	(6,340)	(17,735)
Profit and total comprehensive income for the year (100%)	–	–	2,128	1,492	10,755
Group's share of profit and total comprehensive income	**–**	**–**	**532**	**746**	**4,302**

As at 31 December 2019, the amounts in the above table include the following:

	La Spezia (USD '000)	Goulette Cruise Holding (USD '000)	Venezia Investimenti (USD '000)	Lisbon Cruise Terminals (USD '000)	Singapore Port (USD '000)
Cash and cash equivalents	**24**	**246**	**5,000**	**3,193**	**2,763**
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	**13,659**	**–**	**(13,569)**	**(2,403)**
Current financial liabilities (excluding trade and other payables and provisions)	**–**	**–**	**–**	**(934)**	**(337)**
Interest income	**–**	**–**	**–**	**–**	**74**
Depreciation and amortisation	**–**	**–**	**(2)**	**(1,260)**	**(1,885)**
Interest expense	**–**	**–**	**–**	**(456)**	**–**
Income tax expense	**–**	**–**	**–**	**(444)**	**(2,615)**

For the year ended 31 December 2019, the Group's share of profit and total comprehensive income is set out below:

	Net profit (USD '000)
Venezia Investimenti	**532**
Lisbon Cruise Terminals	**746**
Singapore Port	**4,302**
Group's share of profit and total comprehensive income	**5,580**

For the year ended 31 December 2018

At 31 December 2018, La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port are equity-accounted investees in which the Group participates.

The following table summarises the financial information of La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port as included in the consolidated financial statements as at 31 December 2018. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Lisbon Cruise Terminals and Singapore Port.

	La Spezia (USD '000)	Venezia Investimenti (USD '000)	Lisbon Cruise Terminals (USD '000)	Singapore Port (USD '000)
Percentage ownership interest	30.00%	25.00%	50.00%	40.00%
Non-current assets	–	35,082	30,307	3,370
Current assets	134	2,967	5,990	21,858
Non-current liabilities	–	–	(14,843)	–
Current liabilities	–	51	(3,487)	(6,591)
Net assets (100%)	134	38,100	17,967	18,637
Group's share of net assets	40	9,525	8,983	7,455
Carrying amount of interest in equity-accounted investees	40	9,525	8,983	7,455
Revenue	–	808	6,255	28,743
Expenses	–	(106)	(4,800)	(16,924)
Profit and total comprehensive income for the year (100%)	–	702	1,455	11,819
Group's share of profit and total comprehensive income	–	176	728	4,727

15 Equity-accounted investments continued

La Spezia continued

As at 31 December 2018, the amounts in the above table include the following:

	La Spezia (USD '000)	Venezia Investimenti (USD '000)	Lisbon Cruise Terminals (USD '000)	Singapore Port (USD '000)
Cash and cash equivalents	134	2,899	1,807	8,380
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	(14,843)	–
Current financial liabilities (excluding trade and other payables and provisions)	–	–	(874)	–
Interest income	–	–	–	(40)
Depreciation and amortisation	–	(2)	(1,253)	(806)
Interest expense	–	–	(490)	–
Interest tax expense	–	–	(437)	(2,363)

For the year ended 31 December 2018, the Group's share of profit and total comprehensive income is set out below:

	Net profit (USD '000)
Venezia Investimenti	176
Lisbon Cruise Terminals	728
Singapore Port	4,727
Group's share of profit and total comprehensive income	5,631

16 Other investments

As at 31 December, non-current investments comprised of the following;

	2019 (USD '000)	2018 (USD '000)
Other Investment in FVTPL instruments	**–**	12,009
Other financial assets	**4**	4
Total	**4**	12,013

The Group's convertible debt instrument investment was issued by Dreamlines GmbH. The loan was repayable in quarterly instalments starting February 2020 until its final maturity in May 2021. The Group's convertible debt instrument investment was repaid fully as of 1 October 2019, including all interest.

As at 31 December, other current short term investments comprised of the following:

	2019 (USD '000)	2018 (USD '000)
Time deposits with the maturity more than 3 months	**71**	72
Total	**71**	72

17 Taxation

Corporate tax

Turkey

Corporate income tax is levied at the rate of 22% on the statutory corporate income tax base (up from 20% in 2017) for the tax periods 2018, 2019, and 2020, which is determined by modifying income for certain tax exclusions and allowances.

Advance corporate income tax payments are made on a quarterly basis and are offset against the final corporate income tax liability of the company for the period.

The tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each Turkish company that is included in the consolidation without taking into account any offset.

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

The tax rate used in the calculation of deferred tax assets and liabilities was 22% over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and 20% over temporary timing differences expected to be reversed in 2021 and the following years (2017: 20%).

Spain

Corporate income tax is levied at the rate of 25% on the statutory corporate income tax base (2018: 25%).

BPI files a consolidated income tax return for the Spanish companies, namely Creuers, Cruceros and BPI.

Losses can be carried forward indefinitely to offset future taxable income, subject to certain limitations. Losses cannot be carried back.

Other countries

The corporate tax rates in the Netherlands, Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively. Bahamas and Antigua & Barbuda operations are tax exempt.

17 Taxation continued

Tax expense

For the years ended 31 December, income tax expense comprised the following:

	2019 (USD '000)	2018 (USD '000)
Current tax charge		
In respect of the current year	**(7,476)**	(8,026)
Adjustments for prior year	**–**	–
Total	**(7,476)**	(8,026)
Deferred tax benefit		
In respect of the current year	**4,918**	6,546
Origination and reversal of temporary differences	**–**	–
Reduction in tax rate	**–**	–
Recognition of previously unrecognised tax losses	**703**	–
Total	**5,621**	6,546
Total tax (expense)/benefit	**(1,855)**	(1,480)

As at 31 December, current tax liabilities for the period comprised the following:

	2019 (USD '000)	2018 (USD '000)
Current tax liability at 1 January	**2,459**	2,217
Current tax charge	**7,476**	8,026
Currency translation difference	**(15)**	(439)
Taxes paid during year	**(7,195)**	(7,345)
Total	**2,725**	2,459

The tax reconciliation for the years ended 31 December is as follows:

	2019 (USD '000)	2018 (USD '000)
Profit/(loss) before income tax	**(13,364)**	8,616
Average income tax rate of 26.34% (2018: 25.56%)	**3,520**	(2,202)
Income from tax exempt maritime operations*	**670**	947
Recognition of previously unrecognised losses	**703**	–
Tax effect of share of profits on equity accounted investees	**1,348**	548
Permanent differences including losses not recognised for deferred tax**	**(8,186)**	(279)
Disallowable expenses	**(150)**	(1,233)
Adjustment in the period for current tax of prior periods***	**–**	1,602
Non qualifying depreciation	**(191)**	(202)
Donations	**(9)**	(1)
Other	**440**	(660)
	(1,855)	(1,480)

* Income generated through the services provided to vessels covered by the Turkish International Ship Registry Law authorised on 16 December 1999 is not subject to income tax and expenses related to these operations as they are considered disallowable expenses.

** In some jurisdictions the Group is operating, tax consolidation is not allowed, hence the losses created on investment holding companies are recognised as tax losses, and its revenue streams composed of dividend income, which is not tax able, related losses are not recognised as deferred tax.

*** The Spanish Corporate Income Tax ('CIT') legislation provides for various mechanisms to correct any double taxation that may arise on company sale and purchase transactions. Specifically, the double taxation referred to arises basically where existing reserves, unrealised gains and the goodwill of the business associated with the ownership interest in acquired companies would have been taxed at the transferors due to the increase in the gain included in their taxable base (as such reserves, unrealised gains and goodwill are taken into account when calculating the sale price of the ownership), having previously been taxed at the company (i.e. existing reserves), or the aforementioned unrealised gains and goodwill having become subject to tax when they are realised and become taxable income.

In 2013 and 2014 Barcelona Port Investments, S.L. ('BPI') acquired ownership interests in Creuers del Port de Barcelona, S.A. which resulted to tax return during acquisition based on above regulation.

The Group has presented the required tax reconciliation above as a reconciliation to the weighted average tax rate of the group as opposed to the UK statutory rate as the directors considered this to provide the most relevant analysis. This is because of the insignificant level of taxable activities in the UK.

Deferred tax

The balance comprises temporary differences attributable to:

	2019		2018	
	Deferred tax assets (USD '000)	**Deferred tax liabilities (USD '000)**	Deferred tax assets (USD '000)	Deferred tax liabilities (USD '000)
Property and equipment	**1,192**	**(6,664)**	1,243	(5,814)
Intangible assets	**464**	**(79,760)**	–	(87,201)
Tax losses carried forward *	**753**	**-**	–	–
Provision for employment termination indemnity and vacation pay	**153**	**-**	160	–
Adjustment in the period for current tax of prior periods	**-**	**-**	1,566	–
Other	**2,169**	**(843)**	1,433	(615)
Subtotal	**4,731**	**(87,267)**	4,402	(93,630)
Set off of tax	**(2,552)**	**2,552**	(1,336)	1,336
Total deferred tax assets/(liabilities)	**2,179**	**(84,715)**	3,066	(92,294)

* At the reporting date, the Group has statutory tax losses available for offsetting against future profits in Turkish operations. Such carried forward tax losses do not expire until 2023. Deferred tax assets have been recognised in respect of these items since it is probable that future taxable profits will be available against which the Group can utilise the benefits there from.

17 Taxation continued

Deferred tax continued

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated balance sheet:

	Property and equipment (USD '000)	Tax losses carried forward (USD '000)	Provision for employment termination indemnity and vacation pay (USD '000)	Intangible assets (USD '000)	Adjustment in the period for current tax of prior periods (USD '000)	Other (USD '000)	Total (USD '000)
At 1 January 2018	764	6	326	(97,151)	–	(2,129)	(98,184)
(Charge)/credit to profit or loss	(3,899)	(6)	(122)	7,272	1,602	1,699	6,546
Acquisition of subsidiary	–	–	–	–	–	–	–
Exchange differences	(1,436)	–	(44)	2,678	(36)	1,248	2,410
At 31 December 2018	**(4,571)**	**–**	**160**	**(87,201)**	**1,566**	**818**	**(89,228)**
(Charge)/credit to profit or loss	**(1,004)**	**753**	**(3)**	**6,880**	**–**	**525**	**7,151**
Through equity	**–**	**–**	**–**	**–**	**–**	**(28)**	**(28)**
Through tax receivables	**–**	**–**	**–**	**–**	**(1,530)**	**–**	**(1,530)**
Exchange differences	**103**	**–**	**(4)**	**1,025**	**(36)**	**11**	**1,099**
At 31 December 2019	**(5,472)**	**753**	**153**	**(79,296)**	**–**	**1,326**	**(82,536)**

As at 31 December 2019 and 2018, the breakdown of the tax losses carried forward in terms of their final years of utilisation is as follows:

	2019		2018	
Expiry years of the tax losses carried forward	**Recognised (USD '000)**	**Unrecognised (USD '000)**	Recognised (USD '000)	Unrecognised (USD '000)
2019	**–**	**–**	–	5,694
2020	**–**	**2,446**	–	2,502
2021	**–**	**1,932**	–	1,978
2022	**–**	**2,488**	–	2,547
2023	**3,197**	**1,299**	–	1,329
2024	**228**	**2,348**	–	–
	3,425	**10,513**	–	14,050

Unrecognised deferred tax assets

At the reporting date, the Group has Turkey and Montenegro statutory tax losses available for offsetting against future profits which are shown above. Such carried forward tax losses do not expire until 2024. Deferred tax assets have not been recognised in respect of some portions of these items since it is not probable that future taxable profits will be available against which the Group can utilise the benefits there from.

Amounts recognised in OCI

	2019			2018		
	Before tax (USD '000)	**Tax (expense)/ benefit (USD '000)**	**Net of tax (USD '000)**	Before tax (USD '000)	Tax (expense)/ benefit (USD '000)	Net of tax (USD '000)
Remeasurement of defined benefit liability	**(40)**	**9**	**(31)**	(19)	4	(15)
Foreign operations – foreign currency translation differences	**14,774**	**–**	**14,774**	42,107	–	42,107
Net investment hedge	**(24,725)**	**–**	**(24,725)**	(59,630)	–	(59,630)
Cash flow hedges	**89**	**–**	**89**	(61)	–	(61)
Total	**(9,902)**	**9**	**(9,893)**	(17,603)	4	(17,599)

Uncertainty over income tax treatments

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

18 Trade and other receivables

As at 31 December, trade and other receivables comprised the following:

	2019 (USD '000)	2018 (USD '000)
Trade receivables	**20,960**	12,926
Deposits and advances given*	**8,357**	5,602
Other receivables	**1,705**	1,471
Total trade and other receivables	**31,022**	19,999

* Deposits and advances given is related to cash guarantee blocked on Italian Notary to give a letter of Guarantee to Venezia Sviluppo related to the extension of transaction explained in Note 29 (b). As per IAS 32, the Company still has the right to receive the cash back and therefore has been accounted for as a financial asset. As this asset is not held to collect interest, is measured at FVTPL as per IFRS 9 (see note 35). The increase in deposits relates to a payment made to a port authority in relation to the tender process of acquiring a new port.

As at 31 December, trade receivables comprised the following:

	2019 (USD '000)	2018 (USD '000)
Receivables from customers	**19,195**	12,129
Contract assets	**1,765**	797
Doubtful receivables	**1,969**	1,691
Expected credit loss provision	**(1,969)**	(1,691)
Total	**20,960**	12,926

Movements in the allowance for doubtful trade receivables for the years ended 31 December, comprised the following:

	2019 (USD '000)	2018 (USD '000)
Balance at the beginning of the year	**(1,691)**	(1,997)
Allowance for the year	**(353)**	(143)
Collections	**3**	179
Translation difference	**(526)**	198
Written off during the year	**598**	72
Balance at the end of the year	**(1,969)**	(1,691)

As at 31 December 2018 and 2019, current trade receivables mature between 0-3 months, in line with the nature of business. Turkish Ports are working with lower maturities mainly through advance payments, while European Ports has 30-45 days of maturities.

Credit risk and foreign currency risk with respect to trade and other receivables are disclosed in Note 31.

Loss allowance in respect of trade receivables is recognised in administrative expenses.

19 Other assets

Other non-current assets

As at 31 December, other non-current assets comprised the following:

	2019 (USD '000)	2018 (USD '000)
Advances given*	**1,807**	1,524
Housing loans given to employees**	**2,399**	2,739
Prepaid expenses	**350**	328
Deposits and guarantees given	**17**	35
Total	**4,573**	4,626

* Company has paid an advance for the acquisition of minority shares of Bodrum Cruise Port amounting USD 1.5m.

** As a state-owned company before being acquired by the Group, Port of Adria had granted housing loans to its employees with 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 as financial assets at amortised cost. Whilst there is credit risk associated with the collection of these loans the Group has mortgage security over the relevant properties and the value of the properties is expected to cover the outstanding amount in the event of a default.

Other current assets

As at 31 December, other current assets comprised the following:

	2019 (USD '000)	2018 (USD '000)
Prepaid expenses	**2,700**	1,639
Advances given	**426**	486
Value added tax receivable	**578**	911
Housing loans	**186**	200
Other	**26**	100
Total	**3,916**	3,336

20 Inventories

As at 31 December, inventories comprised the following:

	2019 (USD '000)	2018 (USD '000)
Commercial goods	**360**	424
Other inventories*	**1,033**	1,030
Total	**1,393**	1,454

* Other inventories composed of replacement parts for the machinery park of commercial ports.

The cost of inventories recognised as an expense during the year in respect of duty free operations run in Valletta Cruise Port was USD 2,321 thousand (31 December 2018: USD 2,453 thousand).

21 Cash and cash equivalents

As at 31 December, cash and cash equivalents comprised the following:

	2019 (USD '000)	2018 (USD '000)
Cash on hand	**132**	63
Cash at banks	**63,601**	79,766
– Demand deposits	**39,288**	52,548
– Time deposits	**17,815**	27,218
– Overnight deposits	**6,498**	–
Other cash and cash equivalents	**47**	–
Cash and cash equivalents	**63,780**	79,829

As at 31 December, maturities of time deposits comprised the following:

	2019 (USD '000)	2018 (USD '000)
Up to 1 month	**23,248**	26,750
1-3 months	**1,065**	468
Total	**24,313**	27,218

As at 31 December, the ranges of interest rates for time deposits are as follows:

	2019	2018
Interest rate for time deposit-TL (highest)	**9.0%**	21.5%
Interest rate for time deposit-TL (lowest)	**8.0%**	19.75%
Interest rate for time deposit-USD (highest)	**1.9%**	3.17%
Interest rate for time deposit-USD (lowest)	**1.3%**	1.5%
Interest rate for time deposit-EUR (highest)	**0.01%**	N/A
Interest rate for time deposit-EUR (lowest)	**0.15%**	N/A

As at 31 December 2019, cash at bank held at BPI, Port Akdeniz, Ege and Port of Adria amounting to USD 5,672 thousand (31 December 2018: USD 7,475 thousand) is restricted due to the bank loan guarantees and subscription guarantees (Note 24). Bank loan guarantees were given for the following period's interest and principal payment, and can be used when requested for investment purposes.

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 31.

22 Capital and reserves

(a) Share capital

The Company's shares are ordinary voting shares. There are no preferential rights attached to any shares of the Company.

The details of paid up share capital as of 31 December are as follows:

	Number of shares ('000)	Share capital (USD'000)	Share Premium (USD'000)
Balance at 1 January 2018	62,827	811	–
Balance at 31 December 2018	62,827	811	–
Balance at 31 December 2019	**62,827**	**811**	**–**

22 Capital and reserves continued

(b) Nature and purpose of reserves

(i) Translation reserves

The translation reserves amounting to USD 213,715 thousand (31 December 2018: USD 197,247 thousand) are recognised as a separate account under equity and comprises foreign exchange differences arising from the translation of the consolidated financial statements of subsidiaries and equity-accounted investees from their functional currencies (of Euro and TL) to the presentation currency, USD.

(ii) Legal reserves

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-up share capital. The requirement to set aside ends when the 20% of the paid-up capital level has been reached. Second level legal reserves correspond to 10% of profit distributed after the deduction of the first legal reserves and the minimum obligatory dividend pay-out, but holding companies are not subject to this regulation. There is no ceiling for second level legal reserves and they are accumulated every year. First and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can be used for offsetting the losses in case free reserves are unavailable. As at 31 December 2019, the legal reserves of the Group amounted to USD 13,144 (31 December 2018: USD 13,030 thousand).

(iii) Hedging reserves

Net investment hedge

In the year ended 31 December 2019, the Company has used its US Dollar Eurobond financing in a net investment hedge of the US Dollar net assets of Port Akdeniz, Ege Port and Bodrum Cruise Port (31 December 2018: the Company has used its US Dollar Eurobond financing in a net investment hedge of the US Dollar net asset of Port Akdeniz). Starting from 1 January 2019, Ege Port and Bodrum Cruise Port were added to the US Dollar denominated assets with the change in their functional currency as described in Note 3(g). A foreign exchange loss recognised in other comprehensive income as a result of net investment hedging was USD 24,725 thousand (2018: loss USD 59,630 thousand).

Cash flow hedge

The Group entered into an interest rate swap in order to hedge its position against changes in interest rates. The effective portion of the cash flow hedge that was recognised in other comprehensive income was USD 335 thousand loss (31 December 2018, USD 155 thousand loss). The amount that was reclassified from equity to profit and loss within the cash flow hedges – effective portion of changes in fair value line item for the year was USD 246 thousand (31 December 2018, USD 216 thousand) recognised at financial expenses on profit and loss statement.

The hedge instrument payments will be made in the periods shown below, at which time the amount deferred in equity will be reclassified to profit and loss:

	3 months or less (USD '000)	More than 3 months but less than 1 year (USD '000)	5 years or less but more than 1 year (USD '000)	More than 5 years (USD '000)
Net cash outflows exposure				
Liabilities	**–**	**220**	**265**	**–**
At 31 December 2019	**–**	**220**	**265**	**–**
Net cash outflows exposure				
Liabilities	–	235	431	–
At 31 December 2018	–	235	431	–

(iv) Merger reserves

On 17 May 2017, Global Ports Holding PLC was listed on the Standard Listing segment of the Official List and trading on the Main Market of the London Stock Exchange. As part of a restructuring accompanying the Initial Public Offering ('IPO') of the Group on 17 May 2017, Global Ports Holding PLC replaced Global Liman Isletmeleri A.S. as the Group's parent company by way of a Share exchange agreement. Under IFRS 3 this has been accounted for as a Group reconstruction under merger accounting. These consolidated financial statements have been prepared as a continuation of the existing Group. Merger accounting principles for this combination have given rise to a merger reserve of USD 225m. This has been transferred from the merger reserve to retained earnings subsequent to the share capital reduction, as it does not have any features distinct from retained earnings.

(c) Dividends

Dividend distribution declarations are made by the Company in GBP and paid in USD in accordance with its articles of association, after deducting taxes and setting aside the legal reserves as discussed above.

GPH PLC proposed and paid a 2019 interim dividend of GBP 0.155 per share to its shareholders, giving a distribution of GBP 9,738 thousand (USD 12,580 thousand).

GPH PLC declared 2018 final dividend of GBP 0.212 per share to its shareholders on 24 May 2019 and paid on 5 July 2019, giving a distribution of GBP 13,319 thousand (USD 16,645 thousand).

The total dividends in respect of the year ended 31 December 2019 were USD 29,225 thousand.

GPH PLC declared on 13 August 2018 and paid on 26 October 2018, a 2018 interim dividend of GBP 0.215 per share to its shareholders, giving a distribution of GBP 13,571 thousand (USD 17,710 thousand).

GPH PLC declared 2017 final dividend of GBP 0.201 per share to its shareholders on 12 March 2018 and paid on 9 May 2018, giving a distribution of GBP 12,628 thousand (USD 17,132 thousand).

The total dividends in respect of the year ended 31 December 2018 were USD 34,843 thousand

Dividends to non-controlling interests totalled USD 6,366 in 2019 (2018: 3,797) and comprised a distribution of USD 2,550 thousand (2018: USD 1,320 thousand) made to other shareholders by Valletta Cruise Port and USD 1,264 paid in cash, a distribution of USD 65 thousand (2018: none) made to other shareholders by Cagliari Cruise Port no cash settlement, and a distribution of USD 3,751 thousand (2018: USD 2,477) made to other shareholders by Barcelona Port Investments fully paid in cash.

Events after the reporting period

The Board of the Company has decided to temporarily suspend the dividend for full year 2019, until the situation related to spread of Covid-19 ('coronavirus') becomes clearer.

23 Non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that have non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations for the year ended 31 December 2019:

	Ege Ports (USD '000)	Bodrum Cruise Port (USD '000)	Valletta (USD '000)	Port of Adria (USD '000)
NCI percentage	**27.50%**	**40.00%**	**44.40%**	**36.21%**
Non-current assets	30,512	5,749	116,138	70,080
Current assets	15,771	1,594	1,296	2,763
Non-current liabilities	(4,569)	(3,589)	(55,313)	(34,264)
Current liabilities	(5,350)	(1,262)	(5,118)	(4,211)
Net assets	**36,364**	**2,492**	**57,003**	**34,368**
Net assets attributable to NCI	10,000	997	25,347	12,445
Revenue	6,549	1,367	13,872	7,380
Profit	1,465	(2,145)	2,543	(2,709)
OCI	(16)	(5)	(1,356)	(869)
Total comprehensive income	**1,449**	**(2,150)**	**1,187**	**(3,578)**
Profit for the year attributable to NCI	403	(858)	1,162	(981)
OCI for the year attributable to NCI	(4)	(2)	(602)	(315)
Dividends paid to NCI	–	–	(2,550)	–
Net cash inflow/(outflow) from operating activities	4,285	(1,302)	6,041	1,506
Net cash inflow/(outflow) from investing activities	(16)	(50)	(1,607)	(1,592)
Net cash inflow/(outflow) from financing activities	(16,292)	1,301	(3,916)	194
Net cash inflow/(outflow)	**(12,023)**	**(51)**	**518**	**108**

	BPI (USD '000)	Cruceros (USD '000)	Ravenna (USD '000)	Cagliari (USD '000)	Catania (USD '000)	Global Gemicilik (USD '000)	Nassau (USD '000)	Total (USD '000)
	38.00%	50.40%	46.33%	29.11%	37.79%	5.00%	51.00%	
	117,785	21,442	92	3,395	2,563	7	69,213	
	17,511	4,413	166	850	531	95	10,479	
	(45,239)	(14,497)	(9)	(1,237)	(1,349)	–	(74,512)	
	(6,761)	(2,094)	(362)	(638)	(494)	(61)	(4,970)	
	83,296	9,264	(113)	2,370	1,251	41	210	
	31,652	4,669	(52)	690	473	2	107	86,330
	27,837	3,441	178	1,900	1,760	156	2,492	
	9,414	(109)	(176)	62	141	(178)	206	
	(1,662)	(220)	(2)	(59)	(26)	8	–	
	7,752	(329)	(178)	3	115	(170)	206	
	3,577	(55)	(82)	18	53	(3)	105	3,339
	(632)	(111)	(1)	(17)	(10)	(1)	–	(1,695)
	(3,751)	–	–	(65)	–	–	–	(6,366)
	28,041	1,020	66	143	113	(413)	105	
	2,954	(9)	2	(81)	(49)	(6)	(7,850)	
	(35,004)	(1,477)	(105)	(225)	98	520	23,508	
	(4,009)	(466)	(37)	(163)	162	101	15,763	

23 Non-controlling interests continued

Summarised financial information in respect of each of the Group's subsidiaries that have non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations for the year ended 31 December 2018:

	Ege Ports (USD'000)	Bodrum Cruise Port (USD'000)	Valletta (USD'000)	Port of Adria (USD'000)	BPI (USD'000)	Cruceros (USD'000)	Ravenna (USD'000)	Cagliari (USD'000)	Catania (USD'000)	Total (USD'000)
NCI percentage	27.50%	40.00%	44.40%	36.21%	38.00%	50.40%	46.33%	29.11%	37.79%	
Non-current assets	33,332	5,304	95,089	65,202	128,224	13,009	254	3,863	2,911	
Current assets	14,785	1,685	1,667	2,470	16,236	4,191	221	1,007	311	
Non-current liabilities	(8,379)	(1,984)	(31,921)	(27,511)	(50,077)	(6,108)	(139)	(1,672)	(1,616)	
Current liabilities	(4,822)	(363)	(3,326)	(2,214)	(8,967)	(1,501)	(270)	(606)	(478)	
Net assets	34,916	4,642	61,509	37,947	85,416	9,591	66	2,592	1,128	
Net assets attributable to NCI	9,602	1,857	27,340	13,743	32,459	4,834	30	754	426	91,045
Revenue	4,650	1,776	13,017	10,042	27,846	3,731	169	1,943	1,079	
Profit	(8,109)	(1,810)	2,335	(1,254)	21,522	1,083	(155)	262	(60)	
OCI	(1,701)	(238)	(2,611)	(1,484)	(5,233)	(411)	(6)	(118)	(60)	
Total comprehensive income	(9,810)	(2,048)	(276)	(2,738)	16,289	672	(161)	144	(120)	
Profit for the year attributable to NCI	(2,230)	(724)	1,069	(454)	8,178	546	(72)	76	(23)	6,366
OCI for the year attributable to NCI	(467)	(95)	(1,159)	(538)	(1,988)	(207)	(3)	(34)	(23)	(4,514)
Dividends paid to NCI	–	–	(1,325)	–	(2,404)	–	–	(68)	–	(3,797)
Net cash inflow/(outflow) from operating activities	5,630	2,022	7,989	3,181	30,040	1,365	(53)	1,185	209	
Net cash inflow/(outflow) from investing activities	11,641	(1,704)	(913)	(3,477)	(1,869)	(14)	(57)	(72)	(257)	
Net cash inflow/(outflow) from financing activities	(1,001)	(60)	(4,877)	1,749	(20,886)	(861)	–	(267)	121	
Net cash inflow/(outflow)	16,270	258	2,199	1,453	7,285	490	(110)	846	73	

24 Loans and borrowings

As at 31 December, loans and borrowings comprised the following:

Current loans and borrowings	**2019 (USD '000)**	2018 (USD '000)
Current portion of Eurobond issued	**18,554**	18,558
Current bank loans	**12,497**	12,031
– TL	**3,632**	–
– Other currencies	**8,865**	12,031
Current portion of long-term bank loans	**29,899**	16,853
– TL	**822**	575
– Other currencies	**29,077**	16,278
Lease obligations	**1,741**	1,313
Finance leases	**622**	1,313
Lease obligations recognised under IFRS 16	**1,119**	–
Total	**62,691**	48,755

Non-current loans and borrowings	**2019 (USD '000)**	2018 (USD '000)
Non-current portion of Eurobonds issued	**232,436**	231,666
Non-current bank loans	**94,156**	66,038
– TL	**7**	25,565
– Other currencies	**94,149**	40,473
Finance lease obligations	**63,707**	592
Finance leases	**–**	592
Lease obligations recognised under IFRS 16	**63,707**	–
Total	**390,299**	298,296

As at 31 December, the maturity profile of long-term bank loans comprised the following:

Year	**2019 (USD '000)**	2018 (USD '000)
Between 1-2 years	**270,997**	34,122
Between 2-3 years	**11,463**	225,086
Between 3-4 years	**9,130**	11,259
Over 4 years	**35,002**	27,237
Total	**326,592**	297,704

As at 31 December, the maturity profile of lease obligations comprised the following:

	2019			2018		
	Future minimum lease payments (USD '000)	**Interest (USD '000)**	**Present value of minimum lease payments (USD '000)**	Future minimum lease payments (USD '000)	Interest (USD '000)	Present value of minimum lease payments (USD '000)
Less than one year	**3,646**	**(1,905)**	**1,741**	1,382	(69)	1,313
Between one and five years	**142,638**	**(78,931)**	**63,707**	637	(45)	592
Total	**146,284**	**(80,836)**	**65,448**	2,019	(114)	1,905

24 Loans and borrowings continued

Details of the loans and borrowings as at 31 December 2019 are as follows:

					As at 31 December 2019		
Loans and borrowings type	Company name	Currency	Maturity	Interest type	**Interest rate %**	**Principal**	**Carrying value**
Loans used to finance investments and projects							
Unsecured Eurobonds[i]	Global Liman	USD	2021	Fixed	**8.13**	**250,000**	**250,989**
Secured Loan[ii]	Barcelona Port Investments	EUR	2023	Floating	**Euribor + 4.00**	**18,224**	**17,857**
Secured Loan[iii]	Malaga Cruise Port	EUR	2025	Floating	**Euribor 3m + 1.75**	**4,467**	**4,437**
Secured Loan[iv]	Valetta Cruise Port	EUR	2026	Floating	**Euribor + 2.80**	**10,295**	**9,162**
Secured Loan[v]	Global BV	EUR	2020	Floating	**Euribor + 4.60**	**5,430**	**5,441**
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	**2.20 – 6.20**	**564**	**564**
Secured Loan	Bodrum Cruise Port	TL	2020	Fixed	**17.0 – 27.5**	**513**	**594**
Secured Loan[vi]	Port of Adria	EUR	2025	Floating	**Euribor + 4.25**	**22,392**	**22,551**
Secured Loan	Port of Adria	EUR	2019	Fixed	**3.85**	**840**	**842**
Secured Loan	Ortadoğu Liman	TL	2020	Fixed	**14.50**	**339**	**339**
Secured Loan	Ortadoğu Liman	USD	2020	Fixed	**3.60 – 6.60**	**1,401**	**1,401**
Secured Loan	Ortadoğu Liman	EUR	2020	Fixed	**3.40 – 6.00**	**533**	**535**
Secured Loan	Barcelona Cruise Port	EUR	2024	Floating	**Euribor + 4.00**	**2,686**	**2,651**
Secured Loan[ix]	Nassau Cruise Port	USD	2021	Fixed	**4.5**	**16,000**	**16,000**
Secured Loan[x]	Antigua Cruise Port	USD	2026	Floating	**Libor + 5.75**	**16,104**	**15,197**
						349,788	**348,560**
Loans used to finance working capital							
Unsecured Loan	Global Liman	TL	2020	Fixed	**26.34**	**2,694**	**2,701**
Unsecured Loan	Ege Liman	USD	2020	Fixed	**4.95**	**1,500**	**1,511**
Unsecured Loan	Ege Liman	EUR	2020	Fixed	**3.54**	**2,377**	**2,437**
Unsecured Loan	Ege Liman	TL	2020-2021	Fixed	**15.84 – 30.6**	**534**	**509**
Secured Loan	Ortadoğu Liman	EUR	2020	Fixed	**3.80 – 8.75**	**20,849**	**21,025**
Secured Loan	Ortadoğu Liman	USD	2020	Fixed	**3.80 – 8.75**	**10,289**	**10,478**
Secured Loan	Ortadoğu Liman	TL	2020	Fixed	**26**	**320**	**321**
						38,563	**38,982**
Finance lease obligations							
Leasing[vii]	Ortadoğu Liman	USD	2020	Fixed	**7.35**	**186**	**186**
Leasing	Cagliari Cruise Port	EUR	2021	Fixed	**1.96**	**45**	**44**
Leasing	Ege Liman	USD	2020	Fixed	**7.75**	**1**	**1**
Leasing[viii]	Ege Liman	EUR	2020	Fixed	**5.5**	**385**	**385**
Leasing	Global Ports PLC	GBP	2022	Fixed	**3.5**	**690**	**648**
Leasing	Barcelona Cruise Port	EUR	2020	Floating	**3.9**	**3**	**4**
Leasing	Barcelona Cruise Port	EUR	2030	Floating	**4.0**	**2,424**	**2,424**
Leasing	Malaga Cruise Port	EUR	2036	Floating	**4.0**	**9,478**	**9,479**
Leasing	Valetta Cruise Port	EUR	2066	Floating	**4.27**	**25,386**	**25,001**
Leasing	Bodrum Cruise Port	TL	2067	Fixed	**8.3**	**2,441**	**2,474**
Leasing	Port of Adria	EUR	2043	Floating	**3.85**	**14,115**	**9,408**
Leasing	Zadar	HRK	2038	Fixed	**9.35**	**2,993**	**2,994**
Leasing	Cagliari Cruise Port	EUR	2026	Fixed	**4.5**	**328**	**328**
Leasing	Antigua Cruise Port	USD	2048	Floating	**7.65**	**12,072**	**12,072**
						70,547	**65,448**
							452,990

Details of the loans and borrowings as at 31 December 2018 are as follows:

					As at 31 December 2018		
Loans and borrowings type	Company name	Currency	Maturity	Interest type	Interest rate %	Principal	Carrying value
Loans used to finance investments and projects							
Unsecured Eurobonds[i]	Global Liman	USD	2021	Fixed	8.13	250,000	250,224
Secured Loan[ii]	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4.00	22,873	22,333
Secured Loan[iii]	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1.75	5,374	5,337
Secured Loan[iv]	Valetta Cruise Port	EUR	2029	Floating	Euribor + 3.00	9,644	8,832
Secured Loan[v]	Global BV	EUR	2020	Floating	Euribor + 4.60	11,172	11,176
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	2.20 – 6.20	635	595
Secured Loan[vi]	Port of Adria	EUR	2025	Floating	Euribor + 4.25	21,556	21,707
Secured Loan	Ortadoğu Liman	USD	2020	Fixed	3.60 – 6.60	699	700
Secured Loan	Ortadoğu Liman	EUR	2019	Fixed	3.40 – 6.00	572	575
						322,525	321,479
Loans used to finance working capital							
Unsecured Loan	Ege Liman	USD	2019	Fixed	6.50	330	347
Unsecured Loan	Ege Liman	EUR	2020	Fixed	3.54	4,778	4,897
Unsecured Loan	Ege Liman	TL	2020	Fixed	15.84	241	244
Unsecured Loan	Ege Liman	TL	2019	Fixed	18.50	222	219
Secured Loan	Ege Liman	TL	2020	Fixed	17.76	112	112
Secured Loan	Ortadoğu Liman	EUR	2019	Fixed	3.80 – 8.75	14,876	15,136
Secured Loan	Barcelona Cruise Port	EUR	2024	Floating	Euribor + 4.00	2,749	2,712
						23,308	23,667
Finance lease obligations							
Leasing[vii]	Ortadoğu Liman	USD	2020	Fixed	7.35	533	533
Leasing	Cagliari Cruise Port	EUR	2021	Fixed	1.96	63	64
Leasing[viii]	Ege Liman	EUR	2020	Fixed	7.75	1,133	1,133
Leasing	Ege Liman	USD	2020	Fixed	8.60	149	175
						1,878	1,905
							347,051

Detailed information relating to significant loans undertaken by the Group is as follows:

(i) The sales process of the Eurobond issuances amounting to USD 250 million with 7 years of maturity, and 8.125% coupon rate based on 8.250% reoffer yield was completed on 14 November 2014. Coupon repayment was made semi-annually. The bonds are now quoted on the Irish Stock Exchange.

Eurobonds contain the following key covenants:

- If a concession termination event occurs at any time, Global Liman (the 'Issuer') 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, in addition to 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.
- According to the Eurobond issued by Global Liman, the consolidated leverage ratio may not exceed 5.0 to 1 (incurrence covenant). The consolidated leverage ratio as defined in the Eurobond includes Global Liman as the issuer and all of its consolidated subsidiaries excluding the Malaga Cruise Port (being Unrestricted Subsidiary as defined in the Eurobond). Nassau Cruise Port and GPH Antigua are subsidiaries of GPH PLC, therefore not included on the covenant computation of Global Liman Eurobond. Irrespective of the consolidated leverage ratio, the issuer will be entitled to incur any or all of the following indebtedness:
  - Indebtedness incurred by 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 million;

24 Loans and borrowings continued

- Purchase money indebtedness incurred to finance the acquisition by, the Issuer or a Restricted Subsidiary, of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of indebtedness incurred and then outstanding, does not exceed USD 10 million;
- Any additional indebtedness of the Issuer or any Guarantor (other than and in addition to indebtedness permitted above) and Port of Adria indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time of this clause does not exceed USD 20 million; and provided further, that more than 50% in aggregate principal amount of any Port of Adria indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

- Group debt covenants are calculated based on applicable IFRSs as of the time the lease obligations were initially recognised. Therefore, the group debt covenants as at period end have not been affected from the transition to IFRS 16. Management will assess in the future for any new transactions that will be entered into, depending on the nature of them, whether debt covenants' calculations are affected.

(ii) On 30 September 2014, BPI and Creuers entered into a syndicated loan. Tranch A of this loan is paid semi-annually, at the end of June and December, with the last payment being in 2023. Tranch B already paid, Tranch C amounting to Euro 2.4 million has a bullet payment in 2024. The interest rate of this loan is Euribor 6m + 4.00%. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. Under this loan, in the event of default, all the shares of BPI (a total of 3,170,500 shares each being EUR 1) and Creuers (3,005,061 shares each being EUR 1) are pledged together with certain rights of these companies. The agreement includes terms about certain limitations on dividends payments, new investments, and change in the control of the companies, change of the business, new loans and disposal of assets.

(iii) On 12 January 2010, Cruceros Málaga, S.A. entered into a loan agreement with Unicaja regarding a Euro 9 million loan to finance the construction of the new terminal. This loan had an 18-month grace period. It is linked to Euribor and has a term of 180 months from the agreement execution date. Therefore, the maturity date of the loan is on 12 January 2025. A mortgage has been taken out on the administrative concession agreement to guarantee repayment of the loan principal and accrued interest thereon.

(iv) Valletta Cruise Port's bank loans and overdraft facilities bear interest at Euribor + 3% (31 December 2018: + 3%) per annum and are secured by a mortgage over VCP's present and future assets, together with a mortgage over specific property within the concession site for a period of 65 years commencing on 21 November 2001.

(v) Global Ports Europe BV entered into a loan amounting to Euro 22 million in total on 16 November 2015 with a 6-year maturity, 12 months grace period and an interest rate of Euribor + 4.60%. Principal and interest is payable bi-annually, in May and November of each year. Under this loan agreement, in the event of default, all shares of Global Ports Europe BV are pledged to the bank in accordance with a share pledge agreement.

(vi) Port of Adria entered into a loan agreement with EBRD amounting to Euro 20 million in total on 26 February 2018 with a 6-year maturity, 2 years grace period and an interest rate of Euribor + 4.25%. Principal and interest will be payable quarterly, in January, April, July and November of each year. Under this loan agreement, in the event of default, all shares of Port of Adria (12.040.993 Shares having EUR 0,5026 nominal value per each and 30.683.933 Shares having EUR 1,1485 nominal value per each) are pledged to the bank in accordance with a share pledge agreement. In compliance with this agreement, the Company is also guarantor of Port of Adria, and as per agreement, the Company has to comply with the consolidated leverage ratio of 5.0 to 1, as it is presented on the Eurobond of Global Liman.

(vii) On 12 June 2014, Ortadoğu Liman s signed a finance lease agreement for a port tugboat with an interest rate of 7.35% and maturity date of 16 July 2020.

(viii) On June 2014, Ege Liman signed a finance lease agreement for a port tugboat with an interest rate of 7.75% and maturity date in 2020.

(ix) Nassau Cruise Port entered into a local bridge loan financing with CFAL amounting to USD 50 million (USD 16 million was used as of reporting date) -in total on 29 December 2019 with a 18 months maturity, and an interest rate of 4.50%. Purpose of this loan agreement is financing of design, construction, operation and maintenance of the cruise port terminal and its associated facilities in Nassau. Principal and interest will be paid at maturity. Under this loan agreement, in the event of default, the entire outstanding principal amount of the loan and all accrued interest shall become immediately due and payable by lenders written consent, subject to standard cure periods, cure rights and other borrower remedies.

(x) On 26 September 2019, GPH Antigua entered into a syndicated loan with 6 years maturity and 2 years Grace period. Repayment will be made quarterly starting from 31 December 2021, at a principal rate of 2.0835%. Remaining amount (58.33%) will be paid at 31 December 2026. The interest rate of this loan will be Libor + 5.75% prior to New Pier completion date and Libor + 5.25% after completion of New pier construction. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. The agreement includes terms about certain limitations on dividends payments, new investments, and change in the control of the companies, change of the business, new loans and disposal of assets.

Reconciliation of movements of liabilities to cash flows arising from financing activities

		Liabilities		**Equity**		
	Note	**Loans and Borrowings (USD '000)**	**Leases (USD '000)**	**Retained earnings (USD '000)**	**NCI (USD '000)**	**Total (USD '000)**
Balance at 1 January 2019		**345,146**	**1,905**	**108,981**	**91,045**	**547,077**
Changes from financing cash flows						
Proceeds from loans and borrowings		**74,918**	**–**	**–**	**–**	**74,918**
Repayment of borrowings/leases		**(31,949)**	**(3,066)**	**–**	**–**	**(35,015)**
Dividend paid	22 (c)	**–**	**–**	**(29,225)**	**(5,062)**	**(35,591)**
Total changes from financing cash flows		**42,969**	**(3,066)**	**(29,225)**	**(5,062)**	**4,312**
The effect of changes in foreign exchange rates		**4,782**	**(304)**	**29**		**4,507**
Other changes						
Liability-related						
New leases/other financial liability		**–**	**67,132**	**–**	**–**	**67,132**
Interest expense		**26,077**	**2,434**		**–**	**28,511**
Interest paid		**(26,388)**	**–**	**–**	**–**	**(26,388)**
Total liability-related other changes		**(5,044)**	**(2,653)**	**–**	**–**	**(7,697)**
Total equity-related other changes		**–**	**–**	**(18,732)**	**347**	**(18,385)**
Balance at 31 December 2019		**387,542**	**65,448**	**61,053**	**86,330**	**600,373**

		Liabilities		Equity		
	Note	Loans and Borrowings (USD '000)	Leases (USD '000)	Retained earnings (USD '000)	NCI (USD '000)	Total (USD '000)
Balance at 1 January 2018		338,326	3,394	143,148	92,896	577,764
Changes from financing cash flows		6,821				
Proceeds from loans and borrowings		44,205	–	–	–	44,205
Repayment of borrowings/leases		(34,645)	(1,479)	–	–	(36,124)
Dividend paid	22 (c)	–	–	(34,843)	(3,797)	(38,640)
Total changes from financing cash flows		9,560	(1,479)	(34,843)	(3,797)	(30,559)
The effect of changes in foreign exchange rates		(4,076)	31	–	–	(4,045)
Other changes						
Liability-related						
Interest expense		25,005	192	–	–	25,197
Interest paid		(23,902)	–	–	–	(23,902)
Total liability-related other changes		233	(233)	–	–	–
Total equity-related other changes		–	–	676	1,946	2,622
Balance at 31 December 2018		345,146	1,905	108,981	91,045	547,077

25 Trade and other payables

As at 31 December, current trade and other payables comprised the following:

	2019 (USD '000)	2018 (USD '000)
Payables to suppliers*	**8,887**	6,843
Taxes payable and social security contributions**	**5,600**	1,558
Due to non-controlling interest***	**1,248**	2,400
Payables to personnel	**373**	480
Deposits received	**578**	338
Deferred revenue	**967**	990
Expense accruals****	**2,755**	1,423
Other	**959**	1,247
Total	**21,367**	15,279

* The increase is operational, amount increased inline with the increase in number of Ports within the GPH Portfolio.
** The increase is related to stamp duty taxes payable related to dividends distributed
*** The change is related to non paid dividend distributions to minorities decided by subsidiaries.
**** The increase in expense accruals are related to CAPEX made on Antigua.

The Group's average credit period for trade purchases is 37 days as of 31 December 2019 (31 December 2018: 39). The directors consider that the carrying amount of trade payables approximates to their fair value. The Group's exposure to currency and liquidity risk related to the trade and other payables is disclosed in Note 31.

26 Share-based payment arrangements

At 31 December 2019, the Group had an equity settled share-based payment program.

Description of share-based payment arrangements

On 1 January 2019, the Group established share based award program that entitles key management personnel to receive shares in the Company based on the performance of the Company during the vesting period. Currently, this program is limited to key management personnel and other senior employees.

Shares issued under the LTIP are subject to a dilution limit of up to 3% over 10 years, which will be monitored by the Remuneration Committee. Upon vesting of an RSU, Employees must pay the par value in respect of each share that vests. Employees are also responsible to declare and pay the tax related to gains from RSUs to the authorities.

The key terms and conditions related to the grants under these programmes are as follows; all options are to be settled by the physical delivery of shares.

Grant Date/employees entitled	Number of shares ('000)	Vesting conditions
Options granted to key management personnel		3 years' service from grant date 8.5% increase in EPS 7.0% increase in TSR
On 1 January 2019	69	
Options granted to senior employees		3 years' service from grant date 8.5% increase in EPS 7.0% increase in TSR
On 1 January 2019	135	
Total share options	**204**	

Measurement of fair values

The fair value of the employee share purchase plan has been measured using a Monte Carlo simulation. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. For the calculation of the fair value of the awards attached to the EPS non-market performance conditions, the valuation of the award is equal to the price of the share as at the grant date less the par value of each share.

The inputs used in the measurement of the fair values at grant date of the equity-settled share- based payment plans were as follows.

	Key management personnel	Senior employees	Key management personnel	Senior employees
	TSR		EPS	
	2019	**2019**	**2019**	**2019**
Fair value at grant date	**£2.22**	**£2.22**	**£3.50**	**£3.50**
Share price at grant date	**£3.98**	**£3.98**	**£3.98**	**£3.98**
Expected volatility	**44.2%**	**44.2%**	**N/A**	**N/A**
Expected life	**3 years**	**3 years**	**3 years**	**3 years**
Expected dividends	**0.0%**	**0.0%**	**N/A**	**N/A**
Risk-free interest rate (based on government bonds)	**0.76%**	**0.76%**	**N/A**	**N/A**

Under IFRS 2, historical volatility as at the valuation date is expected to be calculated from historic price data for a period commensurate with the expected life of the award, but this was not possible hence the Group is a newly public listed company with only 2 years historical data as of grant date. Per IFRS 2 guidance for newly listed entities we have computed historical volatility for the longest available period. Additionally, for a group of select peer companies indicated to us by management, we have considered whether the pattern and level of volatility in the 1.6 years since listing reasonably reflected a longer period. We found in all cases the volatilities from the first 1.6 years of share price data were close approximations of a longer-run volatility. Full details may be found in the Appendix A. We note that our volatility estimate falls within the range of peer group volatilities when they were newly-listed.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The Group has 1.6 years of share price data. Accordingly, for a group of select peer companies indicated by management, the pattern and level of volatility in the 1.6 years since listing reasonably reflected a longer period. Volatility estimate falls within the range of peer group volatilities when they were newly-listed.

At 31 December 2019, a total amount of USD239 thousand was provided by the Group to key management personnel and senior employees and has been included in 'employee benefits'.

None of the existing stocks can be exercised during the year due to the vesting period. No new issue of stocks has been made during the year.

Expense recognised in profit or loss

For details of the related employee benefit expenses, see Note 27.

27 Employee benefits

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and in addition reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of USD 1,074 for each year of service at 31 December 2019 (31 December 2018: USD 1,033).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 *Employee Benefits* stipulates the development of a company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

27 Employee benefits continued

Ceiling amount of USD 1,143 which is in effect since 1 January 2019 is used in the calculation of the Group's provision for retirement pay liability for the year ended 31 December 2019 (1 January 2018: USD 1,144). The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	2019	2018
Discount rate	**4.67%**	4.67%
Turnover rate for the expectation of retirement probability	**92% – 100%**	92% – 100%

Movements in the reserve for employee termination indemnity during the years ended 31 December comprised the following:

	2019 (USD '000)	2018 (USD '000)
1 January	**797**	936
Included in profit or loss		
Current service costs	**139**	23
Interest cost (income)	**21**	16
Provision reversals	**–**	–
Included in OCI		
Actuarial loss/(gain)	**40**	15
Other		
Benefits paid	**(32)**	(131)
Foreign currency translation differences	**(96)**	(62)
31 December	**869**	797

28 Provisions

Non-current	As at 31 December 2019 (USD '000)	As at 31 December 2018 (USD '000)
Nassau Ancillary contribution provision*	**10,395**	–
Replacement provisions for Creuers**	**6,925**	6,138
Port of Adria Concession fee provision***	**–**	1,375
Italian Ports Concession fee provisions****	**855**	1,349
Total	**18,175**	8,862

* As part of agreement between NCP and Government of Bahamas entered in 2019 (see note 30(c)), ancillary contributions will be made to local community to increase the wealth of people of Bahamas. These payments will be made as grant and partly as interest free loan. Therefore, a provision is provided for anciallary contributions based on Management's best estimate of these payments.

** As part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities entered in 2013 (see Note 30(c)), the company has an obligation to maintain the port equipment in good operating condition throughout its operating period, and in addition return the port equipment to the Port Authorities in a specific condition at the end of the agreement. Therefore, replacement provisions have been 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, which were based on the estimates at the start of the concession updated for specific known events in subsequent periods, 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 USD 12,210k was released from the provision in 2018.

*** On 27 December 2013, the Government of Montenegro and AD Port of Adria-Bar ('CTGC') entered into an agreement regarding the operating concession for the Port of Adria-Bar which terminates on 27 December 2043. From the fourth year of the agreement, CTGC had an obligation to pay a concession fee to the Government of Montenegro of Euro 500k per year until the end of the agreement. The expense relating to this concession agreement is recognised on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

**** On 16 December 2009, Ravenna Port Authority and Ravenna Terminal Passeggeri S.r.l. ('RTP') entered into an agreement regarding the operating concession for the Ravenna Passenger Terminal which terminates on 27 December 2019. RTP had an obligation to pay a concession fee to the Port Authority of Euro 86k per year until end of concession. The expense relating to this concession agreement is recognised on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.
On 13 June 2011, Catania Port Authority and Catania Cruise Terminal S.r.l. ('CCT') entered into an agreement regarding the operating concession for the Catania Passenger Terminal which terminates on 12 June 2026. CCT had an obligation to pay a concession fee to the Catania Port Authority of Euro 135k per year until end of concession. The expense relating to this concession agreement is recognised on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

On 14 January 2013, Cagliari Cruise Port S.r.l ('CCP') and Cagliari Port Authority entered into an agreement regarding the operating concession for the Cagliari Cruise Terminal which terminates on 13 January 2027. CCP had an obligation to pay a concession fee to the Cagliari Port Authority of Euro 44k per year until end of concession. The expense relating to this concession agreement is recognised on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

Current	**As at 31 December 2019 (USD '000)**	As at 31 December 2018 (USD '000)
Italian Ports Concession fee provisions	**243**	319
Unused vacation	**276**	206
Legal provisions	**1,295**	200
Port of Adria Concession fee provision	**–**	57
Other	**229**	173
Total	**2,043**	955

For the years ended 31 December, the movements of the provisions as below:

	Replacement provisions for Creuers	Port of Adria Concession fee provision	Italian Ports Concession fee provision	Nassau Ancillary contribution provision	Unused vacations	Legal*	Other	Total
Balance at 1 January	6,138	1,432	1,668	–	206	200	173	9,817
Provisions created through p&l	673	–	–	–	86	1,133	61	1,953
Provisions created not through p&l	–	–	–	10,395	–	–	–	10,395
Paid in cash	–	–	–	–	–	(12)	–	(12)
Provisions utilised	–	–	(262)	–	–	(15)	–	(277)
Reversal of provisions**	–	(1,432)	(377)	–	–	–	–	(1,809)
Unwinding of provisions	256	–	99	–	–	–	–	355
Currency translation difference	(142)	–	(30)	–	(16)	(11)	(5)	(204)
Balance at 31 December	6,925	–	1,098	10,395	276	1,295	229	20,218
Non-current	6,925	–	855	10,395	–	–	–	18,175
Current	–	–	243	–	276	1,295	229	2,043
	6,925	–	1,098	10,395	276	1,295	229	20,218

* One of Port Akdeniz' clients in the cement business has initiated a lawsuit against Port Akdeniz in relation to a commercial dispute on the fees payable by that client for its import and export transactions in 2018. Furthermore, a counterclaim has been initiated by Port Akdeniz for an amount due from this client in relation to loading services provided and extra fees incurred due to delays. Both cases are pending before the competent court.

** For the annual year starting at 1 January 2019, the Group has adopted option 2 of modified retrospective approach under which Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group reversed these accruals through Right of use asset as explained on Note 2 (a).

29 Earnings/(Loss) per share

The Group presents basic earnings per share ('basic 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 shares acquired.

During the year, the Group introduced share-based payments as part of its long-term incentive plan to directors and senior management. The shares to be granted to the participants of the scheme are only considered as potential shares when the market vesting conditions are satisfied at the reporting date. None of the market conditions are satisfied at the reporting date and therefore there is no dilution of the earnings per share or adjusted earnings per share (please refer to the glossary of APMs). There are no other transactions that can result in dilution of the earnings per share or adjusted earnings per share (please refer to the glossary of APMs).

29 Earnings/(Loss) per share continued

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders, by the weighted average number of shares outstanding.

	2019 (USD '000)	2018 (USD '000)
Profit attributable to owners of the Company	**(18,558)**	770
Weighted average number of shares	**62,826,963**	62,826,963
Basic and diluted earnings/(loss) per share with par value of GBP 0.01 (cents per share)	**(29.54)**	1.23

30 Commitments and contingencies

(a) Litigation

There are pending lawsuits that have been filed against or by the Group. 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 recognised for the possible expenses and liabilities. The total provision amount that has been recognised as at 31 December 2019 is USD 1,295 thousand (31 December 2018: USD 200 thousand).

The information related to the significant lawsuits that the Group is directly or indirectly a party to, is outlined below:

Legal proceedings in relation to Ortadoğu Antalya and Ege Liman and Bodrum Liman's applications for extension of their concession rights

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that prevented operators of privatised facilities from applying to extend their operating term. The respective Group companies then applied to extend the concession terms of Port Akdeniz-Antalya, Ege Port-Kuşadası and Bodrum Cruise Port to give each concession a total term of 49 years from original grant date. After these applications were rejected, the respective Group companies filed lawsuits with administrative courts challenging the decisions.

After going through legal proceedings, Bodrum Cruise Port's application for the extension of concession term is accepted by the relevant administrative authority. The extension agreement is executed on December 2018 which has extended the remaining concession period to 49 years. The original concession agreement was due to expire in December 2019 and following this new agreement the concession will now expire in December 2067.

Port Akdeniz-Antalya filed lawsuits against Privatisation Administration and the General Directorate of Turkey Maritime Organisation requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State rejected the appeal of Port Akdeniz-Antalya and approved the decision of the Court. The Group lawyers have applied to the Council of State for reversal of this judgement and the case is still pending.

The 31 December 2019 financial statements have been prepared assuming the current concession length.

Ege Port-Kuşadası filed lawsuits against Privatisation Administration and General Directorate of Turkey Maritime Organisation requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State accepted the appeal and reversed the Court's judgement in favor of Ege Port-Kuşadası. The Privatisation Administration applied to the Council of State for reversal of this judgement and this time, the Council of State has changed its standpoint and approved the Court's decision against Ege Port-Kuşadası. In this regard, Ege Port-Kuşadası has submitted an individual application to the Constitutional Court. Constitutional Court has rendered its decision against Ege Port-Kuşadası and the judicial process for the extension of the concession period has been concluded against Ege Port-Kuşadası. Accordingly, upon expiration of the concession period in 2033, Ege Port-Kuşadası will need to participate in the tender for new concession term.

The 31 December 2019 financial statements have been prepared assuming the current concession length.

Competition Authority Investigation

On 29 April 2019, the Competition Authority notified Port Akdeniz, that it has commenced an investigation into Port Akdeniz due to an alleged breach of Article 6 of the Law on the Protection of Competition, Law No. 4054 due to excessive pricing concerns on certain services. Port Akdeniz has engaged legal representation and submitted a full defence against all allegations on 28 May 2019. By law, the Competition Authority has 6 months from the submission date to evaluate the defences and prepare an investigation report which can be extended by an additional 6 months.

On 16 September 2019, the Competition Authority has notified Port Akdeniz that the period for the preparation of the investigation report has been extended to 11 April 2020. At this stage, the claim has not been matured and it depends on the result of the final investigation report to be issued by the Competition Authority by no later than 11 April 2020. Whole process before the Competition Authority may take up to an additional 6 to 12 months (excluding the possibility to file an administrative lawsuit against a negative decision of the Competition Authority).

No provision is recognised in respect of this matter.

Other legal proceedings

The Port of Adria-Bar (Montenegro) is a party to the disputes arising from the collective labour agreement executed with the union by Luka Bar AD (former employer/company), which was applicable to Luka Bar AD employees transferred to Port of Adria-Bar. The collective labour agreement has expired in 2010, before the Port was acquired by the Group under the name of Port of Adria-Bar. However, a number of lawsuits have been brought in connection to this collective labour agreement seeking (i) unpaid wages for periods before the handover of the Port to the Group, and (ii) alleged underpaid wages as of the start of 2014. On March 2017, the Supreme Court of Montenegro adopted a Standpoint in which it is ruled that collective labour agreement cannot be applied on rights, duties and responsibilities for employees of Port of Adria-Bar after September 30th, 2010. Although the Standpoint has established a precedent that has applied to the claims for the period after September 30th, 2010; there are various cases pending for claims related to the period of October 1st, 2009 – September 30th, 2010. In respect of the foregoing period of one year, the Port of Adria-Bar has applied to the Constitutional Court to question the alignment of the collective labour agreement with the Constitution, Labor Law and general collective agreement. The Port of Adria-Bar is notified that the application for initiating the procedure for reviewing the legality of the Collective Agreement has been rejected due to a procedural reason, without evaluating the arguments submitted. The Management is now in discussions with the local lawyers to determine defences for any potential claim and take it to the higher court and eventually to European courts for final decision once we exhaust local law avenue.

No provision is recognised in respect of this matter.

Global Liman İşletmeleri AŞ, as the majority shareholder of one of its subsidiaries, has paid a share purchase amount of 1,500,000 USD to the shareholder of the relevant subsidiary, and the shareholder has not transferred its shares in the subsidiary to Global Liman. Global Liman has initiated an action of debt against the shareholder. It is expected that the case would resolve for the return of the share purchase amount or the completion of the share transfer.

No provision is recognised in respect of this matter.

One of Port Akdeniz' clients in the cement business has initiated a lawsuit against Port Akdeniz in relation to a commercial dispute on the fees payable by that client for its import and export transactions in 2018. Furthermore, a counter-claim has been initiated by Port Akdeniz for an amount due from this client in relation to loading services provided and extra fees incurred due to delays. Both cases are pending before the competent court.

A provision is recognised in respect of this matter. Please refer to note 28.

(b) Guarantees

As at 31 December, the letters of guarantee given comprised the following:

Letters of guarantee	**2019 (USD '000)**	2018 (USD '000)
Given to seller for the call option on APVS shares*	**5,457**	5,585
Given to Privatisation Administration/Port Authority	**2,947**	2,572
Other governmental authorities	**5,715**	2,220
Others	**402**	75
Total letters of guarantee	**14,521**	10,452

* Venetto Sviluppo ('VS'), the 51% shareholder of APVS, which in turn owns a 53% stake in Venezia Terminal Passegeri S.p.A (VTP), has a put option to sell its shares in APVS partially or completely (up to 51%) to Venezia Investimenti (VI). This option originally can be exercised between 15th May 2017 and 15th November 2018, extended until the end of November 2021. If VS exercises the put option completely, VI will own 99% of APVS and accordingly 71.51% of VTP. The Group has given a guarantee letter for its portion of 25% to VS, which serves as a security of the full amount of the put option mentioned above.

Other collaterals are disclosed in Note 24.

30 Commitments and contingencies continued

(c) Contractual obligations

Ege Liman

The details of the TOORA ('Transfer of Operational Rights Agreement') dated 2 July 2003, executed by and between Ege Liman and OIB together with TDI are stated below:

The agreement allows Ege Liman to operate Ege Ports-Kuşadası for a term of 30 years for a total consideration of USD 24.3 million which has already been paid. Ege Liman's operation rights extend to port facilities, infrastructure and facilities which are either owned by the State or were used by TDI for operating the port, as well as the duty-free stores leased by the TDI. Ege Liman is entitled to construct and operate new stores in the port area with the written consent of the TDI.

Ege Liman is able to determine tariffs for Ege Ports- Kuşadası's port services at its own discretion without TDI's approval (apart from the tariffs for services provided to Turkish military ships).

The TOORA requires that the foreign ownership or voting rights in Ege Liman do not exceed 49%. Pursuant to the terms of the TOORA, the TDI is entitled to hold one share in Ege Liman and to nominate one of Ege Ports-Kuşadası's board members. Global Liman appoints the remaining board members and otherwise controls all operational decisions associated with the port. Ege Ports-Kuşadası does not have the right to transfer its operating rights to a third party.

Ege 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. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, 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 OIB 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. Ortadoğu Liman is able to determine tariffs for Port Akdeniz-Antalya's port services at its own discretion without being subject to TDI's approval (apart from the tariffs for services provided to Turkish military ships).

The TOORA requires that foreign ownership or voting rights in Ortadoğu Liman do not exceed 49%. Pursuant to the terms of the TOORA, the TDI is entitled to hold one share in Ortadoğu Liman. The TDI can also appoint one of Ortadoğu Liman's board members. Ortadoğu Liman cannot transfer its operating rights to a third party without the prior approval of the TDI.

Ortadoğu 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. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Ortadoğu Liman.

Bodrum Liman

The details of the BOT Agreement dated 23 June 2004, executed by and between Bodrum Liman and the 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 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. The BOT Agreement permits Bodrum Liman to determine tariffs for Bodrum Cruise Port's port services at its own discretion, provided that it complies with applicable legislation, such as applicable maritime laws and competition laws.

Bodrum Liman was required to pay the Directorate General for Infrastructure Investments a land utilisation fee. This fee increases by Turkish Consumer Price index each year. With the extension signed, this fee will be revised yearly as per the agreement between Company and Directorate General.

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. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Bodrum Liman.

Port of Adria

The details of the TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Government of Montenegro and AD Port of Adria-Bar are stated below:

Global Liman will be performing services such as repair, financing, operation, maintenance in the Port of Adria for an operational period of 30 years (terminating in 2043).

Port of Adria has an obligation to pay to the Government of Montenegro (a) a fixed concession fee in the amount of EUR 500,000 per year; (b) a variable concession fee in the amount of EUR 5 per twenty-foot equivalent ('TEU') (full and empty) handled over the quay (ship-to-shore and shore-to-ship container handling), no fees are charged for the movement of the containers; (c) a variable concession fee in the amount of Euro 0.20 per ton of general cargo handled over the quay (ship-to-shore and shore-to-ship general cargo handling). However, pursuant to Montenegrin Law on Concessions, as an aid to the investor for investing in a port of national interest, the concession fee was set in the amount of Euro 1 for the period of three years starting from the effective date of the TOORA Contract. Tariffs for services are regulated pursuant to the terms of the concession agreement with the Montenegro port authority, where the maximum rates are subject to adjustments for inflation.

For the first three years of the agreement, Port of Adria had to implement certain investment and social programmes outlined in the agreement and had to commit EUR 13.6 million towards capital expenditure during that period. This included launching and investing EUR 6.5 million in certain social programmes at Port of Adria Bar such as retrenching employees, the establishment of a successful management trainee programme, and subsidising employees to attend training and acquire additional qualifications, as well as the provision of English lessons to employees. All the relevant investment requirements already performed by Port of Adria at the end of 2016.

Port of Adria is liable for the maintenance of the Port of Adria 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 Government of Montenegro at a specific condition, while the movable properties stay with Port of Adria.

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 of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in Adossat Wharf in Barcelona for an operational period of 27 years. The port operation rights for Adossat Wharf (comprised of Terminals A and B) terminates in 2030. 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 the concession period is considered to be 30 years.

30 Commitments and contingencies continued

(c) Contractual obligations continued

Creuers is liable for the maintenance of Adossat Wharf Terminals A and B, as well as ensuring that port equipment is maintained in good repair and in operating condition throughout its concession period. For the detailed maintenance and investment requirements, explained in the concession agreement, replacement provision has provided in the financials of the Company on the note 27. 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 concession is subject to an annual payment, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, (ii) a fee for the operation of public land for commercial activities, and (iii) a general service fee.

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 of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in WTC Wharf in Barcelona for an operational period of 27 years. The port operation rights for the World Trade Centre Wharf (comprised of Terminals N and S) terminate in 2027. 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 N and S 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 occupy the Levante Terminal of the Malaga Port and its exploitation, for a 30-year period, terminating in 2038. The concession term can be extended for up to fifteen years, in two terms of 10 and 5 additional years (extending the total concession period to 45 years), due to an amendment to the Malaga Levante Agreement approved by the Malaga Port Authority in its resolution dated 28 October 2009. These extensions require (i) the approval by the Malaga Port Authority and (ii) Cruceros Malaga to comply with all of the obligations set forth in the concession. Cruceros will perform passenger services, terminal usage and luggage services, as well as undertake general maintenance of the Levante Terminal. Cruceros is responsible for ensuring that the port equipment is maintained in good repair and operating condition throughout the concession term.

The concession is subject to an annual payment, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, and (ii) a fee for the operation of public land for commercial activities.

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 occupy El Palmeral Terminal of the Malaga Port and its exploitation, for a 30-year period, terminating in 2042. Cruceros will perform passenger services, terminal usage and luggage services, as well as undertake general maintenance of the El Palmeral Terminal. Cruceros is responsible for ensuring that the port equipment is maintained in good repair and operating condition throughout the concession term.

The concession is subject to an annual payment, which was Euro 154,897 in 2016, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, and (ii) a fee for the operation of public land for commercial activities.

Valletta Cruise Port

On 22 November 2001, VCP signed a deed with the Government of Malta by virtue of which the Government granted a 65-year concession over the buildings and lands situated in Floriana, which has an area of 46,197 square metres (‘sqm’). VCP will perform operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. The area transferred is used as follows: retail 6,854 sqm, office 4,833 sqm, terminal 21,145 sqm and potential buildings 13,365 sqm.

A ground rent is payable by Valletta Cruise Port to the Government of Malta. At the end of each 12 months period, VCP is required pay to the Government of Malta (a) 15% of all revenue deriving from the letting of any buildings or facilities on the concession site for that 12 month period, and (b) 10% of revenue deriving from passenger and cruise liner operations, subject to the deduction of direct costs and services from the revenue upon which 10% fee is payable.

Ravenna Passenger Terminal

On 19 December 2009, Ravenna Terminal Passeggeri S.r.l (‘RTP’) signed a deed with the Ravenna Port Authority by virtue of which the Port Authority granted a 10-year concession over the passenger terminal area situated within Ravenna Port. RTP will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by RTP to the Port Authority in the sum of EUR 895,541.67 during the concession period. The repayment of the total amount is presented as EUR 3,000 for the year 2009, EUR 28,791.67 for the year 2010 and the remaining EUR 863,750 overall for the years 2011 to 2020.

Catania Cruise Terminal

On 18 October 2011, Catania Cruise Terminal SRL (‘CCT’) signed a deed with the Catania Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated on Catania City Center. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCT to the Port Authority in the sum of EUR 135,000.00 for each year during the concession period.

Cagliari Cruise Terminal

On 14 January 2013, Cagliari Cruise Port S.r.l (‘CCP’) signed a deed with the Cagliari Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated within Cagliari Port. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCP to the Port Authority in the sum of EUR 44,315.74 for each year during the concession period.

Nassau Cruise Port

On 28 August 2019, Nassau Cruise Port Ltd (‘NCP’) signed a deed with the Government of Bahamas by virtue of which the Government granted a 25-year concession over the passenger terminal area situated within Nassau Cruise Port. NCP will perform operation and management of the cruise passenger terminal in the area.

NCP will invest an amount of USD 250m in expanding the capacity of the port. Investment amount also includes ancillary contributions made to local community to increase the wealth of people of Bahamas. These payments will be made as grant and partly as interest free loan.

The construction phase is expected to start in 2020 and is anticipated to be completed within 24 months, once construction has been completed total revenues are expected to be in the range of USD 35-40m per annum.

A variable fee payment based on the number of passengers will be made to the Port Authority starting from the operations commencement date. Starting from the construction commencement date and until the end of the concession, a minimum fixed fee will be payable to the Port Authority amounting to USD 2m from construction date to end of construction and USD2.5m from construction end date until the end of concession per annum.

30 Commitments and contingencies continued

(c) Contractual obligations continued

Antigua Cruise Port

On 24 October 2019, Antigua Cruise Port Ltd ('ACP') signed a deed with the Government of Antigua&Barbuda by virtue of which the government granted a 30-year concession over the passenger terminal area situated within Antigua Cruise Port. ACP will perform operation and management of a cruise passenger terminal in the area.

Total initial investment in the first 12 months of operation will be between USD 45-50m, including repayment of the existing bond of USD 21m, completion of new pier construction and dredging work, and investment into the retail facilities. The Company's cash equity contribution is set at 27.5%, with the balance provided through non-recourse project finance.

A variable fee payment based on the number of passengers will be made to the Port Authority with a minimum fee guarantee. From the 21st year of the concession, ACP will pay a share of its annual revenue annually to the Port Authority.

31 Leases

Lease as lessee (IFRS 16)

The Group entered into various operating lease agreements. In the periods presented, the Group's main operating lease arrangements as lessee are the port rent agreement of Valletta Cruise Port until 2066, Port of Adria until 2043, Creuers until 2033, Cruceros until 2043, Zadar Cruise Port until 2039, Antigua Cruise Port until 2049 and Bodrum Liman until 2067. Part of the concession agreements of Creuers and Cruceros relating to the occupancy of the public land at the port and the operation of public land for commercial activities, which are out of scope of IFRIC 12, have been accounted for under IFRS 16 – Leases.

The Company has a leasing agreement to rent its office at third floor offices at 34 Brook Street London. This lease has no purchase options and escalation clauses.

Right of use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented separately.

2019 – Leases under IFRS 16	As at 31 December 2019 (USD '000)
Balance at 1 January from initial application of IFRS 16	58,983
Depreciation charge for the year	(2,382)
Additions to right of use assets	25,601
Currency translation differences	(1,079)
Balance at 31 December	**81,123**

The Company has created right of use asset for Antigua Cruise Port after acquisition. A variable fee payment based on the number of passengers will be made to the Port Authority with a minimum fee guarantee. From the 21st year of the concession, ACP will pay a share of its annual revenue annually to the Port Authority. Company has repaid outstanding loan amounting to USD 21,000 thousand on the initial acquisition date. The Company has recognised the loan and the discounted future payments as right of use asset and recognised an equivalent lease liability.

Amounts recognised in profit or loss

2019 – Leases under IFRS 16	As at 31 December 2019 (USD '000)
Interest on lease liabilities	(2,385)
Expenses relating to short-term leases	(75)
2018 – Operating leases under IAS 17	
Lease expense	(5,656)
Contingent rent expense	**2,294**

Amounts recognised in statement of cash flows

	As at 31 December 2019 (USD '000)
Total cash outflow for leases	**(3,066)**

Extension options

All concession agreements contain extension options exercisable by the Group. These options are exercisable with the submission of the extension request by the Group before expiry of current concession agreements. Extendable rights vary based on the country regulations, and current concession period. Extension options are evaluated by management on contract basis, and the decision is based on the Port's performance, and possible extension period. Extension options in concession agreements are being provided for the continuation of the port's operations. The extension options held are exercisable only by the Group and in some agreements subject to approval of the grantor. Accordingly, the Group includes only already signed contract periods for the concession life.

The Group has estimated that the potential future lease payments, should it exercise all extension options, would result in an increase in lease liability of USD 3,006 thousand.

Lease as lessor

The Group's main operating lease arrangements as lessor are a marina lease agreement of Ortadoğu Liman until 2028, and various shopping centre rent agreements of Ege Port, Bodrum Cruise Port, Valletta Cruise Port, Barcelona Cruise Port, Malaga Cruise Port, Zadar Cruise Port, and Antigua Cruise Port. All leases are classified as operating leases from a lessor perspective.

The following table sets out a maturity analysis of lease receivables, showing the payments to be received after the reporting date. Under IAS 17, the Group did not have any finance leases as a lessor.

	As at 31 December 2019 (USD '000)
2019 – Leases under IFRS 16	
Less than one year	**3,008**
One to two years	**2,075**
Two to three years	**1,843**
Three to four years	**1,432**
Four to five years	**1,175**
More than five years	**5,036**
Total	**14,569**
2018 – Operating leases under IAS 17	
Less than one year	**5,141**
Between one and five years	**7,059**
More than five years	**4,019**
Total	**16,219**

During the year ended 31 December 2019, USD 10,767 thousand (31 December 2018: USD 10,044 thousand) was recognised as rental income in the consolidated income statement and other comprehensive income.

32 Investment Property

See accounting policy in Note 3(l).

Reconciliation of carrying amount

	As at 31 December 2019 (USD '000)
1 January 2019	–
Recognition of right-of-use asset on initial application of IFRS 16	2,250
Depreciation charge for the year	(59)
Currency translation differences	(52)
Balance at 31 December	**2,139**

Investment property comprises Valletta Cruise Port's commercial property that is leased to third parties. Further information about these leases is included in Note 31.

33 Service concession arrangement

(i) Creuers

The port operation rights, which belongs to Creuers, recognised under intangible assets represents fixed asset elements built or acquired from third parties to adapt Sea Stations North and South of the World Trade Center and A and B of the Adossat Wharf of Port of Barcelona, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Creuers are annually reviewed and approved by the Port Authorities of Barcelona. The intangible asset represents the right to charge users a fee for use of the terminal

The administrative concession contracts signed between the Port Authorities of Barcelona and Creuers are described below:

- Contract to adapt the Sea Station and render the tourist cruise port service of North and South terminals of the World Trade Center, signed for a 27-year period from its granting date, in October 1999.
- Contract to adapt the Sea Station A and B of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.

The Creuers' main actions in relation to the adaptation of the Sea Station refer to the construction of a building, fixed fixtures and equipment of terminals for their exploitation under the terms contemplated on concession agreements.

On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions is recorded (Note 27).

(ii) Cruceros

The port operation rights, which belongs to Cruceros, recognised under intangible assets represents fixed asset elements built or acquired from third parties to adapt Maritime Station Levante and Maritime Station El Palmeral of Port of Malaga, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Cruceros are annually reviewed and approved by the Port Authority of Malaga. The intangible asset represents the right to charge users a fee for use of the terminal.

The administrative concession contracts signed between the Port Authority of Malaga and Cruceros are described below:

- Contract for transforming the authorisation to occupy and operate the 'Terminal Marítima de Levante' signed for a 30-year period from its granting date, in February 2008.
- Contract to adjust the maritime station and install a mobile walkway in dock no. 2, and operation of the whole in the Port of Malaga signed for a 30-year period from its granting date, in December 2011.

The Cruceros' main actions in relation to the adaptation of the Maritime Station Levante refer to the construction of a building, fixed fixtures and equipment of terminals for their exploitation under the terms contemplated on concession agreements.

On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions is recorded (Note 27).

(iii) Ravenna

The port operation rights, which belongs to Ravenna, recognised under intangible assets represents acquired from third parties to operate Ravenna Cruise Port, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Ravenna are annually reviewed and approved by the Port Authority of Ravenna. The intangible asset represents the right to charge users a fee for use of the terminal.

The administrative concession contracts signed between the Port Authority of Ravenna and Ravenna Passenger Terminal Srl are described below:

- Contract to operate Ravenna Cruise Port and render the tourist cruise port service of Port of Ravenna, signed for a 10-year period from its granting date, in December 2009.

On the basis of obligations assumed on the concession agreement, the corresponding provision for yearly payments are recorded (Note 27).

(iv) Catania

The port operation rights, which belongs to Catania, recognised under intangible assets represents fixed asset elements acquired from third parties to operate Catania Cruise Terminal, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Catania are annually reviewed and approved by the Port Authority of Catania. The intangible asset represents the right to charge users a fee for use of the terminal.

The administrative concession contracts signed between the Port Authority of Catania and Catania Cruise Terminal Srl are described below:

- Contract to operate Catania Cruise Terminal and render the tourist cruise port service of Port of Catania, signed for a 15-year period from its granting date, in June 2011.

On the basis of obligations assumed on the concession agreement, the corresponding provision for yearly payments are recorded (Note 27).

33 Service concession arrangement continued

(v) Nassau Cruise Port

The port operation rights, which belongs to NCP, recognised under intangible assets represents fixed asset elements built to adapt new Cruise Passenger Terminals described on Note 30. Nassau Cruise Port was awarded exclusive long-term operational rights for a period of twenty-five (25) Years in respect of the redevelopment, operations, management and maintenance of the Port.

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service.

The details of Port Operation and Lease Agreement signed between Government of Bahamas and NCP are described below:

- Company will create recreational, entertainment, shopping and food and beverages spaces for Bahamians, tourists and other visitors. The Company will finance and procure the design and construction of the Works. The Company anticipates that the Project will require an investment approximately in the region of two hundred and fifty million US dollars (USD 250,000,000).
- GoB grants to the Company during the concession period the exclusive right and privilege at the Port to use the Port and to operate, repair and maintain, the Port Superstructure, and to use the Port Infrastructure, to optimise the operations, commercial activities and ancillary facilities at the Port.
- The Passenger Facility and the Port Facility Charges, main revenue streams of the Company, are subject to annual reviews and adjustments by NCP. Further changes to Passenger Facility and Port Facility charges will be subject to the approval of Grantor.
- The Company may request to extend the Initial Term no later than 24 Months prior to expiry of the Initial Term. If grantor agrees on the terms and conditions of an extension, then the Term will be extended for a further period of fifteen (15) Years starting from the expiry of the Initial Term.

The obligations under the concession arrangements include fixed and variable fees. The obligation for payment of fixed fees are recognised as financial liabilities. Financial liabilities recognised are measured at amortised cost using effective interest method.

All other ports within the Group, namely Valletta, Cagliari, Port of Adria, Port Akdeniz, Ege Port, Bodrum Cruise Port and Antigua Cruise Port are out of scope of IFRIC 12.

34 Related parties

The related parties of the Group which are disclosed in this note comprised the following:

Related parties	Relationship
Mehmet Kutman	Chairman and ultimate controlling party
Ayşegül Bensel	Shareholder of Ultimate parent company
Global Yatırım Holding	Ultimate parent company
Global Ports Holding BV	Parent company
Global Sigorta Aracılık Hizmetleri A.Ş. (‘Global Sigorta’)	Ultimate controlling party’s subsidiary
IEG Kurumsal Finansal Danışmanlık A.Ş. (‘IEG Global’)	Ultimate controlling party’s subsidiary
Global Menkul Değerler A.Ş. (‘Global Menkul’)	Ultimate controlling party’s subsidiary
Adonia Shipping	Ultimate controlling party’s subsidiary
Naturel Gaz	Ultimate controlling party’s subsidiary
Straton Maden	Ultimate controlling party’s subsidiary
Goulette Cruise Holding	Joint-Venture

All related party transactions between the Company and its subsidiaries have been eliminated on consolidation, and are therefore not disclosed in this note.

As at 31 December, current receivables from related parties comprised the following:

Current receivables from related parties	**2019 (USD '000)**	2018 (USD '000)
Global Yatırım Holding	**312**	602
Adonia Shipping*	**59**	67
Naturel Gaz*	**–**	72
Straton Maden*	**67**	73
IEG Global	**56**	57
Global Ports Holding BV	**4**	47
Lisbon Cruise Terminals LDA	**44**	37
Mehmet Kutman	**–**	17
Ayşegül Bensel	**–**	1
Other Global Yatırım Holding Subsidiaries	**229**	54
Total	**771**	1,027

Non-current receivables from related parties		
Goulette Cruise Holding**	**6,811**	–
	6,811	–

* These amounts are related with the work advances paid related with the services taken on utilities by Group Companies. The charged interest rate is 11,75% as at 31 December 2019 (31 December 2018: 9.75%).

** Company is financing its Joint venture for the payment of La Goultte Shipping Company acquisition price with a maturity of 5 years. Yearly interest of 4.5% is charged.

Due to related parties

As at 31 December, current payables to related parties comprised the following:

Current payables to related parties	**2019 (USD '000)**	2018 (USD '000)
Mehmet Kutman	**545**	153
Global Sigorta*	**527**	309
Global Yatırım Holding	**–**	1
Ayşegül Bensel	**154**	53
Other Global Yatırım Holding Subsidiaries	**91**	26
Total	**1,317**	542

* These amounts are related to professional services received. The charged interest rate is 12,50% as at 31 December 2019 (31 December 2018: 19,50%).

** In addition, EBRD had provided a loan to Port of Adria for a total amount of €20m, details explained on Note 24.

Transactions with related parties

For the years ended 31 December, transactions with other related parties comprised the following:

	2019			2018		
	Rent Income (USD '000)	**Interest received (USD '000)**	**Other (USD '000)**	Rent Income (USD '000)	Interest received (USD '000)	Other (USD '000)
Global Yatırım Holding	**203**	**–**	**128**	–	252	–
Adonia Shipping	**–**	**–**	**–**	–	–	–
Global Menkul	**–**	**–**	**–**	–	197	–
Total	**203**	**–**	**128**	–	449	–

	2019		2018	
	Project Expenses (USD '000)	**Other (USD '000)**	Project Expenses (USD '000)	Other (USD '000)
Global Yatırım Holding	**920**	**138**	–	2
Global Menkul	**-**	**1**	–	–
Total	**920**	**139**	–	2

34 Related parties continued

Transactions with related parties continued

For the year ended 31 December 2019, GPH distributed a total dividend of USD 17,318 thousand to Global Yatırım Holding (31 December 2018: USD 21,472 thousand).

Transactions with key management personnel

Key management personnel comprised the members of the Board and GPH's senior management. For the years ended 31 December, details of benefits to key management personnel comprised the following:

	2019 (USD '000)	2018 (USD '000)
Salaries	**3,070**	2,279
Attendance fees to Board of Directors	**172**	1,278
Bonus	**361**	810
Termination benefits	**5**	25
Total	**3,608**	4,392

35 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- 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. Further quantitative disclosures are included throughout this consolidated financial statements.

Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital risk management

The Group seeks to provide superior returns to its shareholders, and ensure that it is not overly dependent upon short and medium term debt that might not be available at renewal. Maintaining the flexibility to invest for growth is a key capital management consideration. The Group manages its capital structure and reacts to changes in economic conditions by varying returns to shareholders, issuing new shares or increasing or reducing borrowings.

The Group is not exposed to any externally imposed capital requirements. The total capital structure of the Group consists of net loans and borrowings (as detailed in Note 23 offset by cash and cash equivalents) and equity of the Group (comprising share capital, share premium, legal reserves and retained earnings (as detailed in Note 21).

To maintain the financial strength to access new capital at reasonable cost. The Group monitors its net leverage ratio which is operating net loans and borrowings to Adjusted EBITDA. The Group is also mindful of potential impacts on the key metrics employed by the credit rating agencies in considering increases to its borrowings. The Group is comfortably in compliance with its bank facility ratio covenants and these measures do not inhibit the Group's operations or its financing plans.

	2019 (USD '000)	2018 (USD '000)
Gross debt	**452,990**	347,051
Cash and bank balances	**(63,780)**	(79,829)
Short term financial investments	**(71)**	(72)
Net debt	**389,139**	267,150
Equity	**155,263**	215,721
Net debt to Equity ratio	**2.51**	1.24

Credit risk

Trade receivables and contract assets

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. 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 collateral 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 collateral for trade receivables from port operations. Within the context of credit risk policies described in this paragraph, the Group does not have significant credit risk from port operations.

More than 85% of the Group's customers have been transacting with the Group for over four years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. The Group does not require collateral in respect of trade and other receivables. The group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

At 31 December 2019, the exposure to credit risk for trade receivables and contract assets by Country was as follows;

	Carrying Amount	
	2019 (USD '000)	2018 (USD '000)
Turkey	**7,150**	6,075
Montenegro	**1,056**	1,173
Malta	**1,387**	680
Italy	**1,177**	1,131
Bahamas	**2,400**	–
Antigua & Barbuda	**1,836**	–
Spain	**5,861**	3,855
Others	**93**	12
	20,960	12,926

At 31 December 2019, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows;

	Carrying Amount	
	2019 (USD '000)	2018 (USD '000)
Commercial customers	**5,411**	5,270
Cruise Customers	**15,234**	7,064
Others	**315**	592
	20,960	12,926

At 31 December 2019, the carrying amount of the Group's most significant customer (a European Commercial Line) was USD 1,842 thousand (2018: USD 1,621 thousand).

35 Financial risk management continued

Credit risk continued

Expected credit loss assessment for customers

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise mainly globally well-known commercial and cruise lines, as well as international retail operators and local investors.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different groups based on the following common credit risk characteristics – scale of company, age of customer relationship and type of service provided.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2019.

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Current – not past due	**0.5%**	**13,906**	**(70)**	**No**
1 to 30 days overdue	**1.0%**	**2,354**	**(23)**	**No**
1 to 3 months overdue	**3.3%**	**1,560**	**(51)**	**No**
3 to 12 months overdue	**13.4%**	**481**	**(64)**	**Yes**
More than 12 months overdue	**66,5%**	**2,863**	**(1,905)**	**Yes**
Total		**21,164**	**(1,969)**	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities. At 31 December 2019, the Company has issued a guarantee to certain banks in respect of credit facilities granted to two subsidiaries (Note 24).

Liquidity risk

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has access to funding sources from banks and keeps a certain level of assets as cash and cash equivalents required for daily operations of the Group entities. 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 a sufficient number of high quality banks for major subsidiaries of the Group.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Contractual maturities	As at 31 December 2019 Carrying value	Total cash outflow due to contracts	0-3 months	3-12 months	1-5 years	>5 years
Non-derivative financial liabilities						
Banks loans	**387,542**	**406,971**	**10,892**	**52,620**	**310,381**	**33,078**
Finance lease liabilities	**65,448**	**132,236**	**1,918**	**2,241**	**11,064**	**115,013**
Other financial liabilities*	**54,930**	**67,917**	**2,909**	**1,544**	**18,583**	**44,881**
Trade and other payables**	**14,427**	**14,503**	**1,407**	**13,096**	**–**	**–**
Due to related parties	**1,317**	**1,317**	**220**	**1,097**	**–**	**–**
Derivative financial liabilities						
Net settled:						
Interest rate swaps	**485**	**515**	**–**	**226**	**289**	**–**

* The contractual obligations to pay concession fees that are not variable but contractually fixed in amount or in substance fixed payments and within the scope of IFRIC 12, are recorded as other financial liabilities. These liabilities are initially recognised at fair value using a risk-adjusted discount rate. These amounts comprised of other financial liabilities created on Nassau Cruise Port and Bodrum Cruise Port.
** Trade and other payables in the consolidated balance sheet includes taxes payable and social security contribution USD 5,600 thousand, payables to personnel USD 373 thousand and deferred revenue USD 967 thousand, which are not financial liabilities and hence excluded from the tables above.

Contractual maturities	As at 31 December 2018 Carrying value	Total cash outflow due to contracts	0-3 months	3-12 months	1-5 years	>5 years
Non-derivative financial liabilities						
Banks loans	345,146	412,338	3,362	48,150	341,046	19,780
Finance lease liabilities	1,905	1,944	358	989	597	–
Other financial liabilities*	3,408	3,482	2,878	37	567	–
Trade and other payables**	12,251	12,361	5,624	6,562	175	–
Due to related parties	542	546	294	252	–	–
Derivative financial liabilities						
Net settled:						
Interest rate swaps	617	666	–	235	431	–

* Other financial liabilities are measured at fair value through profit or loss.
** Trade and other payables in the consolidated balance sheet includes taxes payable and social security contribution USD 1,558 thousand, payables to personnel USD 480 thousand, advanced received USD 879 thousand and deferred revenue USD 111 thousand, which are not financial liabilities and hence excluded from the tables above.

Market risk

Market risk management

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 holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk for all subsidiaries is monitored and managed by the Global Yatırım Holding's Treasury and Fund Management Department.

The Group has exposure to the following market risks from its use of financial instruments:
- currency risk; and
- interest rate risk.

35 Financial risk management continued

Market risk continued

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of each company. The currencies in which these transactions primarily are denominated are USD, EUR and TL.

As of 31 December 2019, Ortadoğu Liman, Ege Port and Bodrum Cruise Port having functional currency of USD are exposed to currency risk on purchases that are denominated in TL (31 December 2018: Ege Port and Bodrum Cruise Port had functional currency of EUR. As at 1 January 2019, management changed tariffs of these two ports from EUR to USD, resulted a change in functional currency of these ports in line with IAS 21 'The Effects of Changes in Foreign Exchange Rates'). As of Global Liman having a functional currency of TL is exposed to currency risk on borrowings that are denominated in USD.

As at 31 December 2019, the Group had outstanding foreign-currency denominated borrowing designated as a hedge of net foreign investment of USD 250,898 thousand (31 December 2018: USD 250,224 thousand). The results of hedges of the Group's net investment in foreign operations included in hedging reserves was a net loss of USD 23,604 thousand after tax for the period ended 31 December 2019 (net loss of USD 59,630 thousand after tax for the period ended 31 December 2018). In the years ended 31 December 2018 and 2019, USD 17,552 thousand, USD 5,222 thousand respectively was recognised in profit or loss due to hedge ineffectiveness.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Currency risk exposures

As at 31 December 2019, foreign currency risk exposures of the Group comprised the following:

	As at 31 December 2019 ('000)			
	USD equivalents	USD	EUR	TL
Other non-current assets	1,827	1,500	–	1,943
Non-current assets	**1,827**	**1,500**	**–**	**1,943**
Trade and other receivables	18,330	5,771	7,389	25,459
Due from related parties	8,899	94	199	50,977
Other current assets	2,915	1,912	26	5,784
Cash and cash equivalents	46,851	23,909	12,119	55,687
Current assets	**76,995**	**31,686**	**19,733**	**137,907**
Total assets	**78,822**	**33,186**	**19,733**	**139,850**
Loans and borrowings	153,635	136,170	12,620	19,811
Other Liabilities	808	100	0	4,206
Non-current liabilities	**154,443**	**136,270**	**12,620**	**24,017**
Loans and borrowings	33,586	20,888	9,458	12,528
Trade and other payables	8,856	6,913	75	11,040
Due to related parties	1,432	1,236	75	669
Current tax liabilities	2,265	–	–	13,455
Current liabilities	**46,139**	**29,037**	**9,608**	**37,692**
Total liabilities	**200,582**	**165,307**	**22,228**	**61,709**
Net foreign currency position	**(121,760)**	**(132,121)**	**(2,495)**	**78,141**

Currency risk exposures

As at 31 December 2018, foreign currency risk exposures of the Group comprised the following:

	As at 31 December 2018 ('000)			
	USD equivalents	USD	EUR	TL
Other non-current assets	1,609	1,500	–	576
Non-current assets	1,609	1,500	–	576
Trade and other receivables	10,795	4,966	4,969	709
Due from related parties	8,224	269	146	40,966
Other investments	72	–	63	–
Other current assets	1,302	650	60	3,057
Cash and cash equivalents	45,446	10,828	25,184	30,322
Current assets	65,839	16,713	30,422	75,054
Total assets	67,448	18,213	30,422	75,630
Loans and borrowings	57,271	54,032	2,742	404
Other Liabilities	1,495	–	–	7,865
Non-current liabilities	58,766	54,032	2,742	8,269
Loans and borrowings	17,724	4,689	10,966	2,623
Trade and other payables	4,966	2,089	279	13,455
Due to related parties	294	290	–	22
Current tax liabilities	1,954	–	–	10,282
Current liabilities	24,938	7,068	11,245	26,382
Total liabilities	83,704	61,100	13,987	34,651
Net foreign currency position	(16,256)	(42,887)	16,435	40,979

Currency risk sensitivity analysis

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1 per cent against the respective functional currencies of the Company and its subsidiaries.

The following tables detail the Group's sensitivity analysis based on the net exposures of each of the subsidiaries and the Group as at 31 December 2018 and 2019, which could affect the consolidated income statement and other comprehensive income.

1 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

This analysis assumes that all other variables, in particular interest rates, remain constant.

The Group's sensitivity to foreign currency rates has increased during the current period and is primarily due to the increase in its portfolio of ports in the Mediterranean, namely the European region.

The following tables show the Group's foreign currency sensitivity analysis as at 31 December 2019 and 2018:

Year ended 31 December 2019	**USD (USD '000)**	**TL (USD '000)**	**EUR (USD '000)**
Net financial assets		**132**	
Net financial liabilities	**(1,321)**		**(28)**

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group and its subsidiaries would result in decrease/increase in the Group's profit before tax and other comprehensive income by approximately USD 173 thousand and USD 463 thousand respectively, for the year ended 2018.

35 Financial risk management continued

Currency risk sensitivity analysis continued

Year ended 31 December 2018	USD (USD '000)	TL (USD '000)	EUR (USD '000)
Net financial assets		78	188
Net financial liabilities	(428)		

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group and its subsidiaries would result in decrease/increase in the Group's profit before tax and other comprehensive income by approximately USD 266 thousand and USD 1,952 thousand respectively, for the year ended 2018.

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 differing amounts. As at 31 December 2018 and 2019, the Group uses interest rate swaps to hedge its floating interest rate risk.

Interest rate risk exposures

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the use of interest rate swap contracts.

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 re-price at different times or in differing amounts.

Interest rate exposure		**As at 31 December 2019 (USD '000)**	As at 31 December 2018 (USD '000)
Fixed-rate financial instruments			
Financial assets	Cash and cash equivalents	**24,313**	27,217
	Loans and receivables	**71**	72
	Amounts due from related parties	**7,797**	1,027
Financial liabilities	Loans and borrowings	**(375,693)**	(274,954)
	Other financial liabilities	**(54,930)**	(3,408)
		(398,442)	(250,046)
Effect of interest rate swap		**(18,888)**	(24,202)
		(417,330)	(274,248)
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	**(77,696)**	(72,097)
Effect of interest rate swap*		**18,888**	24,202
		(58,808)	(47,895)

* 75% of the loan to BPI has been hedged by entering into an interest rate swap requiring the Group to pay a fixed interest rate of 0.97 percent and receive Euribor until maturity of the loan (31 December 2023).

Floating rate loans with a principal amount of USD 18,888 thousand (31 December 2018: USD 24,202 thousand) have been designated in a cash flow hedge relationship.

Interest rate swap contracts

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.

The following tables detail the notional principal amounts and remaining items of interest rate swap contracts outstanding as at the reporting date.

Cash flow hedges

	As at 31 December 2019		
fixed rate contract	**Average contract fixed interest rate (%)**	**Notional principal value (USD '000)**	**Fair value (USD '000)**
Less than 1 year	**0.97**	**4,968**	**220**
1 to 2 years	**0.97**	**5,325**	**165**
2 to 5 years	**0.97**	**8,595**	**125**
5 years +	**–**	**–**	**–**
	0.97	**18,888**	**510**

	As at 31 December 2018		
fixed rate contract	Average contract fixed interest rate (%)	Notional principal value (USD '000)	Fair value (USD '000)
Less than 1 year	0.97	4,872	228
1 to 2 years	0.97	5,084	176
2 to 5 years	0.97	14,246	213
5 years +	–	–	
	0.97	24,202	617

The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is 0.97%. The Group will settle the difference between the fixed and floating interest rate on a net basis.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates.

As a result of these uncertainties, judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2019. IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR.

Therefore, the Group believes the current market structure supports the continuation of hedge accounting as at 31 December 2019.

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.

Interest rate risk sensitivity analysis

As at 31 December 2019, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by USD 588 thousand (31 December 2018: higher by USD 478 thousand) and equity attributable to equity holders of the Company, excluding tax effects, would have been lower by USD 543 thousand (31 December 2018: lower by USD 302 thousand).

This analysis assumes that all other variables, in particular currency rates, remain constant.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments and the repayment of principal amounts.

35 Financial risk management continued

Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and liabilities.

Determination of the fair value of a financial instrument is based on market values when there are two counterparties willing to sell or buy, except under the conditions of events of default forced liquidation. The Group determines the fair values based on appropriate methods and market information and uses the following assumptions: the fair values of cash and cash equivalents, other monetary assets, which are short term, trade receivables and payables and long term foreign currency loans and borrowings with variable interest rates and negligible credit risk change due to borrowings close to year end are expected to approximate to the carrying amounts.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- 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 in directly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

		As at 31 December 2019	As at 31 December 2018
Financial assets	Note	**Carrying Amount (USD '000)**	Carrying Amount (USD '000)
Loans and receivables	15, 18, 19, 31	**34,344**	22,674

Except as detailed in the following table, the directors consider the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

		As at 31 December 2019		As at 31 December 2018	
Financial assets	Note	**Carrying Amount (USD '000)**	**Fair Value (USD '000)**	Carrying Amount (USD '000)	Fair Value (USD '000)
Other financial assets		**71**	**71**	12,009	12,009
Financial liabilities					
Loans and borrowings	24	**387,542**	**381,373**	345,676	334,963
Leases	24	**65,448**	**65,448**	1,905	1,905

The Group's convertible debt instrument, issued by Dreamlines, was included in Level 3 of the fair value hierarchy in 2018. Dreamlines closed the outstanding balance by using its early repayment option. Payment has been received on October 1, 2019 with all accrued interest and early closing fees.

Reconciliation of Level 3 fair value:

31 December 2019	**Unquoted equities (USD '000)**	**Total (USD '000)**
Opening Balance	**12,009**	**12,009**
Total gains or losses		
– in profit or loss*	**1,175**	**1,175**
– in other comprehensive income	**–**	**–**
Sale	**(13,184)**	**(13,184)**
Closing Balance	**–**	**–**

* Gains or losses included in profit or loss		
Foreign exchange losses	**(591)**	**(591)**
Interest income	**1,766**	**1,766**

Other loans have been included in Level 2 of the fair value hierarchy as they have been valued using quotes available for similar liabilities in the active market. The valuation technique and inputs used to determine the fair value of the loans and borrowings is based on discounted future cash flows and discount rates.

The Groups Eurobond liability has been included in level 1 of the fair value hierarchy as it has been valued using quotes available on its quoted market.

The fair value of loans and borrowings has been determined in accordance with the most significant inputs being discounted cash flow analysis and discount rates.

Financial instruments at fair value

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 (USD'000)	Level 2 (USD'000)	Level 3 (USD '000	Total (USD'000)
As at 31 December 2019	Financial assets at fair value through profit or loss	**–**	**–**	**–**	**–**
	Derivative financial liabilities	**–**	**485**	**–**	**485**
As at 31 December 2018	Financial assets at fair value through profit or loss	–	–	12,009	12,009
	Derivative financial liabilities	–	617	–	617

Fair value measurements

The valuation technique and inputs used to determine the fair value of the interest rate swap is based on future cash flows estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

36 Events after the reporting date

Creuers Del Port de Barcelona SA ('Creuers'), 62% subsidiary of the Company, has completed the purchase of Autoridad Portuaria de Malaga's (Malaga Port Authority) 20.0% holding in the Malaga cruise port concession for €1.5m. This increases Creuers ownership of the Malaga cruise port concession to 100% and GPH's effective ownership to 62% from 49.6%.

Board members Thierry Edmond Déau and Thomas Josef Maier stepped down as Independent Non-Executive Directors of the Company, effective from the meeting of the Board on 24 February 2020. Both Mr Déau and Mr Maier, having decided not to stand for re-election at the next AGM, agreed to step down early to allow new board members to join as soon as practically possible.

Company appointed Andy Stuart as an Independent Non-Executive Director effective from 25 February 2020.

As one of the potential options of the Group strategic review, which remains ongoing, and following a competitive sales process conducted in H2 2019, the Group has entered into exclusive negotiations with a potential buyer for our commercial interests at Port Akdeniz. As at both the reporting date and the date of approval of these financial statements it would be premature to speculate on a timeframe or terms of a possible sale or, indeed whether a transaction concludes. As such, Port Akdeniz did not meet the criteria of non-current assets held for sale as at 31 December 2019.

In Q1 2020 the emergence of the Covid-19 virus in China and then its spread around the world, led to an unprecedented level of disruption to global trade and the cruise industry. While this is a non-adjusting event as per IAS 10, the balances that would have been significantly affected by this event are the port operation rights and right of use assets. The impact on their recoverable amount can be material but given the current uncertainty as to the final impact of COVID-19, management have not estimated this impact. Management keeps monitoring the outbreak of the virus and is continuously performing a full assessment of the impact on the Group's commercial and cruise ports. Please refer to the Going Concern in note 3 (f).

Parent Company balance sheet

As at 31 December 2019 and 2018

	Note	2019 (USD '000)	2018 (USD '000)
Non-current assets			
Investments	42	**354,810**	366,814
Investments in jointly controlled entities	43	**61**	–
Tangible assets		**26**	38
Related parties	47	**6,811**	–
Total non-current assets		**361,708**	366,852
Current assets			
Related parties	47	**27,719**	7,227
Trade receivables and other receivables		**153**	410
Prepayments	44	**3,810**	–
Cash and cash equivalents		**32**	549
Total current assets		**31,714**	8,186
Total assets		**393,422**	375,038
Current liabilities			
Trade and other payables		**(1,675)**	(934)
Related parties	47	**(24,365)**	(1,679)
Total current liabilities and total liabilities		**(26,040)**	(2,613)
Net current assets		**5,674**	5,573
Total assets less current liabilities		**367,382**	372,425
Net assets		**367,382**	372,425
Capital and reserves			
Share capital	45	**811**	811
Share based payments	40	**239**	–
Retained earnings		**366,332**	371,614
Shareholders' funds		**367,382**	372,425

These financial statements were approved by the board of directors on 13 April 2020 and signed on its behalf by:

Ercan Nuri Ergül
Board member
Company registered number: 10629250

The accompanying notes form part of these financial statements.

Parent Company Statement of changes in equity
For the periods ended 31 December 2019 and 2018

	Note	Share capital (USD '000)	Share-based payment reserves (USD '000)	Retained earnings (USD '000)	Total (USD '000)
Balance as at 1 January 2018		811	–	407,622	408,433
Loss for the period		–	–	(1,165)	(1,165)
Total comprehensive loss for the period		811	–	406,457	407,268
Dividend payment	48	–	–	(34,843)	(34,843)
Balance as at 31 December 2018		811	–	371,614	372,425

	Note	**Share capital (USD '000)**	**Share-based payment reserves (USD '000)**	**Retained earnings (USD '000)**	**Total (USD '000)**
Balance as at 1 January 2019		**811**	**–**	**371,614**	**372,425**
Income for the period		**–**	**–**	**23,943**	**23,943**
Total comprehensive loss for the period		**811**	**–**	**395,557**	**396,368**
Equity settled share-based payment transactions	40	**–**	**239**	**–**	**239**
Dividend payment	48	**–**	**–**	**(29,225)**	**(29,225)**
Balance as at 31 December 2019		**811**	**239**	**366,332**	**367,382**

The accompanying notes form part of these financial statements.

37 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

(a) General information

Global Ports Holding (the 'Company') was incorporated on 20 February 2017 in the United Kingdom under the Companies Act 2006.

On 17 May 2017, the Company undertook a share for share group restructure and became the 100% parent company of Global Liman Isletmeleri A.S.

Also on 17 May 2017, the Company and enlarged group completed an IPO and achieved a standard listing on the London Stock Exchange. The net proceeds received were USD 73,035k.

On 12 July 2017, a reduction of capital and cancellation of the share premium account was approved by the High Court of Justice of England and Wales (the 'Court'), creating distributable reserves of USD 427,029k for the Company.

The Company is a public company limited by shares and is registered in England and Wales. The address of the Company's registered office is 100 New Bridge Street, London, United Kingdom EC4V 6JA.

(b) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'). All amounts in the financial statements have been rounded to the nearest USD 1,000.

On incorporation, the Company was determined to have a functional and presentation currency of GBP. These were changed to USD with effect from 17 May 2017, being the date of the IPO, at which point the Company's circumstances changed significantly following the receipt of cash held primarily in USD and the establishment of dividend policy under which amounts would be received and declared in USD.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 35.

(c) Going concern

The directors have considered estimates of cash flows for a period of 12 months from the date of the approval of the financial statements and have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence. The directors have considered the potential impact of COVID-19 on the Company's results. The Company's resources ultimately depend on the intra group dividends received from subsidiaries as there is no operation. Other than the dividends, there is no further impact on the parent Company accounts. Based on the conclusion reached in note 3f of the group accounts, directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. The financial statements have therefore been prepared using the going concern basis of accounting.

The Company is not expecting any significant impact on its operations from the UK decision to leave European Union.

(d) Financial instruments
When a financial asset or financial liability is recognised initially, the Company measures it at its fair value, which is normally the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss).

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(e) Share-based payment transactions
The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on an monte carlo model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(f) Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Where intercompany loans receivable and payable are repayable on demand, they are treated as short term debtors and creditors. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(g) Investments
Investments are carried at cost less accumulated impairment. As permitted by Section 615 of the Companies Act 2006 and FRS 102, the cost of the Company's investments in Global Liman Isletmeleri A.S., GPH Americas, and GPH Antigua have been measured at the nominal value (USD 354,805,000, USD 5,000 and USD 0.01, respectively) of the shares issued by the Company in consideration, reflecting the application of group reconstruction relief to that issue of shares.

(h) Investments in jointly controlled entities
Investments in jointly controlled entities are carried at cost less accumulated impairment.

(i) Impairment excluding stocks and deferred tax assets
Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

37 Accounting policies continued

(i) Impairment excluding stocks and deferred tax assets continued

Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. 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 that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit').

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

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 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.

(j) Operating lease commitments

The Group has entered into commercial property leases as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

(k) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(l) Foreign currencies

The Company records cash flows arising from transactions in a foreign currency in the Company's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow or an exchange rate that approximates the actual rate. Unrealised gains and losses arising from changes in foreign currency exchange rates are not cash flows. The Company remeasured cash and cash equivalents held during the reporting period (such as amounts of foreign currency held and foreign currency bank accounts) at period-end exchange rates. Intercompany receivables and payables are revalued with period-end exchange rates.

(m) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

38 Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

(a) Impairment of investments in subsidiaries

Determining whether the Company's equity investments in subsidiaries have been impaired requires estimation of the recoverable amount of the investments. Recoverable amount is the higher of fair value less costs of disposal and value in use.

The recoverable amount was calculated based on VIU of the individual ports.

The VIU calculations require the Company to estimate the future cash flows expected to arise from the underlying operations and suitable discount rates in order to calculate present values. VIU calculations requires subjective judgements based on a wide range of variables at a point in time including future passenger numbers or commercial volumes. Any significant decrease in variables used for value in use calculation is assessed as an impairment indicator. If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount and an impairment loss is recognised in the income statement. The resulting ViU gives a recoverable amount higher than the market capitalization of the Company. This is mainly due to the low trading activity and the small free float in the stock market. The Investment in the parent company is amounting to USD 354,805 thousand as of 31 December 2019 (31 December 2018: USD 354,805 thousand).

38 Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty continued

Calculating the Value in use of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's expectations of:

- operational growth expectations including the forecast number of calls, passengers and container volumes; and
- appropriate discount rates to reflect the risks involved.

Management prepares formal forecast for its subsidiaries operations for the remaining concession periods, which are used to estimate their VIU. Management forecasted the cash flows for following five years with the remaining concession term having minimal estimated growth or industry growth. The key assumptions used in the estimation of the recoverable amount are set out below.

	2019
Average pre-tax discount rate used	**8.68%**
Average annualised growth, first 5 years 'Passengers'	**11.3%**
Average annualised growth, first 5 years 'Container'	**4.0%**

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence reported assets and profits or losses.

39 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2019	2018
Temporary	**–**	–
Permanent	**12**	11
	12	11

The aggregate payroll costs of these persons were as follows:

	2019 (USD '000)	2018 (USD '000)
Employee benefits	**2,185**	714
- wages and salaries	**1,736**	587
- social security contributions	**108**	104
- overtime and bonuses paid	**102**	–
- benefits	**–**	23
- equity-settled share-based payment arrangements	**239**	–

40 Share based payment arrangements

At 31 December 2019, the Group had an equity settled share option program. Details presented on Note 26.

41 Auditor's remuneration

Fees payable to auditor and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

42 Investments

	2019 (USD '000)	2018 (USD '000)
Global Liman A.S	**354,805**	354,805
Convertible loans given to Dreamlines GmbH	**–**	12,009
GPH Americas	**5**	–
Total	**354,810**	366,814

Investments

The Company has investments directly or indirectly in the following subsidiary undertakings, associates and other significant investments.

All Subsidiaries has regular shares, without any privileged shareholding structure, except Nassau Cruise Port, in which Company has Type A shares, which allows company to assign 5 out of 7 Board members, BoD requiring a simple majority for decisions.

Name of the Company	Registered office address	Holding	%
Global Liman A.S*	Rıhtım Caddesi No: 51 Karaköy 34425 Istanbul – Turkey	Intermediary Holding Company	100.0
Ege Liman İşletmeleri A.Ş.	Güvercinada No:2, 09400, Aydın – Turkey	Subsidiary	72.5
Ortadoğu Antalya Liman İşletmeleri A.Ş.	Antalya Limanı, Antalya – Turkey	Subsidiary	100.0
Bodrum Liman İşletmeleri A.Ş.	İskele Cd. No:14, 48400 Bodrum/Muğla– Turkey	Subsidiary	60.0
AD Port of Adria – Bar	Obala 13 jula, Bar – Montenegro	Subsidiary	63.8
Barcelona Port Investments, S.L	World Trade Center 08039 Barcelona – Spain	Subsidiary	62.0
Creuers del Port de Barcelona, S.A.	Estacio Maritima Nord Atell WTC 08039 Barcelona – Spain	Subsidiary	62.0
Cruceros Malaga, S.A.	Estación Marítima de Levante 29001 Málaga – Spain	Subsidiary	49.6
Global Ports Europe B.V	Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands	Subsidiary	100.0
Global Ports Melita Ltd.	Suite 21, Block A, Il-Pjazzetta, Tower Road Sliema Malta	Subsidiary	100.0
Valletta Cruise Port PLC	45/46 Pinto Wharf Floriana FRN 1913	Subsidiary	55.6
Port Operation Holding Srl	Viale Andrea Doria 7 Milano –20124 Italy	Subsidiary	100.0
Royal Caribbean Investments (Cyprus) Ltd	10-12 Florinis Street, STADYL Building 4th Floor Nicosia, 1065 Cyprus	Subsidiary	95.0
Ravenna Terminali Passegeri Srl	Porto Corsini 48123 Ravenna, Italy	Subsidiary	53.7
Catania Cruise Terminal Srl	Terminal Crociere sporgente centrale – Porto 95121 Catania	Subsidiary	62.2
Cagliari Cruise Port Srl	Molo Rinascita - Porto 09123 Cagliari - Italy	Subsidiary	70.9
Zadar International Port Operations d.o.o.	Ulica Tadije Smičiklasa 21/II, Zagreb, Croatia	Subsidiary	100.0
GPH (Americas) Ltd	Lyford Manor (West Bldg), Western Road, Lyford Cay P. O. Box CB-13007, Nassau, The Bahamas	Subsidiary	100.0
GPH (Bahamas) Ltd	Lyford Manor (West Bldg), Western Road, Lyford Cay P. O. Box CB-13007, Nassau, The Bahamas	Subsidiary	100.0
Nassau Cruise Port Ltd	Lyford Manor (West Bldg), Western Road, Lyford Cay P. O. Box CB-13007, Nassau, The Bahamas	Subsidiary	49.0
GPH (Antigua) Ltd	No.11, Old Parham Road, St John's, Antigua, West Indies	Subsidiary	100.0
Global Depolama A.Ş.	Rıhtım Caddesi No: 51 Karaköy 34425 Istanbul – Turkey	Subsidiary	100.0
Global Gemicilik A.Ş.	Rıhtım Caddesi No: 51 Karaköy 34425 Istanbul – Turkey	Subsidiary	100.0
LCT – Lisbon Cruise Terminals, LDA	Rua Da Instituto Industrial,18 1ºE 1200-225 Lisboa – Portugal	Associate	46.2
SATS – Creuers Cruise Services Pte. Ltd.**	61 Marina Coastal Drive Singapore, 018947	Associate	24.8

42 Investments continued

Name of the Company	Registered office address	Holding	%
Venezia Investimenti Srl.	Via Cappuccina N 20 Venezia Mestre, 30174 Italy	Associate	25.0
La Spezia Cruise Facility Srl.	Viale San Bartolomeo, 109 19126 La Spezia	Associate	28.5
1121438 B.C. LTD.	3200 – 650 West georgia street Vancouver BC V6B 4P7 Canada	Associate	7.8
Pelican Peak Investment Inc.	3200 – 650 West georgia street Vancouver BC V6B 4P7 Canada	Associate	6.5

* Company is controlled directly by GPH PLC.
** All companies have the same fiscal year with the Parent, January 1 – December 31, except Singapore Cruise Port, which has a fiscal year starting on April 1, to March 31 next year.

Subsidiary undertakings

	(USD '000)
Cost	
At 1 January 2019	**354,810**
Acquisition	**5**
At 31 December 2019	**354,815**
Carrying value	**354,815**

	(USD '000)
Cost	
Group restructuring	354,805
At 31 December 2018	354,805
Carrying value	354,805

43 Investments in jointly controlled entities

	2019 (USD '000)	2018 (USD '000)
Goulette Cruise Holding	**61**	–
Total	**61**	61

44 Prepayments

Long term prepayments is related to a cash blockage given to a business partner to provide a letter of guarantee for a concession.

Short term prepayments composed of advances given to consultants as per the agreement for project basis due diligence works.

45 Called up share capital and reserves

	2019 (USD '000)	2018 (USD '000)
Allotted, called up and fully-paid		
62,826,963 ordinary shares of GBP 0.01 each	**811**	811

The Company has one class of ordinary shares which carry no right to fixed income. The ordinary shares carry full voting rights and the right to receive dividends. The ordinary shares do not confer any right of redemption.

46 Obligations under leases and hire purchase contracts

The Company use operational lease to rent its office at third floor offices at 34 Brook Street London. This lease have no purchase options and escalation clauses.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019 (USD '000)	2018 (USD '000)
Within one year	**237**	237
In two to five years	**473**	710
More than five years	**–**	–
Total	**710**	947

USD 224 thousand has been recorded as rent expense in the current year.

47 Related party transactions

Directors' transactions

Key management personnel comprised the members of the Board. For the years ended 31 December, details of benefits to key management personnel comprised the following:

	2019 (USD '000)	2018 (USD '000)
Salaries	**1,122**	1,057
Attendance fees to Board of Directors	**102**	383
Bonus	**–**	–
Total	**1,224**	1,440

Other related party transactions

The related parties of the Company which are disclosed in this note comprised the following:

		31 December 2019	
Current	**Relationship**	**Amounts due (USD '000)**	**Amounts owing (USD '000)**
Global Yatırım Holding A.Ş.*	Parent company	**–**	**97**
Global Liman İşletmeleri A.Ş.**	Subsidiary	**–**	**23,511**
Global Ports Europe B.V.***	Subsidiary	**6,541**	**–**
Ad Port of Adria – Bar	Subsidiary	**23**	**–**
Lisbon Cruise Terminals	Subsidiary	**21**	**–**
Ege Liman Işletmeleri A.Ş.	Subsidiary	**–**	**43**
Nassau Cruise Port****	Subsidiary	**7,625**	**–**
Antigua Cruise Port*****	Subsidiary	**13,291**	**–**
GP-Med	Subsidiary	**200**	**–**
Zadar International Ports	Subsidiary	**18**	**–**
Mehmet Kutman	Chairman	**–**	**560**
Ayşegül Bensel	Member of BoD	**–**	**154**
Total		**27,719**	**24,365**
Non-current			
Goulette Cruise Port******	Subsidiary	**6,811**	**–**
Total		**6,811**	**–**

* Company is using consultancy from its ultimate owner for business development.

** Global Liman (fully owned holding subsidiary) paid advance dividend to the Company for acquisition and all relevant transactions made by the Company

*** Company is financing its subsidiary for the repayment of its debt. Yearly interest of 4.5% is charged to subsidiary.

**** Company reimbursed its project expenses made for that project during project period.

***** Company has given a loan to fulfill requirements for financial closing of the concession agreement in Antigua. Company also reimbursed its project expenses made for that project during project period.

****** Company had provided a long-term loan to its JV for financing the acquisition of Goulette Cruise Company.

47 Related party transactions continued

Related parties	Relationship	31 December 2018 Amounts due (USD '000)	31 December 2018 Amounts owing (USD '000)
Global Yatırıım Holding A.Ş.	Parent company	201	–
Global Liman İşletmeleri A.Ş.*	Subsidiary	–	1,473
Global Ports Europe B.V.**	Subsidiary	6,695	–
Bodrum Liman Işletmeleri A.Ş.	Subsidiary	18	–
Ad Port of Adria – Bar	Subsidiary	18	–
Ortadoğu Liman Işletmeleri A.Ş.	Subsidiary	18	–
Port Operation Holding S.r.l	Subsidiary	74	–
Barcelona Port Investments, S.L.	Subsidiary	74	–
Lisbon Cruise Terminals	Subsidiary	37	–
Ege Liman Işletmeleri A.Ş.	Subsidiary	37	–
Valletta Cruise Port	Subsidiary	37	–
Zadar International Ports	Subsidiary	18	–
Mehmet Kutman	Chairman	–	153
Ayşegül Bensel	Member of BoD	–	53
Total		7,227	1,679

* Global Liman (fully owned holding subsidiary) paid advance dividend to the Company for acquisition and all relevant transactions made by the Company.

** Company is financing its Joint venture for the payment of La Goultte Shipping Company acquisition price with a maturity of 5 years. Yearly interest of 4.5% is charged.

For the years ended 31 December, transactions with other related parties comprised the following:

	2019 Rent Income (USD '000)	**2019 Other (USD '000)**
Global Yatırım Holding	**203**	**18**
Total	**203**	**18**

	2019 Project Expenses (USD '000)	**2019 Other (USD '000)**
Global Yatırım Holding	**747**	**–**
Total	**747**	**–**

48 Dividends on equity shares

	2019 (USD '000)	2018 (USD '000)
Amounts recognised as distributions to equity holders in the period:		
Interim dividend paid of 15.5p (2018: 21.5p) per ordinary share	**12,580**	17,710
	12,580	17,710

GPH PLC declared 2018 final dividend of GBP 0.212 per share to its shareholders on 30 May 2019 and paid on 14 July 2019, giving a distribution of GBP 13,319 thousand (USD 16,645 thousand) (Company declared 2017 final dividend of GBP 0.201 per share to its shareholders on 12 March 2018 and paid on 9 May 2018, giving a distribution of GBP 12,628 thousand (USD 17,132 thousand)).

Events after the reporting period

The Board of the Company has decided to temporarily suspend the dividend for full year 2019, until the situation related to spread of Covid-19 ('coronavirus') becomes clearer.

49 Controlling party

In the opinion of the directors, the Company's ultimate parent Company is Global Yatırım Holding A.Ş. ('GYH'), a Company incorporated in Turkey. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is Global Yatırım Holding A.Ş., a Company incorporated and public company in Turkey, Rıhtım Cad. No:51 Karaköy, Istanbul.

Mr. Mehmet Kutman, chairman of GYH, with his shares in Turkcom A.Ş., controls the Company as a result of controlling, directly or indirectly 26.59 per cent of the issued share capital of GYH as of 16 March 2020.

50 Events after balance sheet date

Creuers Del Port de Barcelona SA ('Creuers'), 62% subsidiary of the Company, has completed the purchase of Autoridad Portuaria de Malaga's (Malaga Port Authority) 20.0% holding in the Malaga cruise port concession for USD 1.5m. This increases Creuers ownership of the Malaga cruise port concession to 100% and GPH's effective ownership to 62% from 49.6%.

Board members Thierry Edmond Déau and Thomas Josef Maier stepped down as Independent Non-Executive Directors of the Company, effective from the meeting of the Board on 25 February 2020. Both Mr Déau and Mr Maier, having decided not to stand for re-election at the next AGM, agreed to step down early to allow new board members to join as soon as practically possible.

Company appointed Andy Stuart as an Independent Non-Executive Director effective from 25 February 2020.

In Q1 2020 the emergence of the Covid-19 virus in China and then its spread around the world, led to an unprecedented level of disruption to global trade and the cruise industry. While this is a non-adjusting event as per IAS 10, the balance that would have been significantly affected by this event is the parent company investment. The impact on the recoverable amount can be material but given the current uncertainty as to the final impact of COVID-19, management have not estimated this impact. Management keeps monitoring the outbreak of the virus and is continuously performing a full assessment of the impact on the Group's commercial and cruise ports. Please refer to the Going Concern in note 3 (f).

Glossary of alternative performance measures (APM)

These financial statements includes certain measures to assess the financial performance of the Group's business that are termed 'non-IFRS measures' because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-GAAP measures comprise the following;

Segmental EBITDA

Segmental EBITDA calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and specific adjusting items.

Management evaluates segmental performance based on Segmental EBITDA. This is done to reflect the fact that there is a variety of financing structures in place both at a port and Group-level, and the nature of the port operating right intangible assets vary by port depending on which concessions were acquired versus awarded, and which fall to be treated under IFRIC 12. As such, management considers monitoring performance in this way, using Segmental EBITDA, gives a more comparable basis for profitability between the portfolio of ports and a metric closer to net cash generation. Excluding project costs for acquisitions and one-off transactions such as project specific development expenses as well as unallocated expenses, gives a more comparable year-on-year measure of port-level trading performance.

Management is using Segmental EBITDA for evaluating each port and group-level performances on operational level. As per management's view, some specific adjusting items included on the computation of Segmental EBITDA.

Specific adjusting items

The Group presents specific adjusting items separately. For proper evaluation of individual ports financial performance and consolidated financial statements, Management considers disclosing specific adjusting items separately because of their size and nature. These expenses and income include project expenses; being the costs of specific M&A activities and the costs associated with appraising and securing new and potential future port agreements which should not be considered when assessing the underlying trading performance, the replacement provisions, being provision created for replacement of fixed assets which does not include regular maintenance, employee termination expenses, income from insurance repayments, income from scrap sales, gain/loss on sale of securities, other provision expenses, redundancy expenses and donations and grants.

Specific adjusting items comprised as following,

	Year ended 31 December 2019 (USD '000)	Year ended 31 December 2018 (USD '000)
Project expenses	**5,146**	9,594
Employee termination expenses	**215**	147
Replacement provisions	**673**	677
Provisions/(reversal of provisions)	**1,569**	(12,210)
Other expenses	**788**	(690)
Specific adjusting items	**8,391**	(2,482)

Adjusted EBITDA

Adjusted EBITDA calculated as Segmental EBITDA less unallocated (holding company) expenses.

Management uses Adjusted EBITDA measure to evaluate Group's consolidated performance on an 'as-is' basis with respect to the existing portfolio of ports. Notably excluded from Adjusted EBITDA, the costs of specific M&A activities and the costs associated with appraising and securing new and potential future port agreements. M&A and project development are key elements of the Group's strategy in the Cruise segment. Project lead times and upfront expenses for projects can be significant, however these expenses (as well as expenses related to raising financing such as IPO or acquisition financing) do not relate to the current portfolio of ports but to future EBITDA potential. Accordingly, these expenses would distort Adjusted EBITDA which management is using to monitor the existing portfolio's performance.

A full reconciliation for Segmental EBITDA and Adjusted EBITDA to profit before tax is provided in the Segment Reporting Note 5 to these financial statements.

Underlying Profit

Management uses this measure to evaluate the profitability of the Group normalised to exclude the specific non-recurring expenses and income, non-cash foreign exchange transactions, and adjusted for the non-cash port intangibles amortisation charge, giving a measure closer to actual net cash generation, which the directors' consider a key benchmark in making the dividend decision. Underlying Profit is also consistent with Consolidated Net Income (CNI), as defined in the Group's 2021 Eurobond, which is monitored to ensure covenant compliance.

Underlying Profit is calculated as profit/(loss) for the year after adding back: amortisation expense in relation to Port Operation Rights, non-cash provisional income and expenses, non-cash foreign exchange transactions and specific non-recurring expenses and income.

Adjusted earnings per share

Adjusted earnings per share is calculated as underlying profit divided by weighted average per share.

Management uses these measures to evaluate the profitability of the Group normalised to exclude the gain on reversal of provisions, non-cash provisional income and expenses, gain or loss on foreign currency translation on equity, unhedged portion of investment hedging on Global Liman, adjusted for the non-cash port intangibles amortisation charge, and adjusted for change in accounting policies, giving a measure closer to actual net cash generation, which the directors' consider a key benchmark in making the dividend decision. Underlying Profit is also consistent with Consolidated Net Income (CNI), as defined in the Group's 2021 Eurobond, which is monitored to ensure covenant compliance. Management decided this year that in the light of a more meaningful presentation of the underlying profit, the unhedged portion of the investment hedge on Global Liman and any gain or loss on foreign currency translation on equity as explained in note 10 have been excluded.

Underlying profit and adjusted earnings per share computed as following;

	Year ended 31 December 2019 (USD '000)	Year ended 31 December 2018 (USD '000)
(Loss)/Profit for the Period, net of IFRS 16 impact	**(13,597)**	7,136
Impact of IFRS 16	**(1,622)**	–
(Loss)/Profit for the Period	**(15,219)**	7,136
Amortisation of port operating rights/RoU asset/Investment Property	**34,453**	31,648
Gain on reversal of provisions	**–**	(12,209)
Non-cash provisional (income)/expenses	**2,457**	502
Unhedged portion of Investment hedging on Global Liman	**5,222**	17,552
(Gain)/loss on foreign currency translation on equity	**414**	14,417
Underlying Profit	**27,327**	59,046
Weighted average number of shares	**62,826,963**	62,826,963
Adjusted earnings per share (pence)	**43.5**	94.0

Net debt

Net debt comprises total borrowings (bank loans, Eurobond and finance leases net of accrued tax) less cash, cash equivalents and short term investments.

Management includes short term investments into the definition of Net Debt, because these short term investment are comprised of marketable securities which can be quickly converted into cash.

Net debt comprised as following;

	Year ended 31 December 2019 (USD '000)	Year ended 31 December 2018 (USD '000)
Current loans and borrowings	**62,691**	48,755
Non-current loans and borrowings	**390,299**	298,296
Gross debt	**452,990**	347,051
Lease liabilities recognised due to IFRS 16 application	**(64,828)**	–
Gross debt, net of IFRS 16 impact	**388,162**	347,051
Cash and bank balances	**(63,780)**	(79,829)
Short term financial investments	**(71)**	(72)
Net debt	**324,311**	267,150
Equity	**155,263**	215,721
Net debt to Equity ratio	**2.09**	1.24

Leverage ratio

Leverage ratio is used by management to monitor available credit capacity of the Group.

Leverage ratio is computed by dividing gross debt to Adjusted EBITDA.

Leverage ratio computation is made as follows;

	Year ended 31 December 2019 (USD '000)	Year ended 31 December 2018 (USD '000)
Gross debt	**452,990**	347,051
Lease liabilities recognised due to IFRS 16 application	**(64,828)**	–
Gross debt, net of IFRS 16 impact	**388,162**	347,051
Adjusted EBITDA	**77,015**	83,714
Impact of IFRS 16 on EBITDA	**(3,204)**	–
Adjusted EBITDA, net of IFRS 16 impact	**73,811**	83,714
Leverage ratio*	**5.26x**	4.15x

* As per Eurobond definition on note 24, Cruceros, NCP, GPH Antigua and GPH PLC Gross Debt (net off IFRS 16 impact amounted to USD 35,635 thousand) and adjusted EBITDA (USD 391 thousand) figures should be excluded from above computation of leverage ratio in order to arrive at the covenant ratio as per Eurobond memorandum. This will result to a 4.8x leverage ratio, which is below 5x covenant threshold.

CAPEX

CAPEX represents the recurring level of capital expenditure required by the Group excluding M&A related capital expenditure.

CAPEX computed as 'Acquisition of property and equipment' and 'Acquisition of intangible assets' per the cash flow statement.

	Year ended 31 December 2019 (USD '000)	Year ended 31 December 2018 (USD '000)
Acquisition of property and equipment	**15,813**	11,896
Acquisition of intangible assets *	**8,155**	2,911
CAPEX	**23,968**	14,807

* Acquisition of intangible assets doesnot include port operating rights.

Cash conversion ratio

Cash conversion ratio represents a measure of cash generation after taking account of on-going capital expenditure required to maintain the existing portfolio of ports.

It is computed as Adjusted EBITDA less CAPEX divided by Adjusted EBITDA.

	Year ended 31 December 2019 (USD '000)	Year ended 31 December 2018 (USD '000)
Adjusted EBITDA	**77,015**	83,714
Impact of IFRS 16 on EBITDA	**(3,204)**	–
Adjusted EBITDA, net of IFRS 16 impact	**73,811**	83,714
CAPEX	**(23,968)**	(14,912)
Cash converted after CAPEX	**49,843**	68,802
Cash conversion ratio	**67.5%**	82.2%

Hard currency

Management uses the term hard currency to refer to those currencies that historically have been less susceptible to exchange rate volatility. For the year ended 31 December 2019 and 2018, the relevant hard currencies for the Group are US Dollar, Euro and Singaporean Dollar.

Notes

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