GLOBAL PORTS HOLDING
ANNUAL REPORT 2016

GLOBAL PORTS HOLDING

CONTENTS

"Ports and Cultures"
FESTIVALS

Festivals held throughout the world's many nations and regions offer an extraordinary opportunity to experience new colors, flavors and sounds Festivals in port cities add an extra layer of excitement, with traditions converging from the historical sea routes and their passengers.

Operating 14 ports across 8 countries

as the world's largest cruise port operator, Global Ports Holding is proud to present its 2016 Annual Report with a salute to the festivals held in its port cities.

The World's largest CRUISE PORT operator

14 Operating 14 ports

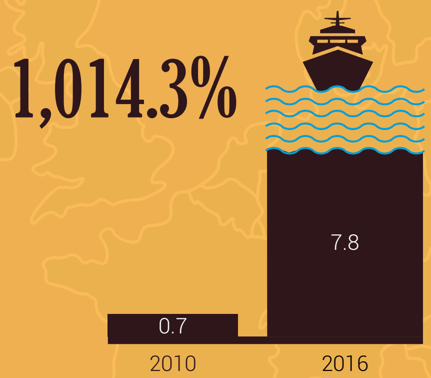
8 Across 8 countries

7.8 Hosting 7.8 million passengers

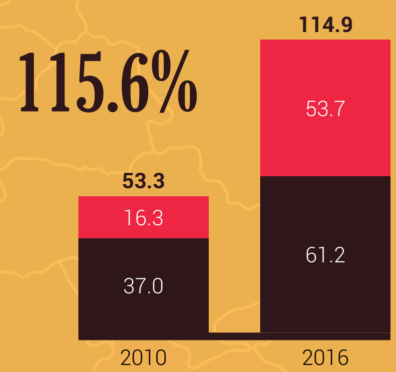
25% 25% market share in the Mediterranean

FINANCIAL SNAPSHOT

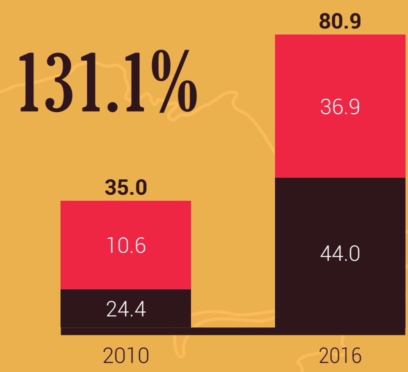
Passenger (million PAX)



Revenue (US$ million)

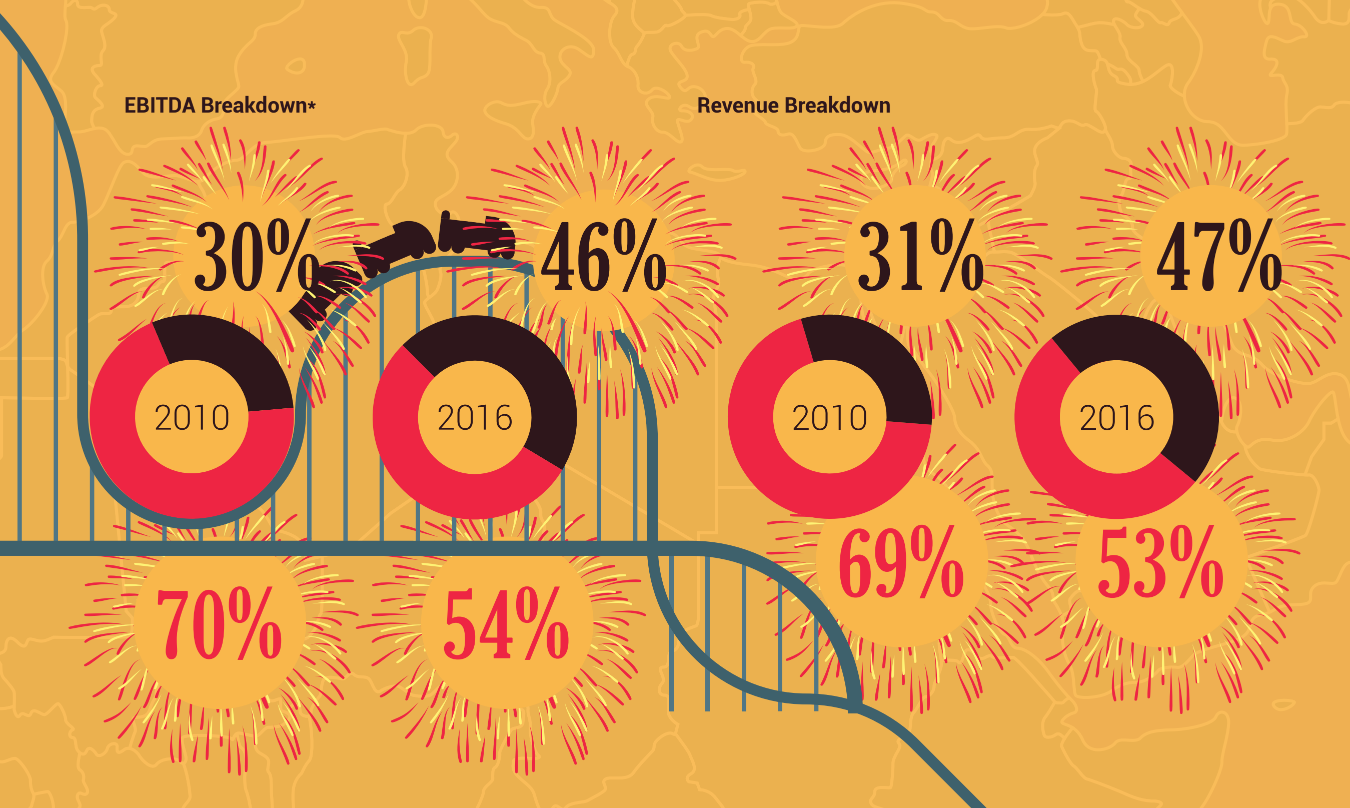


Segmental EBITDA (US$ million)



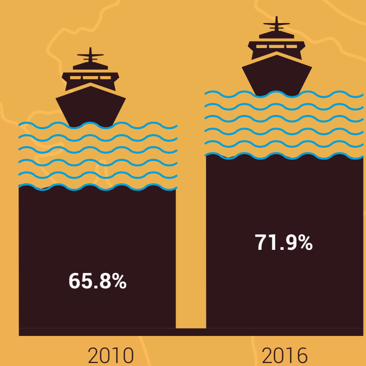
EBITDA Breakdown*

Revenue Breakdown

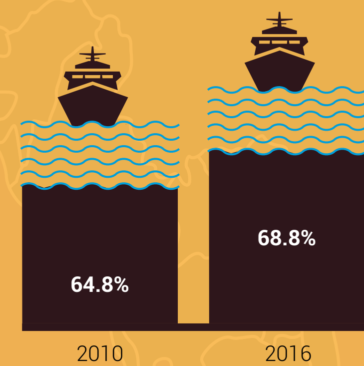


* EBITDA figures indicate only operational results, excluded non-recurring, non-operational revenues and expenses.

EBITDA Margin (Commercial)



EBITDA Margin (Cruise)



Cruise
Commercial

La Mercè FESTIVAL

A colorful festival held for one week throughout the city...

During the third week of September, Barcelona hosts the exciting La Mercè Festival, dedicated to the city's patron saint, the Mare de Deu de la Mercè, Our Lady of Mercy. The week-long festival also commemorates the conclusion of summer and the arrival of autumn. The festival's major events take place on the "Fiesta Mayor," September 24, but the city takes on a celebratory atmosphere all week: 2 million visitors and residents attend, metro runs 24 hours a day and most local residents take time off work to join the festivities.

Barcelona, Spain

The capital of Catalonia-and nominated by National Geographic Magazine as one of the world's ten must-see cities-Barcelona is a leading tourism destination and one of the most popular cruise ports in Europe.

The city offers visitors a unique experience: a vibrant cultural scene and a renowned culinary tradition, along with a mild climate and the legendary warmth and conviviality of Spain.

Sardine FESTIVAL

A distinctive event that infuses this beautiful city with the unique fragrance of a popular fish…

The annual Sardine Festival takes place between June 12 and 14 in the picturesque riverfront capital of Portugal, Lisbon. Dedicated to the city's patron saint, St. Anthony, the festival commemorates the tale of the Saint's sermon to the sardines: Anthony, a Paduan priest, was ignored by the people. The irate priest went to the river to preach to the fish and, as he began to speak, hundreds of sardines rose into the air to listen to him. The festival features a city-wide celebration, accompanied by Lisbon's famous grilled sardines sold on every corner and their scent wafting through the city air, along with a magnificent parade on Avenue da Liberdade, the majestic tree-lined boulevard in the city's center.

Lisbon, Portugal

With its picturesque tile-covered buildings, exquisite architecture and cobblestone streets, along with its traditional Fado music and warm people, Lisbon offers many sights worth discovering…

Set on the magnificent River Tagus, Lisbon has a long and illustrious history. Serving as Portugal's capital since 1260, Lisbon is one of those rare cities that has successfully integrated its old-world charm and character with a modern, contemporary vibe.

Mandarin FESTIVAL

A festival to honor the renowned Bodrum Mandarin…

The Bodrum Mandarin Festival is held annually to celebrate the region's famous sweet mandarins. Dance performances, fashion shows, arts events and bazaars feature mandarin-themed activities and products, including mandarin Turkish Delight, colognes and textile products. Bringing together local residents, tourists, artists and all types of citrus-lovers, this is a truly colorful festival.

Bodrum, Turkey

As one of Turkey's most renowned resort areas, Bodrum is also a prime spot for global tourists. Its history, natural surroundings and architecture, as well as its seaside location, nightlife and dining make Bodrum a unique destination.

Known as Halicarnassus in antiquity, Bodrum was also formerly called Petrius, after Saint Petrus (Peter). Surrounded by the Aegean Sea, the city is set on a peninsula off the sunny western coast of Muğla.

La Feria FESTIVAL

La Feria, one of Malaga's most important cultural and artistic events, is also considered among Spain's most colorful festivals. The festival extends for 10 days.

La Feria Festival kicks off on August 14 with fireworks; the following days of the festival bring dancing, horse parades and more, along with colorful decorations in the town center. Local residents dress in traditional outfits-in fact, many don a different traditional costume for each day of the 10-day festival.

Malaga, Spain

Malaga, Spain's sixth largest city and a significant port town, is set on the Costa del Sol, 130 km from the Strait of Gibraltar.

Malaga's strategic location, as well as its natural beauty and cultural heritage, attracts a wealth of visitors every year. The city is a mix of international museums and Aldalusia's local charm, and it boosts a revitalized, pedestrian-only town center. Malaga has one of the best climates in Europe as it enjoys more than 325 days of sunshine every year.

Venice CARNIVAL

Masks, baroque dresses, elaborate wigs…and much more at one of the world's most illustrious festivals.

The Carnival of Venice, first held in 1268, is a 40-day festival set in Venice, Italy. First held to welcome the coming of spring, the Carnival was originally based on early pagan rituals, with participants donning elaborate costumes and masks that promoted mixing among all social and economic classes. Prohibited during certain eras, the Carnival has been held annually since 1979, and is one of Venice's indispensable cultural events.

Venice, Italy

Venice is in northeastern Italy and serves as the capital of the Veneto region. The city is set across a group of 117 small islands separated by canals and linked by bridges.

Venice is the setting of some of the world's greatest works of art and literature. The city is like a living museum with an intricate labyrinth of hidden passages, clusters of tightly packed buildings, ornate squares and hundreds of bridges.

Baroque Music FESTIVAL

The Valletta International Baroque Festival, held for the fifth time in 2017, is one of Malta's most important cultural events.

In January, musicians gather in Valletta to celebrate this storied sixteenth century musical style. With the fortified city of Valletta, built in 1565, at the festival's center, concerts are held in Valletta's magical old town venues, bringing Baroque music to the present. The Baroque-style churches and halls of Valletta welcome music enthusiasts from across the world.

Valletta, Malta

Declared by UNESCO as a World Heritage site in 1980, the City of Valletta is a former fortress.

Surrounded by high walls and bastions, the city features a grid-like street pattern and constant breezes from the sea that refresh inhabitants on even the hottest days.

International Folklore FESTIVAL

In July, Bar welcomes groups from around the world to its International Folklore Festival, as the Adriatic's most beautiful coastline echoes with the country's folk dances and local songs.

Set on the coast of Montenegro, the city of Bar hosts the International Folklore Festival, where cultures are showcased, and hundreds of participants and thousands of visitors intermingle at the colorful events and performances featured each night of this four-day event.

Bar, Montenegro

Taken from the Italian words for mountain (monte) and black (negro) Montenegro is a country that is fast becoming a major tourist destination.

Bar, a friendly town set across 13,000 square kilometers of mountains, dense pine forests and beachfront, also offers cafes, restaurants and picturesque streets.

International Sand Sculpture FESTIVAL

With hundreds of towering sand sculptures, the International Antalya Sand Sculpture Festival (Sandland) features an enormous exhibition area and numerous artists working with huge amounts of sand; the sheer dimension of this festival makes it one of the largest of its kind in the world.

Utilizing one of nature's most magnificent resources, this unique event is held each year under a different theme. The festival appeals to all, with visitors and artists meeting in a specially created workshop area to view and create magnificent and whimsical sculptures composed of sand.

Antalya, Turkey

Turkey's fifth most populated city with the sixth largest land area, Antalya is the engine of tourism in Turkey.

Set in the Eastern Mediterranean, Antalya has rapidly developed due to its mild climate and plentiful tourism activities. Named for its founder, King Attalus II, Antalya was established around 150 BC. Throughout the succeeding centuries, the city has been an important center for a remarkable number of cultures and kingdoms.

Youth FESTIVAL

Kuşadası Youth Festival, organized for the first time in 2016, attracts attention as one of the unique events in Turkey.

The festival unites young people in an enjoyable four-day concert where more than 20 artists take stage. Attended by over 4,000 spectators and 6,000 campers, the festival expects higher participation every year.

Kuşadası, Turkey

With its proximity to the ancient city of Ephesus and the House of the Virgin Mary and boasting extensive entertainment and tourist facilities, Kuşadası, an important example of "Cruise Tourism," is one of the first places that come to mind when one thinks of a holiday...

Close to the ancient city of Ephesus, as well as the House of the Virgin Mary, the coastal town of Kuşadası has occupied an important position throughout the ages.

Sant' Efisio FESTIVAL

Cagliari, one of the most beautiful cities in Sardinia, has historical and cultural riches.

On May 1, Cagliari hosts its most important festival to honor the city's patron, Sant'Efisio. This traditional festival day offers an unforgettable experience of lively, entertaining parades accompanied by local celebrations.

Cagliari, Italy

Cagliari, the capital of the Sardinia Autonomous Region of Italy, is a historia city loved by tourists. With a population of 150,000 inhabitants, Cagliari is renowned for both its history and its lively summer tourism.

The strategic location of Cagliari in the mid-Mediterranean has contributed to its place in many historic battles. The city's past comes to life with still-standing castles, fortifications and towers. As one of the world's most important port cities, Cagliari also supports a thriving tourism industry, drawn to the area's beauty, culture and mild weather.

Summer FESTIVAL

With a population of 50,000 inhabitants, Dubrovnik, on the Adriatic coast, offers a completely different atmosphere with its summer festival.

Taking place in Dubrovnik since 1956, the Summer Festival is Croatia's most important cultural and artistic event. The Old Town, where the narrow streets, churches, squares and unique historical monuments of Dubrovnik are located, hosts the festival for 47 days and nights, from July 10 to August 25. This extended celebration features an art festival, as well as performances by local and visiting groups that span classical music, theater, ballet, opera and dance.

Dubrovnik Croatia

Dubrovnik is Croatia's most naturally beautiful tourist destinations. This charming coastal town offers visitors a range of historic sites, natural sights and unique events.

Famous for its historic monuments, Dubrovnik has one of the world's 10 most prominent medieval walled cities, and is featured on UNESCO's World Heritage List.

Ravenna FESTIVAL

The Ravenna Festival is a different kind of summer festival. Dominated by opera and classical music, the festival also features jazz, ethnic music, electronic music and dance, as well as theater, film and exhibitions.

Held regularly since 1990, this illustrious festival is prominent for its orchestras led by world-renowned conductors. As well as magnificent opera productions, performances by jazz and popular musicians are also featured.

Ravenna, Italy

Ravenna is a unique port city in the Emilia-Romagna region of Italy. Emilia-Romagna is the largest populated commune in the region.

Ravenna is one of Italy's major artistic cities; featuring a unique blend of cultures. Also known as "The City of Mosaics," Ravenna is home to some of the most beautiful mosaic artwork in the world.

Catania Tango FESTIVAL

The coastal, port city of Catania organizes an important festival every year about tango, which is a special kind of dance and music.

During the festival, afternoon and evening milongas are organized as part of the non-stop events. Participants from all over the world enjoy the festival accompanied by songs played by the best DJs in the world. The festival is not just organized in the dance halls of the city but also takes place on the beaches of Catania, offering tango enthusiasts the unique experience of dancing on the sand.

Catania, Italy

Located in the Sicily region, the port city of Catania is the second-largest city in Sicily and the tenth largest in Italy.

Catania, with its many large and small bays in the Ionian Sea and a population of more than 350,000, is located at the foot of the Etna volcano. Though the best weather periods are the spring and summer months, winters are also quite mild.

Chingay PARADA

Chingay is a government-sponsored public festival launched following Singapore's independence in 1965.

This two-day festival features colorful parades held by organizations from Singapore's diverse ethnic populations. The Chingay March, held annually since 1965, is attended by more than 150,000 people; this year, the number of visitors is expected to exceed 200,000. The festival is also broadcast on TV networks worldwide, and live by CCTV, the state television channel of the People's Republic of China.

Singapore

As the world's only island city-state, Singapore enjoys great attention for its many historical and cultural assets.

Notable for a blend of diverse Asian cultures and its tropical equatorial climate, Singapore is a modern city and major financial center with a thriving economy, renowned culinary tradition, and a cultured, well-educated and friendly international population.

CHAIRMAN'S MESSAGE

US$ 35.5 billion Worldwide Revenue

THE INDUSTRY IS POISED FOR A QUANTUM LEAP FORWARD; WITH HIGH DEMAND, EMERGING NEW MARKETS AND THE POSITIVE ECONOMIC OUTLOOK, THE COMING YEARS MAY BE THE BEST YET FOR THE CRUISE BUSINESS.

Global Ports Holding is now the world's largest independent cruise port operator.

Mehmet Kutman
Chairman

We witnessed another tumultuous year in 2016. Amid political events such as the US presidential election and the UK decision to exit the European Union, and financial developments such as the performance of the Chinese economy and the trajectory of oil prices, we also experienced mounting geopolitical issues-all of which had an impact on the economy worldwide. Adding to further pressure on the global economy in 2017 is the strengthening anti-EU movement in Europe following Brexit, as well as speculation around the protective policies that may be followed by the new US administration, and heightened tensions in the Middle East.

To counteract this pressure, in 2016 the central banks in developed countries, led by the US Federal Reserve, implemented loose monetary policies directed towards reviving economic activity. While growth in emerging countries began a slow recovery, economic growth in developed nations has yet to gain a stable upward momentum in the aftermath of the global crisis.

Meanwhile, despite sluggish growth worldwide in 2016, the international cruise sector continued to steam ahead. The journey continues, the future of the industry is bright: peak penetration reached just 5%, and many of the cruise industry's markets achieved just 1-2% penetration.

In 2016, the cruise industry boasted a global fleet of 315 cruise ships, generating revenue of approximately US$ 35.5 billion worldwide; the number of cruise passengers rose by 4% to reach a total of 24.2 million cruise passengers globally. This compares to US$ 33.2 billion in revenue and 23.2 million cruise passengers in 2015 globally.

62%

Demand for cruising has jumped 62% during the last decade.

The cruise industry is responding to this global demand. Demand for cruising has jumped 62% during the last decade, and the global cruise industry has 74 new cruise ships on order between now and 2027. Based on existing new build orders and known ship deployments and withdrawals, the global capacity target for 2027 is 38 million passengers, according to the 2017-2018 Cruise Industry News Annual Report.

Accordingly, growth in cruise travel is expected to move upward in 2017, with an estimated 25.3 million passengers anticipated to sail in 2017-a powerful surge from 15.8 million passengers in 2007.

In the shorter term, projected capacity growth of 30% over the next six years, combined with new and larger ships offering products that appeal to a broader demographic, will expand the horizons considerably for cruise travel, with cruise port development playing a major role.

The cruise industry is prepared for an evolution. Strong demand and a US$ 51 billion new build order book, positive economic signals from Europe and North America, and the emergence of markets such as China and Cuba are propelling the industry. A further advantage is that-even in troubled markets-cruises nearly always offer the greatest holiday value.

For instance, the Mediterranean-which is the world's second most-visited cruise destination area after the Caribbean-is certain to retain its status as a desirable destination. The Med is the ideal cruise sea: in one week, any number of countries and destinations can be visited, and as many cultures can be experienced. A seven-day itinerary can typically offer four countries with distinct characteristics, such as gastronomy, scenery and more. Within the cruise industry, the Mediterranean has consistently driven the European market.

GPH already accounts for about 25% of total Mediterranean cruise passenger movements, and we believe that the potential in the Mediterranean is even greater: historically, the Med's popularity has proved to be nearly impervious to challenging conditions.

However, continued growth in Mediterranean cruise tourism is contingent on successful interactions between cruise lines, ports and destinations. Global Ports Holding is ideally positioned to lead the charge, with its 360-degree view of the sector and its recent acquisitions in the region, including the prominent Venice Cruise Port.

Global Ports Holding has expanded its portfolio to 14 ports in 8 countries.

Venice Cruise Port is one of the most important homeports in Europe, with a highly advantageous location, convenient connections with the rest of Europe, and annual passenger numbers of about 1.7 million. With the additions of Catania and Cagliari in southern Italy, and Ravenna in the north, we expect to boost Global Ports' collective marketing power, enhancing our presence in Italy and reaching more than 2 million passengers in total.

Cruise lines are turning also to Asia, where Global Ports Holding is one of the first movers in the fast-growing Asia-Pacific market. We established our foothold in Asia with GPH Singapore, and now are seeking assets around main regional home ports, such as Singapore, Shanghai and Hong Kong.

Cruise tourism in Asia is surging in both capacity and in ships deployed in the region. Between 2013 and 2016, cruise capacity rose across all metrics. The number of ships deployed in Asia increased at a 13% compound annual growth rate and, similarly, the cruise market capacity within and through Asia increased at a 28% CAGR.

I strongly believe that Asia may show the greatest market growth in the near and medium future, and we see this as a tremendous opportunity for the cruise industry, which is bringing more cruise visits to Asia. Our experience indicates that when cruise lines position their ships in a new area, they stimulate demand. Additionally, as a source market for cruise tourism worldwide, the absolute volume of cruise travelers sourced from Asia has nearly tripled since 2012, with China producing the majority of the regional passenger volume. Asia, with a large population enthusiastic about travel, should boost cruise passenger numbers for all ports.

"2016 PROVED TO BE A SUCCESSFUL YEAR OF CONTINUED GROWTH."

We are also focusing on the Caribbean. Due to recent developments, the Caribbean-which has always enjoyed a reigning position as a cruise destination-is quickly sailing into a new phase in cruise tourism. Interest from the domestic market in the USA is escalating, and forecasts regarding short-and medium-term growth in the Caribbean are positive. We anticipate establishing a presence in the Caribbean, and are seeking one or more marquee ports to penetrate that market.

Global Ports Holding has a proven track record of transforming traditional cruise terminals, and delivering excellent customer experience through a modern infrastructure and customer-oriented service offerings in all our locations. Our investments in portfolio assets and state-of-the-art technologies to boost operational efficiency will continue to meet the demands of the sector across all regions, and better serve the growing numbers of travelers worldwide who comprehend the joy of cruising the waterways of the world.

Global Ports Holding now proudly operates in eight countries and 14 locations. It currently handles upwards of 7.5 million passengers annually. In 2016, GPH strengthened its position as the world's largest independent cruise port operator, steadily growing without decelerating, and I strongly believe we are only at the beginning of the Global Ports Holding success story. GPH has enjoyed progressive growth over the last 10 years, and current passenger trends and market dynamics provide an excellent opportunity to expand our business further internationally.

At GPH, we are incredibly proud of the growth we have accomplished within 2016, not least because it was achieved in the face of regional macro political challenges and their adverse effects.

I extend my most sincere appreciation and thanks to our board members and to all our stakeholders, who have supported our group and helped all of us to create-in a mere decade-one of the world's leading contributors to the cruise industry. I look forward to even more success and further achievements in 2017 and in the coming years.

Mehmet Kutman
Chairman

MESSAGE FROM THE CEO

WE ARE ENTERING A NEW PHASE OF GLOBAL EXPANSION. BY 2022, WE PLAN TO DOUBLE THE NUMBER OF OUR PORTS, OPERATING A GLOBAL NETWORK WITH A WELL-RECOGNIZED BRAND.

7.8

GPH handled 7.8 million passengers in its ports.

25%

GPH's operations covers 25% of total Mediterranean cruise passenger movements.

GPH will continue to remain attentive, working towards its objectives of operational excellence and improved customer experience.

Emre Sayın
CEO

Worldwide, 2016 was a challenging year. For parts of Europe and the Mediterranean, the year was particularly volatile, with these regions suffering the distressing consequences of geopolitical events.

Amid these economic and social challenges, Global Ports Holding remained resilient, continuing to uphold our responsibilities as a company to our stakeholders. We extended our portfolio from 10 ports to 14 ports in eight countries. GPH is now the world's largest independent cruise port operator, handling more than 7.8 million passengers annually and accounting for about 25% of total Mediterranean cruise passenger movements.

Although the Company's prospects are very positive, GPH will continue to remain attentive, working towards its objectives of operational excellence and improved customer experience.

In the ports where we operate, facilities and infrastructure are being enhanced and improved to complement the industry's development. In Lisbon, Portugal, we are building a beautiful cruise terminal which is due to open in 2017. A new terminal was inaugurated a few months ago in Cagliari, Italy.

We hold a 360-degree view of the sector. By investing in infrastructure and operating our ports, we cater to the needs of cruise lines, ships, crew and passengers-as well as the destination stakeholders.

We focus on the overall guest journey, and we are developing guest services to further improve the experience at all our ports. We want to become the partner that develops specific solutions with cruise lines towards the improvement of the industry as a whole.

GPH's plans are of global scale. We have developed a security code which will set the standard, and help the Company improve security in all its ports, regardless of location. Thanks to this code, our ports will not only comply with International Ship and Port Facility Security standards, but also be prepared to implement additional vital security codes and standards, including ISO:27001 information security management and ISO:20858 maritime port facility security assessments and security plan development.

One of our greatest strengths is our family-a network of ports that are willing to learn, and eager to build on our collective experience and synergy. We boast highly experienced local teams who are recognized across the industry for their resourcefulness and willingness to help.

In terms of operational processes, we are developing the first proprietary cruise port operating system that is cloud-based, highly scalable and integrated with all our ports' operations. Our goal is to keep contributing to the development of the industry standards for the benefit of all stakeholders.

At 14 ports, I believe, we still have significant room for growth. We are concentrating on growth regions such as the Caribbean and Asia, in particular, Southeast Asia. Our business model primarily focuses on state-run ports, taking over their operations and making them more efficient, providing marketing that enables them to reach their potential, and steering their services closer to the needs of passengers, cruise lines and ships.

While we excel at operating our current ports, we must not underestimate the challenges and the size of the tasks ahead. These are very different markets. The Caribbean, for instance, has a sophisticated cruise market, highly developed and serving high numbers of passengers. However, this market would reap great benefits from the entry of a global operator like GPH, which runs the ports professionally and with an awareness of the local environment and the need to continuously develop the destination. In Asia, our challenge will be new destination and port development. Our Company's versatility and varied experience will be an important asset in accomplishing all our objectives.

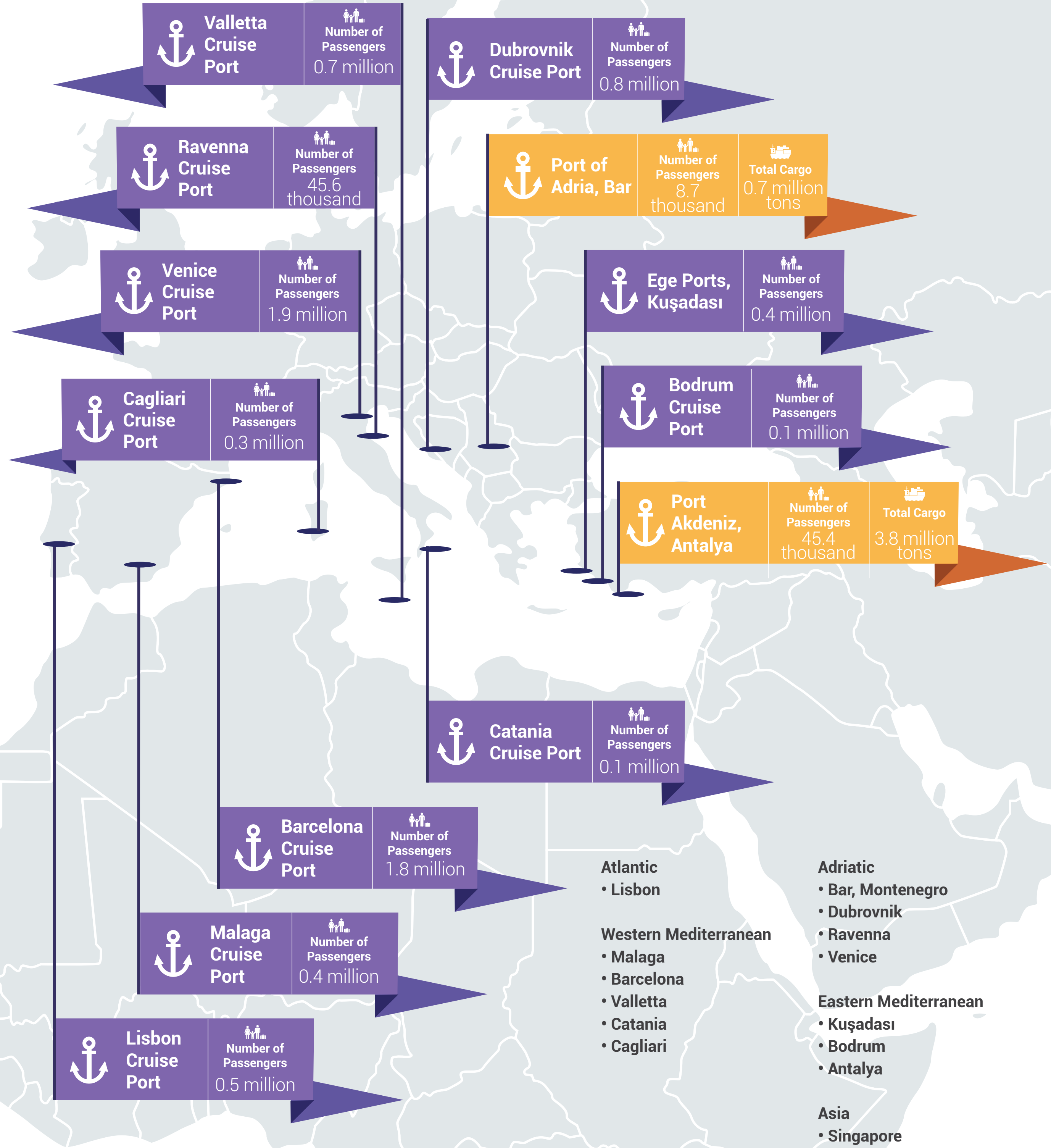
At GPH, we hold a clear vision for the next five years, intending by 2022 to operate more than 25 ports and achieve worldwide recognition as a prominent global player in both port operation and destination development. We will continue to create value for the cruise industry, and deliver significant benefits to, our employees, our shareholders and the communities in which our ports are located.

I extend special thanks to our Board members and to all our stakeholders, who share our positive vision and who have supported our Group with their strength and contributions, as we look forward to a successful future and additional achievements.

Emre Sayın
CEO

GLOBAL PORTS HOLDING IN BRIEF

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



Atlantic
- Lisbon

Western Mediterranean
- Malaga
- Barcelona
- Valletta
- Catania
- Cagliari

Adriatic
- Bar, Montenegro
- Dubrovnik
- Ravenna
- Venice

Eastern Mediterranean
- Kuşadası
- Bodrum
- Antalya

Asia
- Singapore

Cruise Ports
Commercial Ports

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

GPH is the world's largest independent cruise port operator by number of ports and passenger volume, with a diversified, strategically located portfolio of 14 ports in eight countries, serving cruise liners, ferries, yachts and mega-yachts. As the sole global consolidator of cruise ports, the Company has built on its first-mover advantage to establish a strong platform that represents a "one-stop shop" offering integrated services to global cruise lines and their customers. GPH aims to drive significant organic and inorganic growth by expanding the number of ports it operates, and improving its cross-selling of value-added activities to both cruise operators and passengers. In addition to the cruise operations, GPH is a commercial port operator specializing in container, bulk and general cargo handling, as well as marine services. GPH operates a high-capacity commercial port in Turkey with a major position in export traffic, and a strategically important commercial port in Montenegro.

GPH operates cruise ports at Barcelona, Venice, Lisbon, Malaga, Dubrovnik, Valletta, Cagliari, Catania, Ravenna, Singapore and Bar, as well as Kuşadası, Bodrum and Antalya. GPH has an established presence in Barcelona and Venice, two of the top five Mediterranean cruise ports by number of passengers, and has built a reputation as a full service operator offering multiple integrated port solutions across its global cruise port network to global cruise line operators.

In 2016, the cruise port operations generated 46.7% of the Company's revenue and 45.6% of its segmental EBITDA.

Retail and ancillary services also contribute to GPH's revenues. In 2016, 8.2% of revenues at Barcelona Cruise Port, 27.5% of revenues at Ege Port and 58.0% of revenues at Valletta Cruise Port were from retail concession arrangements at these cruise ports.

GPH operates a high-capacity commercial port in Port Akdeniz-Antalya, on southern Turkey's Mediterranean coast, with export traffic constituting 88% of its current flows. It also owns a majority interest in the operating company of the cargo terminal at the Port of Adria, Bar, a commercial port in Montenegro that represents an important link in the chain of intermodal transport in the Balkan region. GPH has recently completed a significant investment program at the port which will substantially broaden its market. In 2016, the commercial port operations generated 53.3% of the Company's revenue and 54.4% of its segmental EBITDA.

GPH has registered significant achievements in Malta (Valletta) and Croatia (Dubrovnik) following recent international investments. It has further enhanced its leading position in the Mediterranean with a 55.6% direct and indirect stake in Maltese company Valletta Cruise Port plc, which holds a 65-year concession for cruise port operations and manages the waterfront development featuring commercial and retail facilities.

Dubrovnik International Cruise Port Investment, a partnership with French-based Bouygues Batiment International, won the Dubrovnik Cruise Port tender. A pre-concession agreement has been signed with regards to operating the Dubrovnik Cruise Terminal for 40 years.

In 2016, as part of an international consortium formed by Global Ports Holding, Costa Crociere S.p.A, MSC Cruises S.A. and Royal Caribbean Cruises Ltd. acquired an indirect stake of 44.60% in Venezia Terminal Passegeri S.p.A.

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

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

Global Ports Holding's cruise and commercial ports offer strong demand potential and ideal access. The Company's ports include: Ege Ports-Kuşadası, Port Akdeniz, Antalya and Bodrum Cruise Port in Turkey; Barcelona Cruise Port and Malaga Cruise Port in Spain; Port of Adria-Bar in Montenegro; Lisbon Cruise Port in Portugal; Singapore Cruise Port in Singapore; Valletta Cruise Port in Malta; Dubrovnik Cruise Port in Croatia; Venice Cruise Port, Cagliari Cruise Port, Catania Cruise Port, and Ravenna Cruise Port in Italy.

[1] Concession awarded, currently awaiting agreement on the final terms of the concession agreement and signing.

KEY FINANCIAL INDICATORS

Summary Financial Statement (US$ million)	2014	2015	2016
Revenue	90.7	105.5	114.9
Operating Expenses	(56.3)	(67.3)	(72.1)
Amortizations	30.7	38.2	40.6
Other Operating Income	6.4	5.8	0.5
Other Operating Expenses	(17.5)	(19.4)	(22.5)
Operating Profit	23.2	24.5	20.7
Finance Income	11.3	25.1	17.5
Finance Expenses	(28.1)	(36.4)	(35.3)
Profit before Tax	25.5	13.9	5.2
Net Period Income	23.6	16.5	4.3
EBITDA*	58.8	71.2	75.9
EBITDA Margin	65.0%	68%	66%
Total Current Assets	128.2	151.4	111.9
Total Assets	707.5	769.8	699.9
Total Debt	336.9	351.1	342.7
Shareholders' Equity	240.2	277.8	222.1

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



	Number of Passengers (million)	Number of Cruise Calls	Throughput (thousand TEU)
2016	7.8	3,192	214
2015	4.8	2,136	217
2014	3.8	1,753	228

MILESTONES

> 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

53.7% Acquired 53.7% indirect stake in **Ravenna Cruise Port**

62.2% Acquired 62.2% indirect stake in **Catania Cruise Port**

70.9% Acquired 70.9% indirect stake in **Cagliari Cruise Port**

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

2014

Issued US$ 250 million debut bond

Acquired remaining stake in Creuers (GPH stake 62%)

Signed a concession agreement for Lisbon Cruise Terminals (GPH's effective stake: 46%)

Formed consortium with Bouygues Batiment International (BBI) for the Dubrovnik Cruise Port tender

2013

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

Acquired a minority stake in Creuers (Barcelona, Malaga and Singapore Cruise Ports)

2010

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

2008

Acquired 60% stake in Bodrum Cruise Port

2006

Acquired 40% stake in Port Akdeniz, Antalya

2004

GPH established (commenced operations in Ege Ports, Kuşadası in 2003)

HIGHLIGHTS OF 2016

IN 2016, GLOBAL PORTS HOLDING ACQUIRED AN INDIRECT MINORITY STAKE IN VENEZIA TERMINAL PASSEGGERI S.P.A.

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

Venice Cruise Port covers an area of more than 260,000 square meters, with terminals covering 47,267 square meters. Venice Cruise Port's advantageous geographic location and convenient connections with the rest of Europe make it the most important homeport in the mid Mediterranean. With the acquisition of V.T.P., GPH now holds the two largest homeports in the Mediterranean.

In September 2016, GPH acquired shares of Ravenna Terminal Passeggeri S.r.l., which operates Ravenna Cruise Port.

In November 2016, GPH purchased indirect shares in the companies operating the Cagliari and Catania Cruise Ports, as well as shares of the company providing landfall services to cruise ship passengers in Portovenere.

As a result, GPH now owns:

- 70.89% indirect shares in Cagliari Cruise Port S.r.l. which operates Cagliari Cruise Port,
- 62.20% indirect shares in Catania Cruise Terminal S.r.l. which operates Catania Cruise Port,
- 53.67% indirect shares in Ravenna Terminal Passeggeri S.r.l. which operates Ravenna Cruise Port,
- 28.5% indirect shares in La Spezia Cruise Facility S.c.a.r.l. which provides services in Portovenere.

OUR MISSION

Best Operating Model
To create the best operating model for ports, and continuously improve through integrating best practices across our facilities.

Best Partner/Service Provider
To be the best partner to cruise lines, governments, B2B partners and third party suppliers.

Best Customer Experience
To provide the best customer experience, both in port and on land.

Best Expansion Capabilities
To achieve the best M&A and induction capability in the sector, and the best value creation program 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 maximize 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.

OUR STRATEGY

- Continued cruise expansion through targeted, disciplined acquisitions in Europe, Caribbean and Asia,
- Continued transformation of the traditional cruise terminal and customer experience to deliver growth and higher yield,
- Implementing B2C and B2B revenue opportunities to improve passenger experience at GPH's cruise ports, similar to the strategies successfully implemented by airport operators;
- Delivering growth and cash from the commercial ports services, capacity utilization and taking advantage of recent investments,
- Continuing to enhance the competitive advantage achieved through first-mover scale.

KEY STRENGTHS

GPH HAS A STRONG TRACK RECORD OF CASH GENERATION AND FINANCIAL PERFORMANCE WITH HIGH MARGINS, AND RESILIENT AND DIVERSIFIED CASH FLOWS.

Global Ports Holding provides key infrastructure and services to the cruise industry in 14 ports across eight countries.

An established presence in leading ports with high passenger traffic, the Company further reinforces its powerful position with its sheer size and scale-exceedingly difficult for any competitor to replicate-and by attractive, long-term concessions with an average remaining length of approximately 20 years.

Leisure cruises constitute the fastest-growing sector in the global travel industry. To meet rising consumer demand, cruise lines are deploying more ships and larger vessels, which in turn generate demand for more comprehensive and more specialized port services. GPH provides an integrated cruise terminal platform presenting a superior branded value proposition to all stakeholders; while the Company is a preferred partner for cruise lines due to its reputation as a leading reliable port operator, its scale and its network, its "one-stop shop" offering of integrated services is also a major factor. Within the evolving structure of port services lies considerable potential to introduce and sell additional services and products, including mobile data services, to a "captive" customer base whose expectations are rising.

The Company's global, unified approach across its cruise port network also extends to negotiating attractive tariff, investment and concession structures. In some cases, GPH may be not just the preferred operator, but the only potential operator, for new concessions at this level. There exist significant identified expansion opportunities for GPH as the sole global consolidator in the cruise terminal industry building on existing scale, high barriers to entry and a demonstrated track record of effective implementation of strong operational practice.

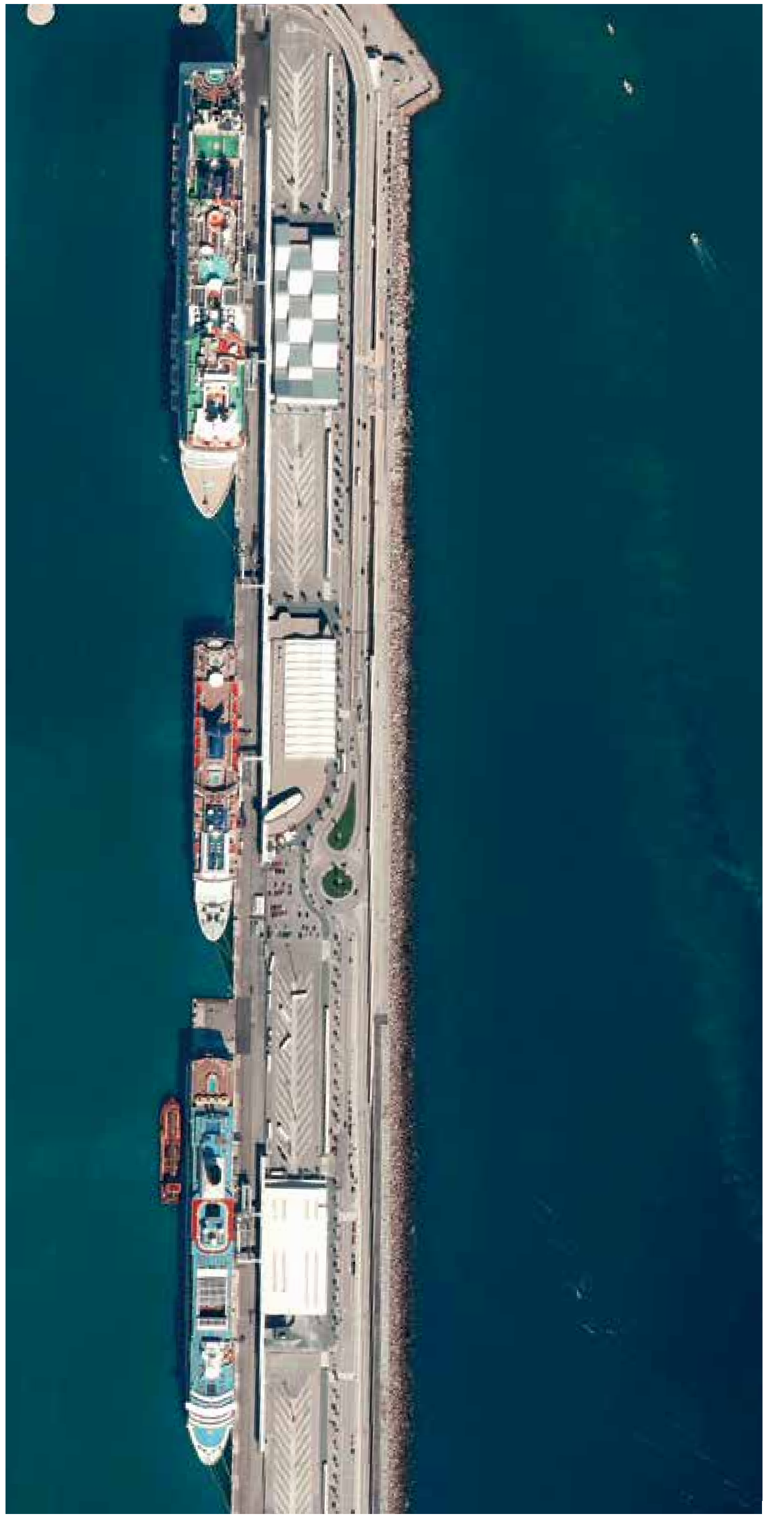
In the Mediterranean, the Company's current collection of highly attractive terminal locations secure it a strong position across the region. Its commercial port operations provide a robust base, underpinned by a strong competitive position, leading operational efficiency, and high barriers to entry. GPH's main commercial port operations are strategically located in Antalya, with marble exports to China; cement exports to the MENA region; and export and import of metals, granite, coal, aluminum, chemicals and agriculture, with additional port operations in Adria, Bar.

GPH has a strong track record of cash generation and financial performance with high margins, and resilient and diversified cash flows. The Company has maintained strong cash conversion (FY14: 79%; FY15: 89%; FY16: 88%) as a result of its capex light model, resulting in sustainable dividend payments. Achieving a 13% compound annual growth rate in revenue between FY14 and FY16, and a 14% compound annual growth rate in segmental EBITDA over the same period, GPH delivered high segmental EBITDA margins of up to 70% in this period.

In addition, GPH has a low or negative working capital requirement in international ports, delivering a resilient business model benefitting from multiple cash flow streams that are diversified in geography, segment (cruise and commercial operations), retail services, customers, and currency (Euro and US dollar). The Company is effectively insulated from foreign exchange fluctuations: 100% of the commercial ports revenue is denominated in hard currencies (Euro and US dollar), and 70% of the commercial ports costs are in the local currency.

Further growth in revenues and margins is anticipated as GPH continues to develop both operations and the customer experience offered at its cruise ports. The Company continues to benefit from its increasing scale, and the synergy between the sites it operates.

And, crucially, GPH has an experienced management team with an established international track record of operational excellence and effective strategy. With deep experience in the maritime sector that covers port acquisitions, business turnaround, port operations, marketing and more, Global Ports Holding is an indisputable player in the industry.



OPERATIONS

GPH DEVELOPED A PROPRIETARY SECURITY CODE THAT BOTH COVERS AND EXCEEDS THE DETAIL AND SECURITY LEVEL OF THE ISPS, AND IT IS APPLIED TO EACH GPH PORT.

OPERATING MODEL

Leveraging a well-defined four-pillar operating model, Global Ports Holding centralizes management for every major structure's operations within its enterprise on organization, governance, functions and technology, based on operational and commercial synergies to promote maximum efficiency.

These four pillars are defined in line within GPH's consolidation agenda: potential synergy, service opportunities and operational efficiency. As such, GPH headquarter operations and port operations share and combine best practices. While there are significant differences (from concessions to legislation) in the operations of each GPH port, the adaptable operating model offers a structure for each port's optimal management.

GPH SECURITY CODE

Security Management is a cross-functional practice for GPH ports and office headquarters, with a focus on products and services directed towards preventing any type of occurrence that might directly or indirectly affect day-to-day operational activities.

GPH developed a proprietary security code that both covers and exceeds the detail and security level of the International Ship and Port Facility Security (ISPS), and it is applied to each GPH port. All related policies formed by GPH or local authorities are reviewed and implemented by the GPH Head of Security in each location. The GPH security code sets the standard, and helps improve security in all its ports in a clearly defined, specific manner. Thanks to the code, GPH ports not only comply with ISPS standards but are prepared to implement other vital security codes and standards, such as ISO 27001 Information Security Management and ISO 20858 Maritime Port Facility Security Assessments and Security Plan Development.

ENVIRONMENTAL POLICY

GPH is aware of the environmental impact of its group companies and subsidiaries, and takes measures to address these issues. Represented by its ports in significant locations around the world, GPH strives to reduce any adverse effects produced by the cruise industry by improving clean energy usage and raising awareness on resource utilization. GPH supports preserving the natural habitats of the world's outstanding cities, where its ports are located, and creating a positive impact on the global environment as a result.

GUEST & ANCILLARY SERVICES

GPH develops a diverse range of guest services to satisfy each of its 7.8 million passengers and ensure that their visit at a GPH port is optimal. In line with this guest-oriented approach, GPH focuses on creating the best customer experience for passengers, and being the preferred operator for cruise lines.

GPH has identified three distinct areas of development for the port/shore experience: Independence, Connectivity and Transportation. These three key areas are the basis for GPH services and products targeting cruise passengers visiting GPH ports.

GPH will continue to introduce additional products and services to cruise lines, passengers and the local public to generate new revenue streams. GPH intends to expand the ancillary services that it currently provides to cruise lines and vessels visiting its ports, including green energy, fiber optic internet connections, and providing water and waste disposal services. GPH is also launching connectivity products and services (such as mobile Wi-Fi), transportation, city retail experience (such as coupons) and luggage storage.

SOCIAL RESPONSIBILITY

GLOBAL RUN IS A RACE ORGANIZED BY GLOBAL PORTS HOLDING EVERY YEAR WITH THE HOPE OF BRINGING THE WORLD ONE STEP CLOSER TO PEACE AND UNDERSTANDING.

As the world's leading cruise port brand, Global Ports Holding (GPH) believes that our business and our work can benefit society, and we view our activities through this lens. From top to bottom, GPH's corporate structure examines how our actions can demonstrate the responsibility we hold.

This begins with a commitment to each of our employees. We encourage our staff to participate in volunteer projects and community service projects. We also create long-term relationships with our employees and their families, bringing them together with the local community and other stakeholders.

On a wider scale, we actively seek out and fund projects that promote our values all over the world. We recognize that an efficient allocation of resources allows us to make a difference in a way that is truly rewarding. In each of the eight countries in which we operate, we make a concerted effort to be sensitive to local traditions and cultures and to incorporate them into everything we do. While this naturally includes complying with all international standards and local legal regulations, it also involves getting to know the local community and bringing them into the Global Ports Holding team.

Global Run

Participants from across the world come together to run for cultural tolerance at the Global Run. Global Run is a race organized by Global Ports Holding every year with the hope of bringing the world one step closer to peace and understanding.

Global Ports Holding has witnessed the essential contribution of travel to bringing different cultures together. Cruises represent one of the most efficient and effective channels for visiting numerous countries and interacting with people from all over the world within even just one week: We have observed first-hand how powerful this can be.

Similarly, Global Run unites people from all over the world to come together and run for a common cause. The run is held in a different GPH port every year to promote travel to different countries and experiencing new cultures, surroundings and a variety of local flavors. Launched in 2013 in Bodrum, Turkey, the Global Run has also taken place in Valletta, Malta, and Bar/Kotor, Montenegro. Our intention is to take the Run to each of GPH's 14 ports.

GPH is committed to promoting peace, tolerance and understanding in today's ever-globalizing world. We are aware that this is one small step towards increasing tolerance, but we believe that every step contributes to worldwide peace.

Global Run Bodrum 2016, organized by Global Ports Holding, was chosen as the "Best Sports Event" in Turkey at The ACE of M.I.C.E. Congress, Meeting and Event Awards ceremony among the 30 different categories available.

Contributing to the development of social and community life is one of Global Ports Holding's most important goals. This award is a recognition of the Company's commitment in this field and GPH will undoubtedly continue to organize these events across its growing portfolio of 14 ports in eight countries.

GPH started organizing Global Run inspired by the opportunity that cruise travel gives to interact with people from different cultures and countries in a short period of time. GPH invites sports fans all over the world to come together and run for a common cause with Global Run.

Global Run Valletta, 2016

Organized by Global Ports Holding, the 5th Global Run was held for the first time in Valletta, Malta, on Sunday, October 30. It featured a 10K and a 5K run, as well as a 5K walk starting from the magnificent Valletta Cruise Port through the stony grandeur of the peninsular city. Over 1,000 runners took part to benefit Puttinu Cares, which supports the families and relatives of children battling cancer.

Global Run Bodrum 3

Staged by Global Ports Holding, Global Run Bodrum 3 was participated in by around 1,000 runners. Global Run Bodrum 3 brought celebration to local streets between April 15 and 17, 2016 with its enthusiastic participants and colorful activities.

Race preparations, as well as boat trips and various activities, were carried out between April 15 and 16, followed by the start of Global Run Bodrum 3 at Bodrum Cruise Port on April 17.

Non-governmental organizations were supported with revenue generated at Global Run Bodrum 3, as was the case following the first two races. Part of the revenue from this year's now traditional race was allocated to TOÇEV and the Parıltı Association. For this purpose, some brands sponsored the Global Run Bodrum 3.

CRUISE INDUSTRY OUTLOOK

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

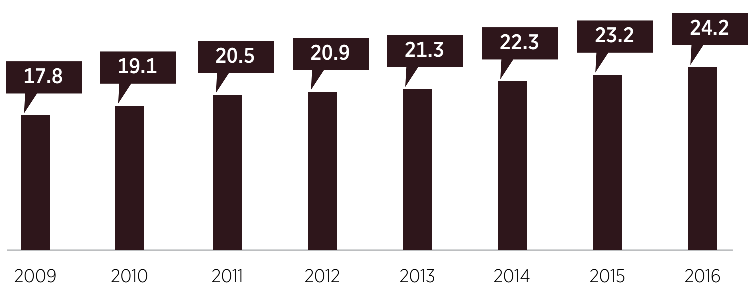
Cruise tourism has been one of the fastest-growing sectors in the tourism industry for the past 25 years, and the popularity of cruise holidays is escalating among international travelers.

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

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

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

2009-2016 Passenger Traffic Snapshot
Global Ocean Cruise Passengers (millions)



Source: CLIA

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

Source Markets
Historically, North America has been the major source market. Nevertheless, over the past decade other markets have experienced extraordinary growth. While North America grew by 19.5% in the 2007-2015 period, Europe and the rest of the world experienced 64.5% and 96% growth, respectively. These statistics demonstrate, first, that the cruise industry is offering a product that appeals to more and more people; second, that trends are moving towards a globalized cruise industry.

In line with projections of strong performances from the source markets mentioned above, the industry expects to reach 30 million cruise passengers by 2022.

We anticipate that for the next six years the global passenger mix will remain skewed towards North America. However, the bulk of the growth will likely originate from European and Asian markets. If Europe reaches market penetration equal to that of North America by 2022, it will mean more than 10 million passengers a year-4 million more passengers than were carried in 2016. Asia is also expected to continue growing until it reaches 4 million in 2020.

Despite the remarkable upswing in recent years, these figures correspond to low levels of penetration in the source markets-an encouraging indicator of further growth potential.

In line with projections of strong performances from the source markets mentioned above, the industry expects to reach 30 million cruise passengers by 2022. (Source: Cruise Industry News.)

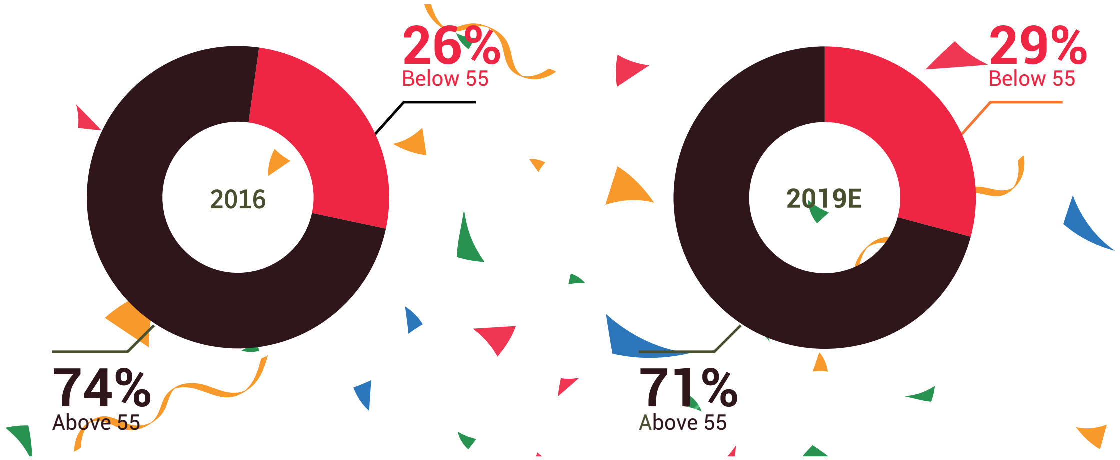
The chart below shows customer concentration by country: The top eight customer markets account for 84% of all cruise passengers. The chart also reveals penetration in the leading cruise markets by country. The rise in the popularity of cruise tourism in certain markets with low levels of penetration indicates potential for future growth.

Cruise Market Source Penetration

	2015		
	Cruise PAX *(millions)*	**Population** *(millions)*	**Penetration**
United States	11.2	318.9	3.5%
Australia	1.0	23.5	4.3%
UK & Ireland	1.6	64.6	2.5%
Canada	0.8	35.5	2.3%
Germany	1.8	81.0	2.2%
Italy	0.8	60.8	1.4%
Norway	0.2	5.1	3.5%
Spain	0.5	46.5	1.0%
France	0.6	66.5	0.9%
China	0.7	1,364.0	0.1%

Source: GDP Per Capita: World Bank, CLIA (Cruise Lines International Association-2017 Cruise Industry Outlook)

Cruise Passenger Age Demographics (%)



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

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

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

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

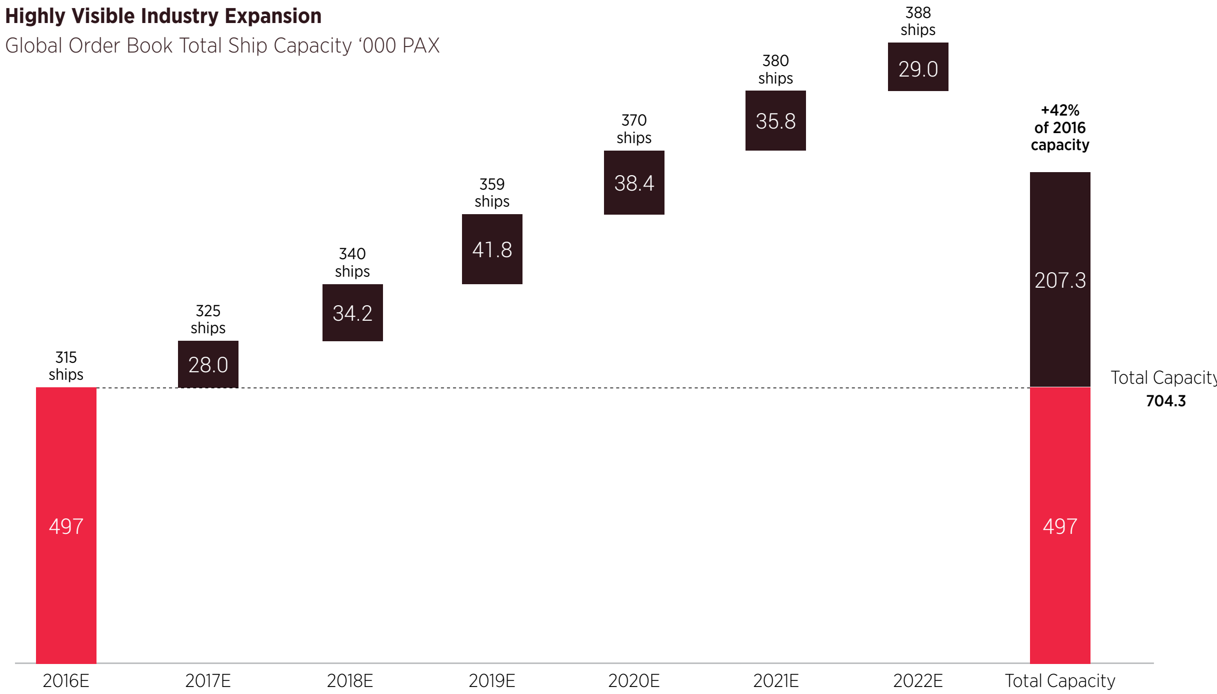
According to Cruise Industry News, a significant number of these new ships will be deployed in Europe. From 1999 to 2016, the number of ships in the region has risen from 84 to 110. Projections for market growth in Europe suggest 11.1 million passengers by 2027, an upward revision of 1.5 million passengers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

Although new ships will be built with sizes and services to serve specific markets, the progression towards larger ships with higher passenger capacity has been the main driver in vessel construction in recent years. New cruise ships between 130,000 and 230,000 gross register tons (GRT) are being built, with capacities for up to 6,000 passengers. GRT as well as number of passengers per ship has doubled in the space of 15 years, while the length of the largest vessels has increased 12% per year over the same period.

Underlying the growth of vessels is the cost per passenger. Larger vessels tend to be able to offer lower costs per passenger, thereby broadening the potential cruise market and positioning cruising as an economical holiday.

Despite a general trend toward bigger ships, market segmentation dictates the offering of ships of varying size, with amenities and itineraries designed to attract a specific target. Thus, we are also observing a remarkable number of luxury vessels on the order book.

Highly Visible Industry Expansion
Global Order Book Total Ship Capacity '000 PAX

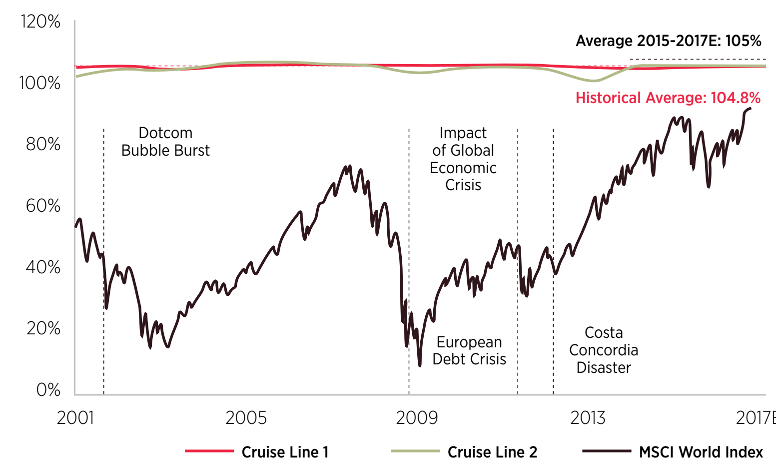


Source: Cruise Industry News; https://www.cruiseindustrynews.com/cruise-news/cruise-ship-orderbook.html

All cruise lines strive to maximize occupancy levels, regardless of vessel size, due to the business model's high fixed costs. Even amid volatile economic conditions, there is a strong track record of consistently high occupancy on cruises, at rates of 100-105%, due to dynamic pricing.

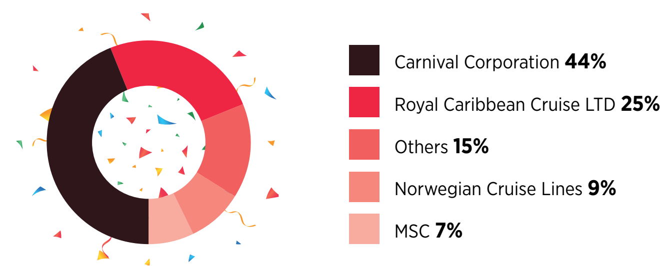
While the cruise fleet is operated under more than 50 different brands, the industry has a highly concentrated organizational structure with a few large groups: Carnival Corporation (44% of passengers worldwide), Royal Caribbean Cruise Ltd. & plc (25%), and Norwegian Cruise Lines (9%). Those three corporations, together with MSC (7%), control 85% of the worldwide share of passengers carried, and 62% of the worldwide fleet.

Two Major Cruise Lines' Occupancy Rates



Source: Seatrade Insider, Cruise Industry News 2016-2017 State of the Industry Annual Report, Industry Data, EIU, CLIA UK & Ireland, CLIA Europe, Cruise Market Watch 2015, Association of Mediterranean Cruise Ports, Wall Street Research

Market Share of Cruise Lines by Worldwide Passengers 2016



Source: 2016-2017 State of the Industry Annual Report; Cruise Industry News

The three major companies are listed corporations. Both Carnival Corporation & plc and Royal Caribbean Cruises Ltd. have experienced strong levels of profitability in recent years, while Norwegian Cruise Line Holdings Ltd. has found stability after some restructuring. MSC is part of a privately-owned group that owns a major global container shipping line, Mediterranean Shipping Company S.A., founded in 1970.

The three corporations are composed of different brands, targeting different markets. Carnival Corporation has nine brands covering all sectors from contemporary to luxury, with a fleet of more than 100 vessels focused on diverse markets (USA, Germany and Great Britain, among others). Royal Caribbean Cruises Ltd. follows the same strategy, with seven brands and 48 vessels, as does Norwegian Cruise Lines Holding with three brands and 24 ships. MSC, a Mediterranean company, has historically deployed its fleet in the Mediterranean; however, a more global cruise industry has seen the European company deploying ships in other regions, such as Asia and Cuba.

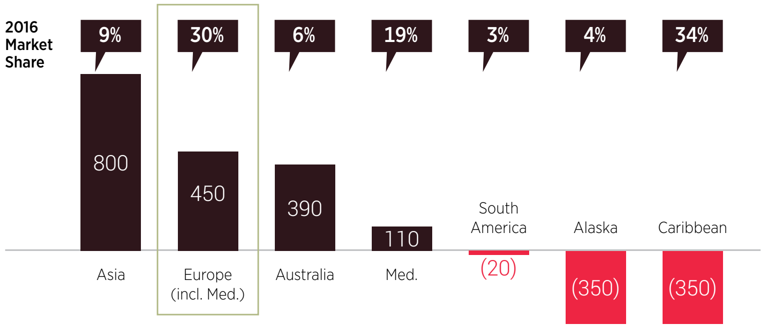
In addition to the major operating groups, new players are attracted to the expanding prospects in the industry. Some include outsiders like Virgin Cruises, with others coming from river cruising, such as Viking Cruises. Chinese and Asian cruise brands are also expected to emerge. Global Ports hosts almost all cruise lines, and the largest and most modern ships.

CRUISE DESTINATIONS

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

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

Global Cruise Market Share Development since 2008



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

Cruise lines have mobile assets, ships, moving them to areas with the highest revenue generation potential. The profitability of an itinerary depends on many factors: fuel costs, geopolitical issues, ticket prices, onboard spend, environmental regulations, and local fees, among others.

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

Within the cruise sector, the Mediterranean has been a key element in Europe's growth, becoming the world's second most visited cruise destination area after the Caribbean. The chart above shows the growth in world market share in the cruise industry by region, since 2008, highlighting the Mediterranean market with a history of outperformance.

According to MedCruise, the Association of Mediterranean Cruise Ports, which accounts for most of the ports of that area, cruise passenger movements in the Mediterranean in 2016 amounted a total of 27.4 million.

It should be noted that the Mediterranean has experienced resilience in the face of various challenges. The wider Mediterranean region has been affected by geopolitical crises, such as the Arab Spring and the ongoing political uncertainty

in neighboring areas. Although these factors impact cruise ship deployment due to ships being movable assets, the Mediterranean, with a wide number of cruise destinations, has been able to keep ships in the area. For example, in the case of the Arab Spring, most of ships in the affected area were moved to the north Mediterranean.

For the future, the European region, and especially the Mediterranean, will continue to be a strategic area due to its proximity to an expanding source market, and the attraction of its destinations. The Caribbean could potentially experience substantial growth depending on the new opening of Cuba. Cruise lines are eager to offer itineraries that include the Caribbean island, and would change existing ship deployments were Cuba to finally open for business. In early 2016, we saw MSC relocating a ship from the Canary Islands to Cuba to cover this existing demand.

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

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

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

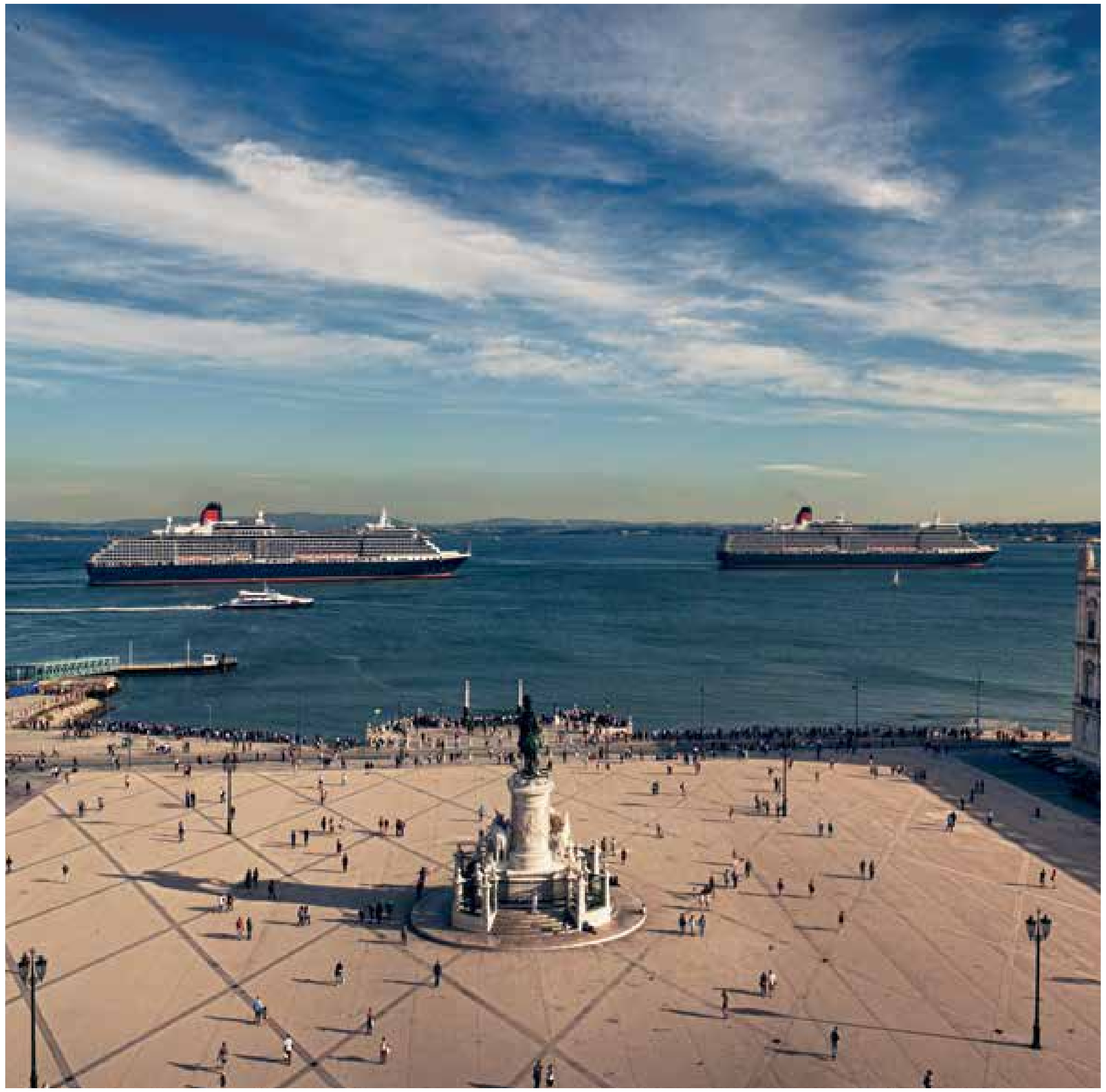
In the context of this growth, along with the industry's robust health, many cities and ports are more interested in enhancing and upgrading their facilities to meet cruise lines' demands, or entering into the cruise market as a new destination. From the cruise line point of view, new and larger ships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

Global Ports Holding appears to be an ideal stakeholder in this scenario operating 14 ports in the Mediterranean/Asia-Pacific, including some of the world's largest cruise ports such as Barcelona and Venice. It offers the possibility of improving or building port facilities to help cities to develop their tourism industry, and provides the cruise lines with points of access to these destinations.

The cruise industry is becoming increasingly global, which helps to stimulate demand in the source markets-which ultimately benefits all regions.

LISBON CRUISE PORT

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



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

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

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

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

GPH holds a 46.2% stake in Lisbon Cruise Port, of which 40% is held directly and 6.2% indirectly through GPH's 62% stake in BPI's 100% holding in Creuers. Other shareholders of Lisbon Cruise Port are RCCL, Creuers and Grupo Sousa with 20%, 10%, and 30% stakes, respectively. Lisbon Cruise Port holds the exclusive operational rights for three cruise terminals and a BOT concession agreement for a new cruise terminal at the Port of Lisbon.

MAXIMUM SHIP DIMENSIONS FOR BERTH

Length: No Limit
Width: No Limit
Draught: (-12) Zh
Air draft: 70m

ANCHORAGE

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

QUAYS/BERTHS

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

DISTANCES/TRANSPORTATION

City Center: 500 m
Airport: 11 km
Shuttle Service: Yes

GENERAL INFORMATION

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

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

A EUR 22 million terminal investment

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

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

Mild weather, historic and contemporary tourist attractions, excellent international air connections and a variety of hotels are some of the factors contributing to Lisbon's growing status as a prime destination throughout the year.

Both the city of Lisbon and its cruise port have been internationally recognized and awarded, highlighting the excellence of the tourism product, as well as the successful collaboration between the city, its port and all the entities involved in the cruise industry. Once again in 2016, Lisbon was recognized as Europe's Leading Cruise Port and Europe's Leading Cruise Destination by World Travel Awards.

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

CRUISE TRAFFIC (#OF CALLS)

2015
306

2016
311

"INTERNATIONALLY RECOGNIZED CRUISE PORT"

Both the city of Lisbon and its cruise port have been internationally recognized and awarded, highlighting the excellence of the tourism product, as well as the successful collaboration between the city, its port and all the entities involved in the cruise industry.

LISBON CRUISE PORT	
GPH Acquisition Date	2014
End of Concession	2049

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

BARCELONA CRUISE PORT

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

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

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

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

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

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

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

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

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

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

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

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

The port's facilities have been improved to accommodate the largest ships in the world, namely the Genesis Class (Oasis, Allure and Harmony of the Seas). A new concourse has been built connecting Terminals B and C, and a new gangway has also been installed to serve such vessels.

Driving the management of the Port are the operating needs of its clients. Highly-trained personnel, maximum security in all operating procedures of ships, as well as collaboration among the authorities and security forces, help ensure the port's safety and reliability. Barcelona Cruise Port is one of the leaders in security and logistics specific to cruise traffic. The port follows strict guidelines to guarantee that all needs in terms of safety and security are met, and it implements the ISPS Code as well as EU regulations.

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

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

TOTAL REVENUES (US$ THOUSAND)

2015
24,691

2016
27,691

BARCELONA CRUISE PORT

GPH Acquisition Date	2013-2014
End of Concession	2026 (WTC wharf), 2030 (Adossat wharf) *

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

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

CREUERS (INCLUDING MALAGA CRUISE PORT)

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

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

VALLETTA CRUISE PORT

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

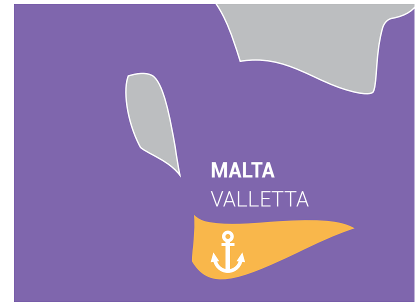
With a strategic location in the middle of the Mediterranean, Valletta Cruise Port is a renowned port of call and a growing homeport. It offers a safe haven for ships and a variety of 24/7 support services. Valletta's quays are ISPS-compliant, and can handle the largest vessels.

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

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

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

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



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

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

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

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

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

OUR PERFORMANCE AND OUTLOOK
GPH CRUISE PORTS/WESTERN MEDITERRANEAN/
VALLETTA CRUISE PORT

GLOBAL PORTS HOLDING
ANNUAL REPORT 2016

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

The Valletta Waterfront

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

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

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

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

"55.6% STAKE IN VALLETA CRUISE PORT"

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

VALLETTA CRUISE PORT	
GPH Acquisition Date	2015
End of Concession	2066

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

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

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

MALAGA CRUISE PORT

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

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

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

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

Located on a stunning sweep of bay, with palm trees lining the seafront, Malaga offers culture, history and beaches, along with a contemporary vibe. The city's port facilities, hotels and airport make it a truly world-class international homeport.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAGLIARI CRUISE PORT

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

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

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

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

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

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

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

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

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

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

ANCHORAGE
Available: No
Ship Tender Allowed: No
Tugs Available: 4
Tidal Movement/Range: -/+0.30 m

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

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

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

CATANIA CRUISE PORT

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

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

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

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

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

Sporgente Centrale quay is a short stroll from the city center and the railway station, and a 10-minute drive to the Vincenzo Bellini Airport in Catania. The terminal is integrated with the surrounding city, and represents the starting point of the waterfront of this multicultural city renowned for its progressive perspective, rich history, and warm hospitality extended to tourists, yacht owners and cruise passengers.

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

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

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

CATANIA CRUISE PORT

GPH Acquisition Date	2016
End of Concession	2026

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

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

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

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

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

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

VENICE CRUISE PORT

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

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

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

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

The terminal stretches over a total area of 290,000 square meters and is conveniently located centrally between main road, rail and air connections, and within a short walking, sailing and driving distance to the center of Venice.

The efficient and advanced services offered by the Port of Venice enable it to host different types of ships: cruise ships exceeding 300 meters, ferries, high-speed vessels and yachts.

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

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

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

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

VENICE CRUISE PORT	
GPH Acquisition Date	2016
End of Concession	2024*

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

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

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

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

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

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

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

DUBROVNIK CRUISE PORT

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

Dubrovnik Cruise Port is situated on the bay of Gruž, called Gruž Harbour by locals. It is a popular cruise port, and the main gate for more than a million cruise ship passengers every year. The port is about 2 kilometers from Dubrovnik Old Town, a UNESCO World Heritage Site.

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

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

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

DUBROVNIK CRUISE PORT	
GPH Acquisition Date*	2016
End of Concession	2056

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

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

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

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

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

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

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

RAVENNA CRUISE PORT

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

Ravenna Cruise Port is in Porto Corsini, next to Marina di Ravenna, just 14 km from the center of Ravenna and its landmarks. A thriving seaport in ancient times, Ravenna is now set nautical miles inland but has access to the Adriatic Sea through the Candiano Canal. With the start of operations in 2011 of the new cruise terminal, Ravenna has entered fully into the Mediterranean cruise circuit, diversifying and expanding the offerings of its port, opening to the high-end segment of the holiday market, and fast becoming a major Italian cruise destination. Already in the first year of its operation, the large, modern cruise terminal has handled more than 80 large cruise liners with more than 156,000 passengers.

The terminal lies between the yacht marina, beaches and a pine forest on the picturesque Porto Corsini waterfront.

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

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

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

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

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

RAVENNA CRUISE PORT		
GPH Acquisition Date		2016
End of Concession		2020
Cruise Traffic	**# of Calls**	**# of PAX (thousand)**
2014	38	44.6
2015	35	40.0
2016	44	45.6

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

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

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

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

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

BAR CRUISE PORT

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

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

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

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

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

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

BAR CRUISE PORT

GPH Acquisition Date	2013
End of Concession	2043

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

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

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

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

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

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

EGE PORTS, KUŞADASI

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

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

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

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

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

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

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

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

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

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

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

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

"FIRST SHOPPING MALL IN KUŞADASI"

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

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

Scala Nuova

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

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

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

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

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

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

Key Financials (US$ Thousand)	Cruise Revenue	Cruise EBITDA*
2014	16,350	12,754
2015	17,347	14,189
2016	11,650	8,976

ANTALYA CRUISE PORT

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

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

For centuries, the city's economy was based on its port. With the stunning backdrop of the Taurus Mountains, King Attalus II of Pergamum turned this safe harbor into a naval base in the first century B.C. Large-scale development in the 1970s transformed Antalya from a pastoral town into one of Turkey's largest metropolitan areas. Much of this development was due to tourism, which continues to expand in the 21st century as visitors discover the attractions of the cliff-top city of Antalya, its historic old town and its palm-fronded boulevards.

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

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

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

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

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

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

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

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

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

OUR PERFORMANCE AND OUTLOOK
GPH CRUISE PORTS/EASTERN MEDITERRANEAN/
ANTALYA CRUISE PORT
GLOBAL PORTS HOLDING
ANNUAL REPORT 2016

Antalya Cruise Port has three cruise piers totaling 510 meters in length, a 1,830 square meter passenger terminal, and a 990 square meter luggage area which serves cruise passengers. Antalya Cruise Port hosted 13,842 passengers in 2010 and, thanks to the promotion of the port as a turnaround hub, this number increased significantly to around 200,000 passengers in 2015. The primary objective of the Company was to position Antalya Cruise Port as a turnaround hub in the Eastern Mediterranean. Following the start of turnaround operations for Aida Cruises in 2010, and TUI Cruises in 2012, the port's cruise traffic increased ten-fold.

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

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

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

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

"99.9% STAKE IN ANTALYA CRUISE PORT"

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

ANTALYA CRUISE PORT	
Acquisition Date	2006
End of Concession*	2028

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

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

BODRUM CRUISE PORT

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

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

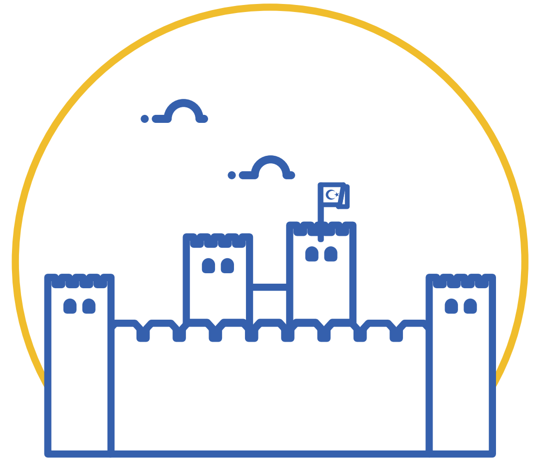
In addition to its luxury tourist destination characteristics, Bodrum features several major historical sites, including the Castle of Saint Peter, the Museum of Underwater Archaeology, King Mausolus' Mausoleum (one of the Seven Wonders of the Ancient World), and a Roman amphitheater.

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

Bodrum Cruise Port was originally tendered by the State Railways, Ports and Airports Construction Administration in September 2003 through a 13-year build-operate-transfer (BOT) agreement. In April 2007, GPH acquired a 60% stake in the port's operator. The other shareholders in Bodrum Cruise Port are Setur Turistik Servis A.Ş., a duty-free operator owned by the Koç Group of Turkey, and Yüksel Çağlar, a local entrepreneur, with stakes of 10% and 30%, respectively.

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

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



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

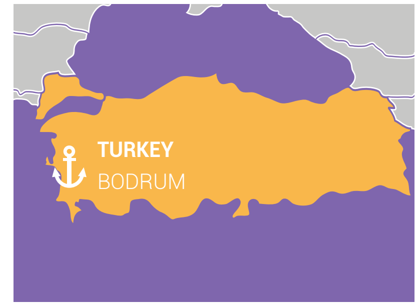
In 2015, the port received Green Port accreditation upon approval of the Maritime Transport and Communications Ministry General Directorate of the Merchant Marine and Turkish Standards Institution.

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

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

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

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



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

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

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

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

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

SINGAPORE CRUISE PORT

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

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

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

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

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

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

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

SINGAPORE CRUISE PORT	
GPH Acquisition Date	2014
End of Concession*	2022

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

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

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

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

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

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

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

GLOBAL MARITIME TRANSPORTATION INDUSTRY

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

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

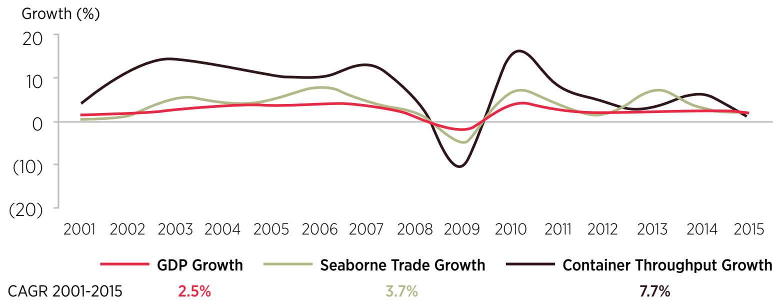
1. Containers: standardized intermodal containers used for the storage and movement of materials and products, which are loaded and sealed intact onto container ships. Containers generally come in 20, 40 and 45 foot sizes, (the standard industry measurement of a 20-foot equivalent unit, the "TEU"), and can carry a wide range of products. Goods that fit into this category include marble, chrome and aluminum.
2. Bulk cargo: commodity cargo that is transported unpackaged in large quantities. It can either be dry ("dry bulk") or liquid ("liquid bulk"). Major dry bulk cargo products include iron ore, coal, grain, bauxite/alumina and phosphate rock. Liquid bulk cargo is typically oil and gas.
3. General or break bulk cargo: goods that required special handling at port, and which are typically transported in bags, boxes, crates or barrels. They must be loaded and unloaded individually. Goods that fit into this category include motor vehicles (transported in roll on/roll off vessels), refrigerated cargo in reefer vessels, large items of equipment, or other items that do not fit into containers.

Recent trends in maritime trade and transportation
World seaborne trade has grown significantly over the last three decades in line with the growth of merchandise trade, and maritime transport remains one of the most cost-effective means of transporting goods internationally. In recent years, merchandise trade has benefited from the liberalization of international trade policies, with the emergence of new trading partners and access to new markets facilitated by growing trade and co-operation agreements, and the increased movement of manufacturing from consumer countries with higher production costs to countries with lower production costs ("off-shoring"). The opening of economies, particularly China, has facilitated trade, and off-shoring has enhanced trade as intermediate and finished goods are more likely to be produced outside of the country of final consumption.

Global seaborne trade growth
According to UNCTAD, in 2012 and for the first time on UNCTAD's record, the volume of international trade carried by sea surpassed a billion tons, and rose to over 10 billion tons in 2015. With estimated growth of 3-5% annually, the volume of world seaborne trade has continued to outpace growth in the world economy.

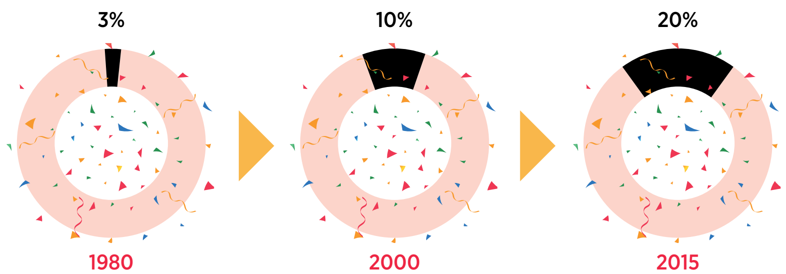
Key trends in global maritime trade:
- Developing countries continue to contribute to both growth and volume of seaborne merchandise trade. In 2015, 60% and 62% of world seaborne trade was loaded and unloaded, respectively, in developing countries' ports (source: UNCTAD, Review of Maritime Transport, 2016).
- Over the last decade, Chinese domestic demand has been a significant contributor to the growth in the volume of world seaborne trade, particularly in imports of dry bulk commodities. This is driven by China's ongoing urbanization and continuing infrastructure development requirements, despite a relative slowdown in China's economic expansion and its attempt to shift away from investment towards consumption-led growth. Increased intra-Asian and other South-South trade flows have been the main force driving the expansion (source: UNCTAD, Review of Maritime Transport, 2016, 2014 and 2013).
- In 2013, intra-regional merchandise trade was larger than trade between different regions. The rise of trade blocks within more regions may continue to support intra-regional trade growth for the next 20 years. The key trade routes that will dominate global seaborne trade with the strongest growth are Intra-Far East, between Oceania and the Far East, the Far East and Latin America, and the Far East and the Middle East (source: Qinetiq, Global Marine Trends 2030 report, 2013).
- With the peak in 2012 of global ship orders, reflecting the time lag in the impact of the 2008/2009 global financial crisis and the turning point of the largest historical shipbuilding cycle, the overall contracting of new vessels in 2015 is down by 40%, according to Clarkson's Research. Above all regions, China will see the largest growth in fleet ownership, growing from 15% in 2010 to 19%-24% in 2030, rivaling Greece and the rest of the European countries. Japan, with a large fleet ownership share today, will shrink from 12% in 2010 to 5.6%-6.7% in 2030 (source: UNCTAD, Review of Maritime Transport, 2014 and Qinetiq, Global Marine Trends 2030 report, 2013).

Container Trade Development



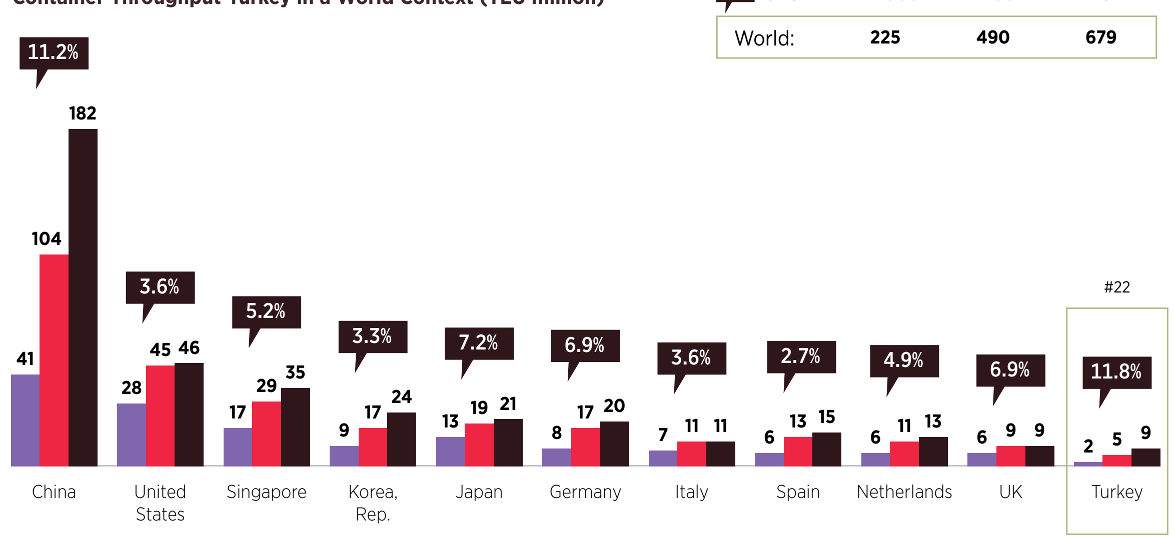
Source: World Bank Economic Prospects June 2016, UNCTAD Report-Developments in International Seaborne Trade, UNCTAD Report-Review of Maritime Transport 2015

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



Source: UNCTAD Review of Maritime Transport 2015

Container Throughput-Turkey in a World Context (TEU million)



Source: World Bank Indicators, World Bank

Global container demand
There is a strong correlation between GDP growth and container & general cargo traffic, with demand growth rising at 2-3x global GDP in recent decades. Cyclical and structural factors have both contributed to global container demand growth rising at 2-3x global GDP over the past three decades. Container growth at a multiple of GDP reflects economic growth and longer supply chains, but that GDP only includes the monetary value of finished goods, whereas container volume includes the movement of raw materials, components and semi-finished goods, plus the repositioning of empty containers. Structural drivers include general cargo, temperature-controlled (e.g., meat, fish, and fruit) and neo-bulk products (e.g., minerals, timber, grain, soy) being increasingly conveyed in containers rather than specialist vessels, due to:

(1) Handling efficiencies;
(2) Heavy investments in container terminals and larger vessels with lower unit costs;
(3) Introduction of temperature-and humidity-controlled containers, and container liners to allow loose products to be conveyed without cleaning.

The following are certain key developments in the container market:

- Increasing container ship sizes which offer reduced fuel usage and greater economies of scale.
- A rise of "mega alliances" between the world's largest container lines, driven by the competitive advantages resulting from lines seeking to lower port and shipping costs, in order to allow for a move towards investment in larger container ships.
- The South Asia-Middle East region is expected to experience the highest growth in container trade for the next decade. Recovery in Russia and Ukraine transshipment traffic is expected to prop up European container trade growth. With the developed economies still struggling, India is promising to be the most significant center of growth (source: Drewry Container Forecaster 2016).
- Asia continues to lead the global demand for container port services. (In 2016, 14 of the world's 20 leading container ports by throughput were Asian.) Compared to shipping, which is affected by an oversupply of vessels and declining freight rates, the container port business is growing (source: Drewry Container Forecaster 2016).

MARITIME TRANSPORT INDUSTRY IN TURKEY

Overview of main commercial ports in Turkey

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

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

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

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

Turkey's container demand

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

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

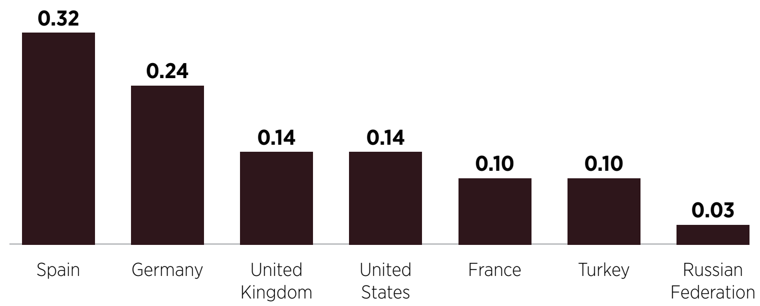
Furthermore, the prevailing low penetration rates of Turkey's container business suggest considerable opportunities to tap. Turkey's relatively late arrival into container operations when compared to many other developed countries confirms that there is significant room for growth.

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

The cargo handled by Turkish ports witnessed sustained growth averaging at 6% p.a. in the 2006-2016 period, as depicted in the chart as the right.

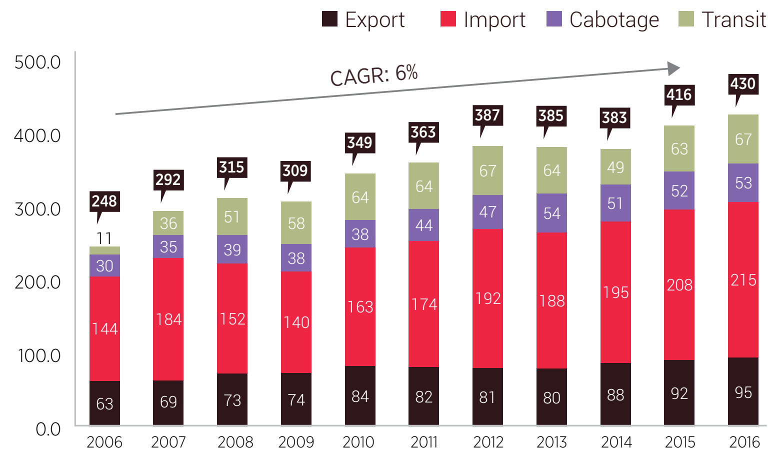
Containerization Levels

Containers per Head 2014, Turkey and Selected Trade Partners (TEUs/Person)



Source: World Bank

Cargo Handling at Turkish Ports (Tons)



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

General & Bulk Cargo in Turkey

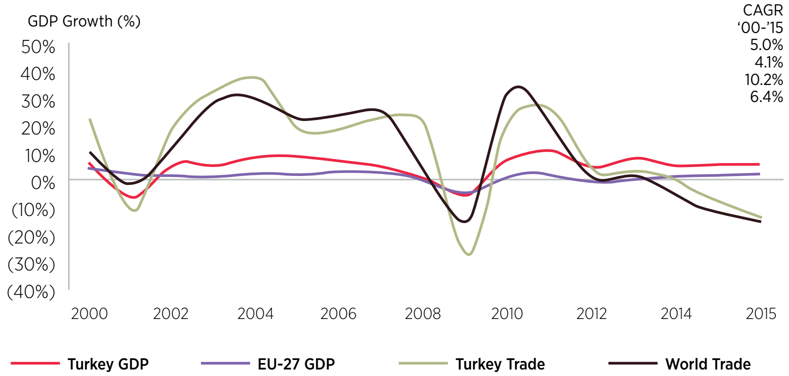
Turkey has an abundance of the resources required in the manufacture of cement. Combined with a skilled work force and robust industrial base, these resources allow Turkey to produce large quantities of cement, thus benefiting from economies of scale. Turkey is an important regional and global player in the production and export of cement. It is the fourth largest global producer of cement in weight behind China, India and the United States (by order of importance), the country's total production being c.75,000 metric tons in 2014 and c.77,000 metric tons in 2015 (source: US Geological Survey, Mineral Commodity Summaries, January 2016).

To date, fluctuation in Turkey's domestic cement demand and consumption have been offset by strong export growth. Key drivers of the country's cement and clinker exports include the growing construction markets in the Middle East and North Africa (MENA), the western Mediterranean (France, Spain, Italy) and the Black Sea (Russia, Georgia, Bulgaria), as well as China. However, the economic downturn in the Middle East due to the Arab Spring has had a negative effect on construction activity in the Middle East and North Africa, and on Turkish exports to these regions.

Turkey still benefits from significant untapped marble resources due to its location on the Alpine-Himalayan belt. With growing marble use in China, there has been a 3.7% increase in exports to China from 2005 to 2014.

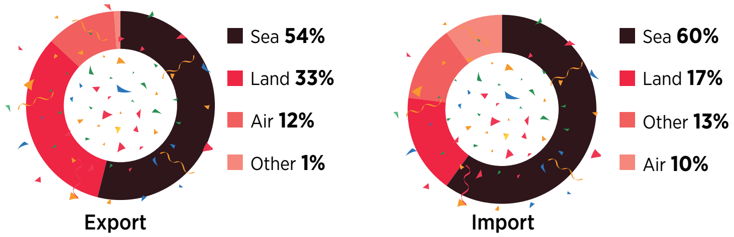
In addition, Turkey has a large and growing food and agriculture industry that corresponds to 7% of GDP and 21% of the employment levels in the country. In a growing market with increasing investments in food and agriculture, Turkey aims to be among the top five producers globally by 2023 as part of its targets set for the agriculture sector. Exporters in this market are increasingly shifting towards refrigerated container shipments from trucks as the traditional mode of transportation.

Container Trade Development



Source: World Development Indicators, EIU as of 29 December, Turksat/TUIK

International Freight Trade Volume 2015



Source: Turkish Statistical Institute – Foreign Trade Statistics

Maritime Transport Industry in Montenegro

Despite the continued euro zone recession in 2013, economic activity in Montenegro surpassed expectations, and real GDP grew by 3.5% in 2013 year-on-year. Exports are expected to benefit from a pick-up in growth in euro zone markets in 2015-2016. The Port of Bar is Montenegro's main commercial port. Historically, it was the main port for the former Yugoslavia and still serves as an important node for trade from ex-Yugoslav neighbors. In particular, it serves as the main port for Belgrade, Serbia.

Liner shipping connectivity index (maximum value in 2004 = 100)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Montenegro	–	–	–	–	3.2	0.0	4.5	4.0	1.4	2.4	2.9	3.3

Source: World Bank Indicators

PORT AKDENİZ, ANTALYA

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

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

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

Antalya's heartland is characterized by marble quarries and cement plants, with marble exports to China, and cement exports to the MENA region. The area has more than 500 marble quarries (around Burdur, Isparta, Afyon, Denizli, Konya and Muğla), and two large cement factories. The surrounding area is rich in chromium ore, marble, barite and aluminum, and has a thriving agricultural sector thanks to its fertile soil and temperate climate. Port Akdeniz is well situated to benefit from the continued increase in exports of these types of goods. In addition, Port Akdeniz stands to benefit from the sustained rise in containerization at Turkish ports. As Turkey implemented container cargo operations later than many other developed countries, there is significant room for future growth. At the same time, the Turkish government has also announced that it intends to link Antalya to the Turkish High-Speed Rail Network as part of a program of infrastructure improvements scheduled for completion in 2023, coinciding with the 100th anniversary of the founding of the Turkish Republic. Once the rail connection is completed, it should significantly expand the catchment area of Port Akdeniz, Antalya.

The determining factors of strong container volume growth include:

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

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

Container demand for Port Akdeniz is mainly influenced by levels of construction activity-in particular, the use of block marble in China (for luxury construction projects and general construction not only destined for China, but processed and re-exported to Western countries)-as well as by population growth and increasing urbanization.

Revenue at Port Akdeniz, Antalya increased by US$ 3.4 million, or 6.8%, from US$ 50.0 million in 2015 to US$ 53.4 million, attributable to US$ 2.1 million of project cargo revenue in 2016. The remainder of the rise in revenue was attributable to increases in the volumes of general and bulk cargo. The total container revenue for Port Akdeniz, Antalya remained steady from 2015 to 2016.

The price per TEU for the port rose by 11.0%, from US$ 185.0 per TEU in 2015 to US$ 205.9 per TEU in 2016, due to additional fees for value-added services-primarily re-weighing of containers in the port as required by new International Maritime Organization regulations. However, this price per TEU increase was offset by a 4% reduction in the total number of containers handled mainly due to a temporary investigation, from May until October 2016, launched by Chinese authorities in relation to marble imports. In addition, Turkey's political situation-in particular, the July 2016 coup attempt-also contributed to fewer containers being handled, despite a recovery in levels of marble exports to China in the first and fourth quarters of 2016, following a 13% decline in 2015 of Turkish marble exports to China.

General and bulk cargo volumes at Port Akdeniz, Antalya increased by 20.4% or 223,555 tons, (between the two years). The increase in general and bulk cargo volumes was mainly due to an upsurge in the volumes of cement and coal, used as energy input for cement producers, in addition to an increase in the import of woodchips (used to make particleboard) in 2016, compared to 2015 when woodchip imports declined due to heavy imports and subsequent stock accumulation in 2014. Intensified marketing activities in 2016 at Port Akdeniz, Antalya resulted in increased project cargo and a new container line, COSCO Container Lines, making regular calls at Port Akdeniz, Antalya in that same year.

To provide higher quality service, Port Akdeniz continually invests in machinery, its processes and yard adjustments, in addition to indoor and outdoor external storage units.

The port also conducts dredging to meet the needs of larger vessels, shortening vessels' operation time, and making loading/unloading services faster and more secure. Pilotage and towage services are provided by professional, qualified and experienced pilots. There are five towage boats, a pilot boat and a mooring boat at the port, as well as a security boat provided in accordance with International Ship and Port Facility Security (ISPS) regulations. Safety and the environment are the priority at Port Akdeniz, and the port provides quality services in line with Quality Management Systems.

PORT AKDENİZ, ANTALYA

Operational Figures (thousand)	**2014**	**2015**	**2016**
General Cargo (tons)	994	603	552
Dry Bulk (tons)	651	492	767
Container (TEU)	189	179	172

Key Financials (US$ Thousand)	**2014**	**2015**	**2016**
Revenue	54,439	49,925	53,351
EBITDA	38,926	37,459	41,288

PORT OF ADRIA, BAR

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

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

The Port of Adria is a multipurpose port featuring a quay length of 1,440 meters, with dedicated terminals for container ships, general cargo ships and cruise ships. The port covers a total area of 518,790 square meters with nine berths, and has an annual capacity of 750,000 TEU and 6 million tons of general cargo.

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

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

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

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

Revenue at the Port of Adria fell by US$ 0.6 million, or 7.6%, from US$ 8.5 million in 2015 to US$ 7.9 million in 2016. This decrease was mainly attributable to the steel factory in Serbia closing in early 2016 and reopening at the end of 2016. The revenue shrinkage was partially offset by EUR 1.5 million (US$ 1.6 million) revenue from project cargo at the port in 2016. The Port of Adria handled 41,830 TEU in 2016 compared to 39,050 TEU in 2015. The volume of general cargo passing through the port was 82,183 tons with an average unit price of EUR 29.5 (US$ 32.6) for 2016, as compared to 365,269 tons with an average unit price of EUR 8.3 (US$ 9.2) for 2015.

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

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

PORT OF ADRIA, BAR

Operational Figures (thousand)	2014	2015	2016
Container (TEU)	39	39	41
General Cargo (tons)	229	365	82

Key Financials (US$ thousand)	2014	2015	2016
Revenue	9,265	8,528	7,883
EBITDA*	2,618	2,246	2,728

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

2016 FISCAL YEAR REVIEW

During 2016, a year of "perfect storm" conditions, Global Ports Holding held a highly resilient stance with a superior operational and financial performance featuring passenger, revenue and EBITDA growth, despite the macro political situation in Turkey, and temporary pressure on container volumes at Port Akdeniz.

GPH reports consolidated revenues of US$ 114.9 million, and a consolidated EBITDA of US$ 75.9 million in fiscal year 2016, resulting in a 66.1% consolidated EBITDA margin. Consolidated revenues and EBITDA registered an 8.9% and 6.6% increase, respectively. When the pro-forma effect of the Valletta Cruise Port acquisition is taken into consideration, consolidated revenues indicate a 0.7% decline, and consolidated EBITDA indicate a 0.3% increase in FY 2016 YoY, respectively. Segmental EBITDA grew by 9.2%, reaching US$ 80.9 million and exceeding the budget in FY 2016 YoY.

The recent macro political situation in Turkey put pressure on cruise and commercial volumes in Turkey. These events can be summarized as:

- Ongoing tensions in the Eastern Mediterranean;
- The coup attempt in Turkey in July 2016; and
- Investigations launched by the Chinese authorities in June 2016 regarding marble imports to China, which partially resumed in Q3 2016.

However, impacts remained limited due to the contribution of GPH ports outside Turkey, and strong contributions from the commercial business. The number of cruise passengers in GPH ports in Turkey fell by 41%, as opposed to an overall decline of 67% in Turkey, thanks to world-class security measures and the unique excursion choices offered by Ege Ports.

Driven by GPH's well-diversified cruise port network, GPH ports excluding Turkey increased the total number of cruise passengers by 27% YoY in FY 2016. The escalation was mainly driven by the ports in Barcelona, Malaga, Singapore, Valletta and Lisbon. When Turkey is included, the total passenger base still indicates very satisfactory 11% YoY inorganic growth in FY 2016.

Despite the perfect storm environment, GPH managed to maximize revenue and EBITDA creation in FY 2016 through:

- Inorganic growth: the acquisitions of Valletta Cruise Port (Malta) and Venice Cruise Port (Italy);
- An increase in the share of turnaround passengers in the total passenger mix, driven by Barcelona and Malaga; as well as an extension of the cruise season;
- A general traffic shift from the Eastern Mediterranean to the West Mediterranean (i.e. Lisbon starting to become a "must-see" destination on cruise itineraries);
- Tariff adjustments resulting from tariff flexibility at operational ports due to underlying concessions; and
- An 11.1% depreciation of the Turkish lira against the US dollar in FY 2016 compared to FY 2015, which translated into c.2.3% increase in EBITDA; approximately 70% of costs at Turkish port operations are in Turkish lira.

Total consolidated revenues came out at US$ 114.9 million in FY 2016, as opposed to US$ 105.5 million in FY 2015, an 8.9% inorganic increase. The revenue increase is mainly driven by cruise revenues, which went up to US$ 53.6 million in FY 2016, posting 14.0% growth YoY. When the pro-forma effect of the Valletta Cruise Port acquisition in FY 2015 is included, consolidated revenues indicate a slight 0.7% decline, while cruise revenues suggest a decline of 6.3%, due to the contraction at Turkish cruise ports.

On the EBITDA front, total segmental EBITDA (composed of operational companies only, excluding GPH solo expenses) posted 9.2% growth in FY 2016 YoY, at US$ 80.9 million. EBITDA maximization was driven by both commercial and cruise segments. Cruise EBITDA registered 7.2% growth in FY 2016 YoY, reaching US$ 36.9 million; while commercial EBITDA increased by 10.9% in the same period YoY, at US$ 44.0 million. When the pro-forma effect of the Valletta Cruise Port acquisition in FY 2015 is included, segmental EBITDA imply 3% organic growth, while cruise EBITDA indicate a 5.1% drop due to the shrinkage at Turkish cruise ports.

Cruise EBITDA margin lost a couple of points in FY 2016 YoY due to a lower contribution from Ege Ports (Turkey), which operated at an 82% EBITDA margin in FY 2015, yet stood at a satisfactory 77% level. Conversely, driven by the per TEU and per ton revenue increase at Port Akdeniz, coupled with a higher yield project cargo effect at both Port Akdeniz and Port of Adria, commercial EBITDA margin posted a 400bps increase (reaching 71.9%) in FY 2016 YoY. As a reminder, cruise EBITDA margin and commercial EBITDA margin for FY 2015 had stood at 73.2% and 67.9%, respectively. The strong revenue performance was mainly driven by Port Akdeniz, Antalya (commercial), Creuers (Barcelona including Malaga), and Malta; while solid EBITDA development YoY in FY 2016 was driven by Port Akdeniz, Antalya (commercial), Creuers (Barcelona including Malaga), Malta, Adria, and minorities (Venice, Lisbon and Singapore).

The net debt/EBITDA stood at 3.7x in FY 2016 compared to 3.3x 2015 YE PF (inclusive of full operational year for the Malta acquisition). Gross debt/EBITDA stood at 4.4x in FY 2016, compared to 4.3x in FY 2015 in line with bond covenants.

Cruise Port Operations:
Thanks to its well-diversified portfolio and successful recent acquisitions, GPH expanded its cruise passenger base by a significant 11% in FY 2016 YoY, through organic and inorganic growth. Barcelona, Malaga, Singapore, Valletta (Malta) and Lisbon were the main contributors, compensating for contraction at Turkish cruise ports to a large extent, and expanding the passenger base. Total cruise revenues and total cruise EBITDA recorded 14.0% and 7.2% growth, respectively, while cruise EBITDA margin fell from 73.2% in 2015 to 68.8% in FY 2016. The decline in cruise EBITDA margin is mainly attributable to the lower contribution from Ege Ports in Turkey, which operates at a 70%-80% EBITDA margin (FY 2015 EBITDA Margin of Ege Ports was 82%).

Outside Turkey, cruise revenues and EBITDA posted 11.5% and 22.2% increases in FY 2016 YoY, respectively, mainly due to:

- 4.7% YoY organic growth in passenger numbers outside Turkey;
- The increasing share of turnaround passengers in Barcelona and Malaga;
- Ancillary revenues in Malta (commercial berthing, heavy machinery, duty free); and
- An EBITDA contribution from recently acquired Venice, and increasing contributions from Lisbon and Singapore through equity pick-up.

Creuers' (Barcelona including Malaga) revenues rose by 9.8% in FY 2016 YoY, reaching US$ 27.1 million, while EBITDA increased by 11.4%, to US$ 18.0 million. Accordingly, the EBITDA margin registered a 95bps increase, reaching 66.5% in FY 2016. Barcelona and Malaga cruise ports' share of turnaround passengers, which are more profitable, rose considerably in FY 2016 YoY, contributing to revenue and EBITDA generation. As the Euro/US dollar parity was relatively static in FY 2016, the increase in Creuers' revenues and EBITDA in US dollar terms was comparable to the Euro terms.

Holding a unique position for West and Eastern Mediterranean itineraries, the recently acquired Valletta Cruise Port (Malta) contributed significantly to GPH's FY 2016 passenger, revenue and EBITDA performance. In line with GPH's strategy to bolster efficiency at the ports it acquires, Valletta Cruise Port's revenues rose by 15.6% to US$ 11.8 million, while EBITDA surged by a solid 31.0% at US$ 5.9 million in FY 2016 YoY, implying a 583bps increase in the EBITDA margin.

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

Revenue and EBITDA at Ege Port (Kuşadası) declined by 32.8% and 36.7%, respectively, in US dollar terms, in FY 2016 YoY. This drop is attributable to a 36.4% shrinkage in the port's passenger numbers due to the recent events in Turkey.

Yet, Ege Ports has been among the ports least affected in Turkey, as well as one of the country's most resilient, thanks to the port's world-class security measures and unique excursion choices. Ege Ports' standalone captured a 56% market share in Turkey in FY 2016, while GPH cruise ports in Turkey accounted for 73% of Turkey's cruise ports market in the same period (as opposed to 42% in FY 2015).

Commercial Port Operations:
The general investigation launched by Chinese officials into imports of marble at the end of May 2016, coupled with the July 2016 coup attempt in Turkey, put a cap on container volumes through Port Akdeniz during June and July. Despite this perfect storm environment, the downward impact started to ease in Q3 2016, and Port Akdeniz managed to increase container levels in Q4 2016 YoY, assuring recovery.

The TEU throughput of Port Akdeniz rose by 3.0%, while general and bulk cargo volumes grew by 14.7% in Q4 2016 YoY.

Meanwhile, total commercial revenues and EBITDA registered growth rates of 4.8% and 10.9%, respectively, in FY 2016 YoY, implying a 395bps increase in commercial EBITDA margin (FY 2016 Commercial EBITDA Margin: 71.9%).

Contributing to stronger EBITDA and margins at Port Akdeniz were tariff flexibility, the depreciation of the Turkish lira, and a recently introduced stufting revenue item (Verified Gross Mass-VGM), as well as other side revenues (i.e., container storage revenue and stuffing revenue), and project cargo element. Container yield increased by 11.3% in FY 2016 YoY, reaching US$ 205.9, and continuing to support the margins. Meanwhile, general cargo yield surged by 45.3% in FY 2016 YoY, reaching US$ 9.2 per ton. Additionally, the 11.1% depreciation in the Turkish lira in FY 2016 YoY led to a c.2.3% increase in EBITDA, as approximately 70% of the costs in Turkish port operations are in Turkish lira. The EBITDA increase in constant currencies was 7.9%. The commercial revenues and EBITDA of Port Akdeniz increased by 6.9% and 10.2%, respectively, in FY 2016 YoY, translating into a 236bps improvement in the EBITDA margin in FY 2016 YoY, which stood at a solid 77.4%.

At Port of Adria, the TEU throughput registered an increase of 7.1% in FY 2016 YoY, while cargo volume dropped in FY 2016 YoY. This is mainly due to the decrease of exports by a major producer in the region. Container yields were US$ 99.9/TEU in FY 2016 at Port of Adria, 2.9% higher than the FY 2015 figure. Meanwhile, the weighted average container yield for combined commercial ports operations stood at US$ 185.2/TEU in FY 2016, suggesting a strong 9.4% increase YoY. Driven by project cargo, general cargo revenue per ton climbed to US$ 32.6 in FY 2016 from US$ 9.2 in FY 2015, supporting revenue and EBITDA generation at Port of Adria. Project cargo elements include the machinery, equipment and construction to be utilized at regional development projects. Port of Adria's EBITDA grew by 21.5%, reaching US$ 2.7 million, and implying a 826bps increase in the EBITDA margin.

KEY OPERATIONAL AND FINANCIAL FIGURES	2015	2015 PF[1]	2016	2015-2016 YoY Change
Passenger (million PAX)[2]	4.1	4.8	4.6	10.8%
Cargo ('000 Tons)	1,461.0	1,461.0	1,401.4	-4.1%
Throughput ('000 TEU)	217.5	217.5	213.9	-1.7%
Revenue (US$ mn)	105.5	115.7	114.9	8.9%
Cruise Revenue (US$ mn)[3]	47.0	57.3	53.6	14.0%
Commercial Revenue (US$ mn)	58.5	58.5	61.2	4.8%
Segmental EBITDA (US$ mn)[4]	74.1	78.6	80.9	9.2%
Segmental EBITDA Margin	70.3%	67.9%	70.5%	+20 bps
Cruise EBITDA (US$ mn)	34.4	38.9	36.9	7.2%
Cruise Margin	73.2%	67.9%	68.8%	-440bps
Commercial EBITDA (US$ mn)	39.7	39.7	44.0	10.9%
Commercial Margin	67.9%	67.9%	71.9%	+400bps
Consolidated EBITDA (US$ mn)	71.2	75.7	75.9	6.6%
Consolidated EBITDA Margin	67.5%	65.4%	66.1%	-140bps

[1] Proforma for 2015 effect of Valletta Cruise Port (Malta) acquisition
[2] Passenger numbers include Lisbon and Singapore Pax fully
[3] Revenue allocated to cruise segment includes sum of revenues of cruise ports excluding Singapore and Lisbon, as well as cruise portion of revenue from Port Akdeniz, which while mainly a commercial port also has minor cruise operations
[4] Segmental EBITDA figures indicate only operational companies; excludes GPH solo expenses

CREDIT RATINGS

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

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

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

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

Short-Term International Foreign Currency: A-3 / (Stable Outlook)

Short-Term International Local Currency: A-3 / (Stable Outlook)

Short-Term National Local Rating: A-1+ (Trk) / (Stable Outlook)

Sponsor Support: 2

Stand Alone: AB

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

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

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

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

EVENTS

LISBON AND MALAGA HAVE BEEN SELECTED TO HOST THE NEXT SEATRADE CRUISE MED, THE MAJOR BIENNAL CRUISE EVENT FOR THE MEDITERRANEAN.

Seatrade Cruise Global-2017
This year the Seatrade Cruise Global took place March 13-16, 2017 at the Fort Lauderdale Broward County Convention Center. The exhibition has been the leading annual global business-to-business event for the cruise industry for more than 30 years. Bringing together buyers and suppliers for a four-day conference and three-day exhibition, the gathering draws more than 10,000 registered attendees, over 700 exhibiting companies from 93 countries and more than 300 international journalists to become the cruise industry's epicenter of ideas, products and services.

Global Ports Holding (GPH) had another successful event positioning itself as a powerful operator and key stakeholder of the industry. GPH ports held over 50 meetings with total of 26 cruise lines. The one stop shop concept was introduced by consolidated meetings which benefitted all GPH ports.

GPH has taken its influential place in the cruise industry's most important global platform, with high visibility. GPH had an impressive booth and hosted its annual cocktail where the sector's leading names got together. GPH was the registration sponsor, one of the key sponsorships of Seatrade. GPH participated as speaker in "The Future of Cruising in Europe" session. Furthermore, GPH was present at all industry publications with articles, interviews and ads.

Located strategically, GPH had one of the largest company booths. All 14 ports were represented under the GPH umbrella at its booth. Each port assigned at least one of their representatives to the booth at all times. The booth was very busy and hosted numerous O2O meetings and informal encounters Eight countries' food presentations increased booth traffic and created networking opportunities for all GPH executives. The new GPH video was broadcasted during the event.

Thanks to strategic location and prominent branding, GPH's brand visibility was very high. The main branding message was "The World's Largest Cruise Port Operator." GPH had logo branding at the registration area (banners, screens, floor logo), on the web and in confirmation emails, on post-show surveys, table signs at the cafe and on all the materials that sponsors' logos were presented. GPH inserts were also included in the show bags. Emre Sayın's interviews were published in Cruise Insight, Cruise Times & Cruise and Ferry Review and there was an advertorial page, promoting GPH ports, at Seatrade Cruise Review and Cruise Industry News. For extended brand visibility, GPH advertised in all important cruise publications that were available during the show.

The Cruise Insight Awards were named through the voting of the luminary cruise industry executives during Seatrade. At the voting, in which cruise destinations and ports are evaluated, four ports of Global Ports Holding garnered awards.

In addition, two GPH Cruise Port cities have been selected to host the next two editions of Seatrade Med, the major biennial cruise event for the Mediterranean and its adjoining seas, the world's second largest cruise region. The ports in Lisbon (2018) and Malaga (2020) will host more than 4,000 participants during the event that attracts exhibitors from all around the world to showcase products, demonstrate new innovations and discuss the latest industry trends.

On the occasion of Seatrade, GPH hosted its annual cocktail party at W Fort Lauderdale on March 14. Over 250 of the sector's leading names, from government officials to cruise lines and ports, had a wonderful night with an atmosphere of great connection and joy. With the live music and Cirque du Soleil concept shows, the event left its imprint as "The Cocktail" of Seatrade.

Seatrade Med-2016
Global Ports Holding attended Seatrade Cruise Med 2016 hosted by the Port Authority of Santa Cruz de Tenerife, in Tenerife, Canary Islands. The biannual event brought together more than 180 international organizations and 3,500 participants. Held September 21-23, 2016 at the International Trade Fair and Congress Center in Santa Cruz de Tenerife, GPH exhibited from a central booth in the MedCruise Pavilion. The Company showcased its 11 ports and terminals, while welcoming industry executives and representatives from cruise lines and ports. GPH was also a sponsor of the venue's branding and a reception for leading professionals in the sector.

At a press conference to launch the event, Global Ports Holding's CEO, Mr. Emre Sayın, presented a discussion on Global Ports' current potential, future outlook and its innovative approaches to international industry executives and journalists. Industry leaders also attended a cocktail event organized by Global Ports Holding, where GPH Marketing Director Ms. Carla Salvadó, a keynote speaker, noted the importance of solid relationships between port and city.

On September 22, Seatrade Cruise Med held its awards ceremony to recognize the winners of the 2016 Seatrade Cruise Awards. Mr. Mehmet Kutman, Chairman and CEO of Global Investment Holdings and Chairman of Global Ports Holding, was presented with the "Seatrade Personality of the Year Award 2016"; Emre Sayın, CEO of Global Ports Holding accepted the award on his behalf, saying that a cruise can be a better experience when cruise lines and cruise ports work together.

Seatrade Cruise Global-2016
On March 14-17, 2016, Global Ports Holding participated in Seatrade Cruise Global 2016, held at the Fort Lauderdale Broward County Convention Center, a 45-minute drive from the "Cruise Capital of the World."

Seatrade Cruise Global has been the leading international exhibition and conference serving the cruise industry for more than 30 years. Seatrade Cruise Global draws more than 11,000 registered attendees, over 800 exhibiting companies from 93 countries, and more than 300 international journalists to exchange ideas, products and services.

Strategically located in one of the largest island booths, Global Ports Holding prominently represented 10 ports under the GPH umbrella, highlighting the Company's presence in seven countries. As the world's largest cruise port operator, Global Ports Holding showcased both the Company and its ports, highlighting the culture of Turkey as well as those countries where the ports are located.

GPH also hosted its annual cocktail party on the event's second day. Attendees included government officials and representatives of cruise lines and ports. Overlooking the Fort Lauderdale waterfront, guests enjoyed live music and cocktails, in addition to a "mermaids" show and culinary treats from the ports' home countries.

AWARDS

MEHMET KUTMAN, GPH CHAIRMAN, WAS NAMED "PERSONALITY OF THE YEAR" AT THE SEATRADE CRUISE AWARDS.

"FOUR AWARDS AT SEATRADE CRUISE GLOBAL EVENT"

Global Ports Holding (GPH) won four awards from Cruise Insight at Seatrade Cruise Global, the leading annual global event for the cruise industry.

SEATRADE CRUISE AWARDS

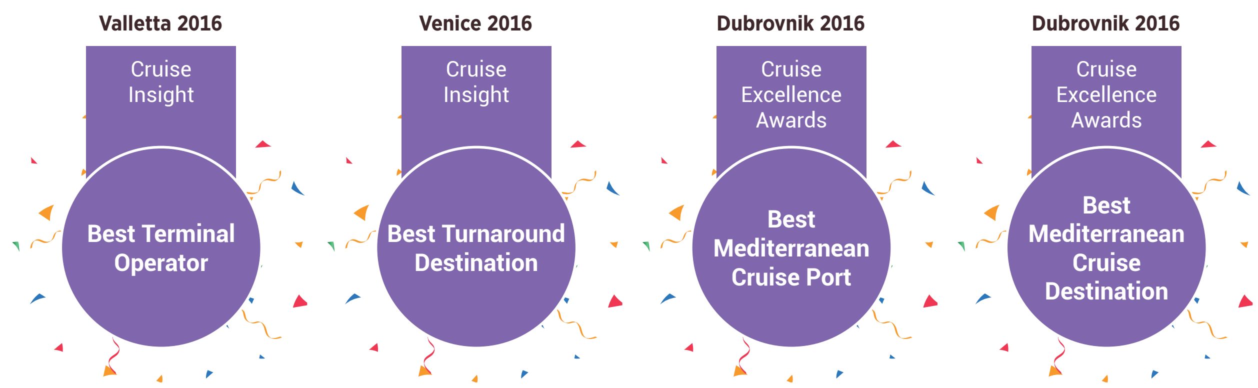
Personality of the Year
The winners of the 2016 Seatrade Cruise Awards were announced on September 22 during a ceremony at the Auditorio de Tenerife Adán Martín in Santa Cruz de Tenerife, as part of Seatrade Cruise Med. The awards, celebrating their tenth anniversary this year, recognize the very best of international cruise industry success. Seatrade's "Personality of the Year Award 2016" was awarded to Mr. Mehmet Kutman, the Chairman. Emre Sayın, CEO of Global Ports Holding, attended the ceremony and accepted the award on behalf of Mehmet Kutman.

Global Ports Holding wins four awards at Seatrade Cruise Global event
Global Ports Holding (GPH) won four awards from Cruise Insight at Seatrade Cruise Global, the leading annual global event for the cruise industry. Cruise Insight, one of the leading magazines in the cruise industry, announced this year's award winners at the Fort Lauderdale Broward County Convention Center. Following the judge's evaluation of leading cruise destinations and ports, GPH was recognized with the following awards:
•Barcelona Cruise Port-"Best Turnaround Port Operations"
•Valletta Cruise Port-"Best Terminal Operator"
•Singapore Cruise Port-"Best Turnaround Destination"
•Venice Cruise Port-"Best Turnaround Destination"

Emre Sayın, CEO of Global Ports Holding stated: "We are delighted to be recognized for the high standards of service and operational excellence across our business. 2016 has been a significant milestone year for Global Ports Holding, having expanded our portfolio to 14 ports across eight countries. As we continue to grow and apply our unique model to all the locations in which we operate, I would like to congratulate everyone within our organization on the delivery of this vision and on the acknowledgment we have received at these prestigious awards."

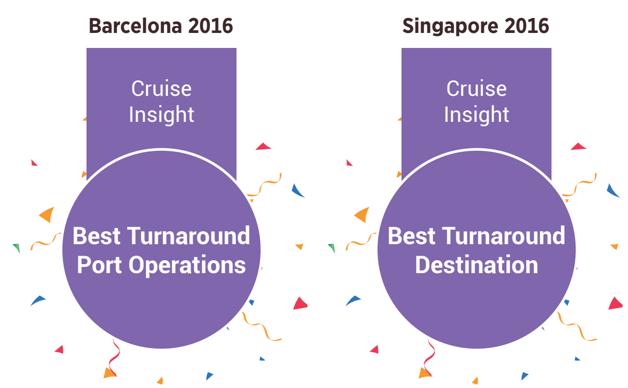
The success in four categories at this year's event builds on the three awards that GPH received last year from Cruise Insight.

WE ARE PROUD THAT OUR EFFORTS ARE PUBLICLY RECOGNIZED BY LEADING PUBLICATIONS AND ORGANIZATIONS AS AN EXCEPTIONAL SERVICE PROVIDER, AS WELL AS AN INNOVATIVE COMPANY.

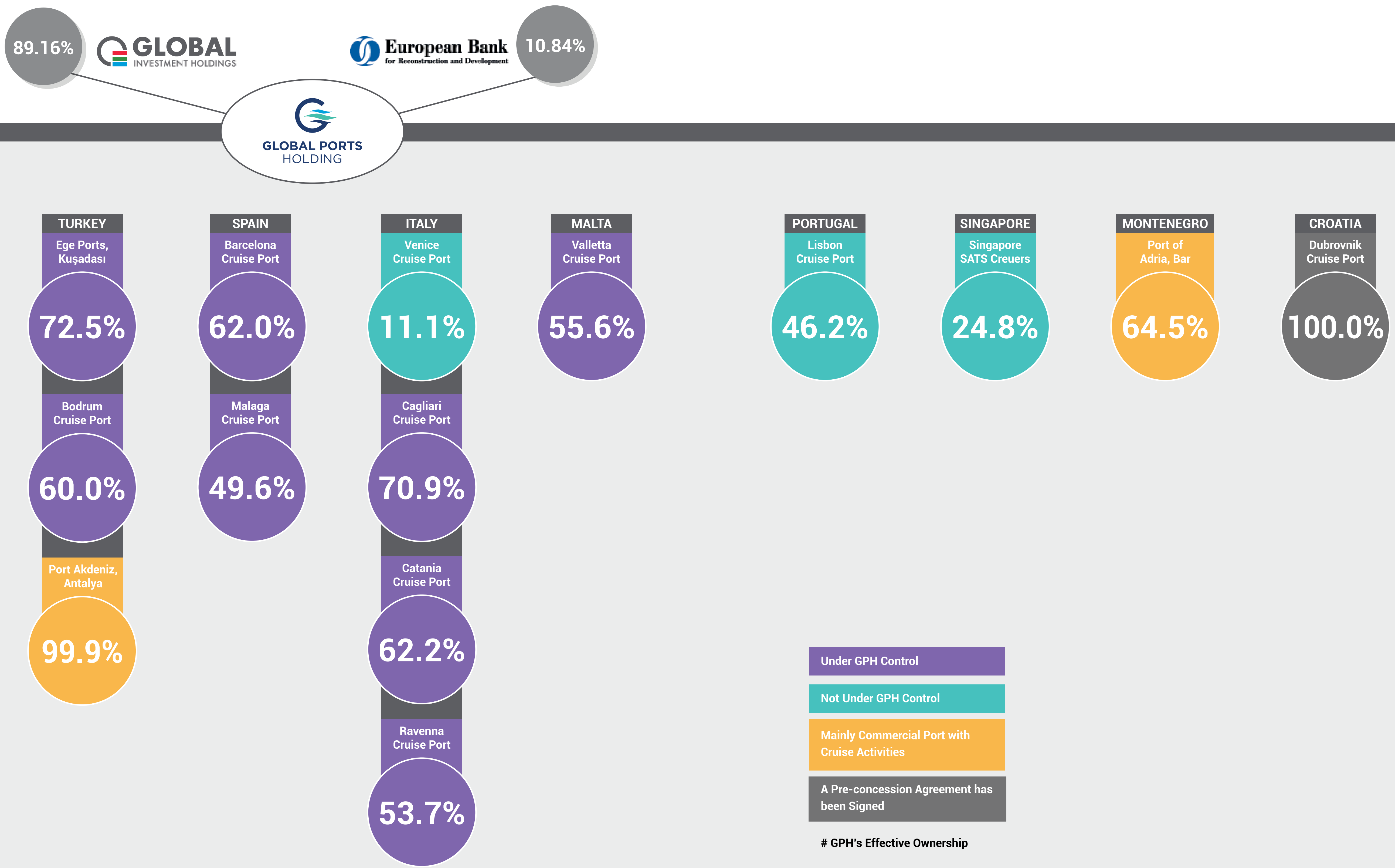


Proof points of our ports' performance culture
Over the years, all GPH ports have been named and recognized for their excellent operations and services. We are proud that our efforts are publicly recognized by leading publications and organizations as an exceptional service provider, as well as an innovative company. Below is a selection of the awards and recognitions that GPH ports have received.

10 Dream World Cruise Destinations: Barcelona 2003 to 2010
33 Cruise Insight: Barcelona 2003 to 2016
6 Cruise Excellence Awards: Dubrovnik 2009 to 2016
3 Dream Worlds Cruise Destinations: Valletta 2007 to 2010
9 World Travel Awards: Lisbon 2009 to 2016
6 Cruise Insight: Valletta 2011 to 2016
3 Dream World Cruise Destinations: Venice 2008 to 2011
7 Cruise News Media Group: Venice 2008 to 2015
5 Cruise Insight: Venice 2012 to 2016



SUBSIDIARY STRUCTURE



BOARD OF DIRECTORS

Mehmet Kutman
Chairman

Mr. Kutman has served as Chairman of Global Ports Holding since April 2012. He was reappointed to the Board of GPH at the GPH Ordinary General Assembly on March 12, 2015 to serve until the following year's Ordinary General Assembly meeting. Mr. Kutman was a founding shareholder of Global Securities and GIH, and formerly served as Global Security's Chief Executive Officer. In addition to his active involvement in the business development and project management of GPH on a transaction-by-transaction basis, Mr. Kutman is the Chairman of the Board of Directors of GIH, Ortadoğu Antalya, Ege Liman and Bodrum Liman. Prior to founding Global Securities in 1990, Mr. Kutman was a Project Manager at the Turkish corporate group Net Holding A.Ş., involved in tourism and related sectors, from 1989 to 1990. Between 1984 and 1989, he resided in the United States, where he served as Vice President of North Carolina National Bank, Sexton Roses Inc. and Philip Bush & Associates. Mr. Kutman holds a BA (Hons.) degree from Boğaziçi University and an MBA from the University of Texas.

Ayşegül Bensel
Vice Chairperson

Mrs. Bensel has served as a member of the Board since April 2004. She was reappointed to the Board of GPH at the GPH Ordinary General Assembly on March 12, 2015 to serve until the following year's Ordinary General Assembly meeting. Mrs. Bensel also serves as a Member of the Board of Directors of GIH, Ortadoğu Antalya and Bodrum Liman, and is currently Managing Director of the Real Estate Division of GIH. In addition, she has served as a Member of the Board of Directors of Dağören Energy, Global Energy, Global Insurance, Mavi Bayrak and Torba, and Chairperson of the Board of Directors of Salıpazarı İnşaat. Until the sale of Global Hayat in 2005, Mrs. Bensel had been Chairperson of the Board of Directors of Global Hayat, and had served as its Chief Executive Officer since its formation in 2003. Mrs. Bensel has also been a Member of the Board of Directors of Global Securities since its formation in 2004. In addition, she has served as the Chief Executive Officer of Pera REIT Company. Previously, Mrs. Bensel was Co-Director of Research within Global Securities from 1998 to 1999, and Assistant Director of Research from 1993 to 1998. Prior to joining Global Securities as an equity research analyst in 1991, Mrs. Bensel was a foreign exchange dealing manager in the Turkish banking sector. Mrs. Bensel holds a BA in Business Administration and Finance from Hacettepe University, Ankara.

Serdar Kırmaz
Board Member

Mr. Kırmaz graduated from Middle East Technical University in 1987 with a degree in Business Administration. He worked with the OYAK Group in Ankara, and joined PricewaterhouseCoopers (PwC) Turkey in 1988, where he became a Partner in 1996. He worked at PwC until 1997, including a short period at PwC Hungary. Mr. Kırmaz then worked as a freelance consultant, advising various Turkish companies between 1997 and 1999. He continued his career as Chief Financial Officer at STFA Group between 1999 to 2005, followed by GIH between 2005 to 2007, and then at Doğan Group between 2007 to 2010. Mr. Kırmaz has built considerable experience in mergers and acquisitions and company restructurings, as well as corporate governance. He rejoined GIH in June 2010, and serves on the Board at the holding company and its various subsidiaries. He was reappointed to the Board of GPH at the GPH Ordinary General Assembly on March 12, 2015 to serve until the following year's Ordinary General Assembly meeting.

Dr. Ayhan Paksoy
Board Member

Dr. Paksoy has served as a Member of the Board since September 2010. He was reappointed to the Board of GPH at the GPH Ordinary General Assembly on March 12, 2015 to serve until the following year's Ordinary General Assembly Meeting. Dr. Paksoy also serves as a Member of the Board of Directors of Ortadoğu Antalya. Dr. Paksoy serves on the Board of Directors of the European Ready Mixed Concrete Organization and the Turkish Ready Mixed Concrete Organization, as well as holding the position of Councilor in the Turkish Maritime Organization. Prior to his appointment as a Member of the Board, Dr. Paksoy was the Chairman and Vice-Chairman of Kumport Port between 1990 and 2004. During the same period, he also served as Chairman in various companies in the maritime and construction sectors, including Alyans and Paksoy Yapı, which he established in 1983. Dr. Paksoy holds a degree in Medicine from Cerrahpaşa Medical University.

Jérôme Bayle
Independent Board Member

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

Thomas Maier
Board Member

Mr. Maier is the Managing Director for Infrastructure at the European Bank for Reconstruction and Development (EBRD), where he oversees the Bank's operations in the municipal and environmental infrastructure and transport sectors. Mr. Maier joined the EBRD as Senior Project Manager in August 1993, and later worked as Senior Banker on the Romania, Moldova, Croatia and Ukraine country team. In 1999, he moved to the municipal and environmental infrastructure team as Deputy Director and became Team Director in October 2001. Previously, Mr. Maier worked at NatWest Markets engaged in acquisitions, management buy-outs and highly leveraged transactions in the UK and Western Europe. Mr. Maier is a German national and holds a degree in Public Management and an MA in Development Economics.

Ercan Nuri Ergül
Board Member

Mr. Ergül was appointed as a member of the Board of the Company on April 11, 2017. He is also a Board Member of Sekom, the leading Turkish network systems integrator provider, and smg Multimedia, a provider of in-store audio marketing solutions. Between 2006 and 2013, he was Managing Director and Partner of Bedminster Capital Management LLC, a private equity firm. Between 1995 and 2004, he was a Director of Global Securities, an investment bank. He has a BSc with a major in Mechanical Engineering from Middle East Technical University and a MBA with a concentration in Finance from the Hough Graduate School of Business, University of Florida.

SENIOR MANAGEMENT

Emre Sayın
CEO

Mr. Sayın was appointed Chief Executive Officer of Global Ports Holding in 2016. After graduating from the Department of Industrial Engineering, Boğaziçi University, Mr. Sayın completed his postgraduate degree in Systems Engineering at Rutgers and Princeton Universities. He began his career as Management Expert at Merrill Lynch, Princeton in 1992. In 1993, he joined Unilever and worked in high level positions for seven years in various departments, including Marketing and Management of chain stores. Following Unilever, he moved to Microsoft, where he was the Marketing Deputy General Manager for three years. He continued his career as the General Manager of Kodak until 2005. From 2005 to 2007, he worked as Chief Marketing Officer at Evyap. Mr. Sayın worked in high-level positions such as Chief Commercial Officer, Consumer and Chief Marketing Officer at Turkcell, reporting directly to the Chief Executive Officer, for seven years. Over the past three years, he has worked as Chief Business Development Officer at Vimpelcom, Amsterdam, and as Senior Advisor at Verizon, New York.

Ferdağ Ildır
CFO

Ms. Ildır was appointed Chief Financial Officer at Global Ports Holding in 2010. Previously, she was the Chief Financial Officer at Kuşadası Cruise Port, Bodrum Cruise Port and Port Akdeniz in Antalya. She has been involved in GPH port projects, taking an active role in the formation of the current portfolio. Between 2010 and 2012, in addition to port operations, she was responsible for the energy operations before joining Global Ports Holding. She was Accounting Division Manager at the Teba Group from 2004 to 2005, and held various positions at Arthur Andersen and Ernst & Young until 2004. Ms. Ildır holds a BSc degree in Economics from Dokuz Eylül University.

Arpak Demircan
CBDO

Mr. Demircan is the Chief Business Development Officer of GPH. Prior, and since 2007, he was the Vice President of Business Development at Global Investment Holdings. From 2004 to 2007, Mr. Demircan held a variety of positions within the Business Development Department of Global Investment Holdings. In this capacity, he assumed such key responsibilities as establishing GPH's portfolio of ports and leading a number of M&A and major privatization transactions in the infrastructure and transportation sectors, both in Turkey and abroad. Mr. Demircan serves on the Board of Directors of Port Akdeniz in Antalya, Kuşadası Cruise Port and Bodrum Cruise Port. He holds a BS degree in Industrial Engineering from Eastern Mediterranean University, and an MBA degree with a concentration in Finance from United States International University, San Diego, California.

Stephen Xuereb
COO & Valletta Cruise Port GM

Mr. Xuereb was appointed Chief Operating Officer of Global Ports Holding in 2016. He has also served as the General Manager of Valletta Cruise Port since 2014. He has been employed by the company since its inception in 2002, and was appointed as Group Chief Finance Officer in 2009. He was responsible for setting up finance and administration functions and overseeing the financing of the EUR 37 million capital-intensive project, as well as playing an active role in developing the cruise line business in Malta and ancillary support services. Mr. Xuereb has more than 20 years of senior management experience, 13 of which were in the cruise industry. Prior to that, he occupied posts in the audit and financial advisory sectors, as well in the retail, property and hospitality industries. Mr. Xuereb is a Fellow of the Chartered Institute of Accountants, and a Henley MBA graduate.

Carla Salvado
Director of Cruise Marketing

Ms. Salvado was appointed Director of Cruise Marketing at Global Ports Holding in 2016. She began her professional career at Port of Barcelona in 1992 and was first active in the cruise industry in 2003. She worked as Secretary General of MedCruise, the Association of the Mediterranean Cruise Industry between 2003 and 2006. She joined Barcelona Port Authority in 2006 as Cruise Manager where, in 2010, she was appointed Marketing and Cruise Director. She has taken roles on the Boards of Directors at Creuers del Port de Barcelona, Cruceros Malaga, and MedCruise. In September 2014, she was appointed President of MedCruise Association. 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 also successfully completed the Program for Management Development (PMD) at ESADE, and attended the Value Innovation Program at INSEAD, Paris.

Anna D'Imporzano
Ravenna Cruise Terminal GM

Mrs. D'Imporzano has been the General Manager of Ravenna Cruise Terminal since 2012. Previously, she was a consultant for port operations, communication and marketing for the cruise terminals of Cagliari and Catania. Having served in major Italian port agencies and tour operators, she has longstanding senior management experience in port operations, ground handling and shore excursions. Mrs. D'Imporzano has also been involved in communication and marketing related to the cruise industry, having extensive knowledge of industry dynamics and requirements. Mrs. D'Imporzano holds a degree in Physical Education and, since 1990, she has attended courses and trainings in management, communications & marketing, port operations, security, compliance, care awareness, and emergency & crowd management. She is also a licensed port agent in Italy.

Antonio Di Monte
Cagliari Cruise Port & Catania Cruise Terminal GM

Mr. Di Monte was appointed General Manager of Cagliari Cruise Port and Catania Cruise Terminal in 2016. He has served as Chief Executive Officer of the Cagliari Cruise Company since its inception in August 2012. Before becoming involved in the cruise industry in 2011, Mr. Di Monte worked for over 25 years in the field of marinas and yachting, occupying top management positions in numerous public and private companies where he held key roles in the planning, implementation and management of major marinas in Italy. Mr. Di Monte has been a registered Statutory Auditor by the Italian Official Register of Auditors since 2005 and was certified as a Port Facility Security Officer by the Venice Maritime School in 2014.

Aziz Güngör
Ege Ports & Bodrum Cruise Port GM

Mr. Güngör has been the General Manager of Ege Ports-Kuşadası since 2006. He has served as General Manager at Bodrum Cruise Port since 2008. Prior to starting his career at Global Ports Holding, he served not only as the Marina Manager at Setur Kuşadası Marina but also as the Sales and Marketing Director at Setur Marinas Group, a privately-operated marina chain of 11 marinas, which is a subsidiary of Koç Holding, the largest private holding company in Turkey. Mr. Güngör served as a Board Member of DTB-Turkish Marine Tourism Association between 2011-2013 and as a Board Member of MedCruise-Association of Mediterranean Cruise Ports in 2014. He has served as a Board Member at TÜRKLİM-Port Operators Association of Turkey since 2014. Mr. Güngör began his career in the marine tourism sector in 1994 as a management trainee in the Tourism Division of Koç Holding (Koç Group) and has held a variety of executive positions within the Group since 2006. He holds a Bachelor's degree in Tourism Administration and Hospitality Management from Mediterranean University.

Carles Domingo Pagès
Creuers Barcelona GM

Mr. Domingo Pagès has been the General Manager at Creuers Barcelona since 1999. Prior to that, he was Vice-President of Standard Electrical Materials at ABB Spain S.A., and General Manager at Metron S.A., a Spanish subsidiary of Swiss Company Brown Boveri. He started his career as General Manager at Mapor S.A., a container handling and logistics company based out of the Port of Barcelona, where he was a special contractor for the transportation to the site of NASA components for satellite tracking stations in Spain. Mr. Domingo Pagès holds a Doctorate in Engineering from Escola Superior d'Enginyers Industrials de Barcelona, and completed the Management Development Program at IESE Business School in Barcelona.

Gonca Uygun
Bodrum Cruise Port Manager

Mrs. Uygun is the Harbor Manager at Bodrum Cruise Port. She served as Operations Manager of D-Marin Turgutreis Marina for eight years and, prior to that, she was the Managing Director of several privately-owned marinas. She also served as the Marina Manager at Kemer Turkiz Marina in the Antalya region, Aganlar Boat and Shipyard in Bodrum, and Marinturk Pendik Marina in İstanbul. Mrs. Uygun holds a Bachelor's degree in Management from Middle East Technical University, Turkey, and is a Member of SKAL Turkey-the International Association of Travel and Tourism Professionals.

Lionel Wong
SATS Crueurs Singapore GM

Mr. Wong has been the General Manager at SATS Creuers Cruise Singapore since January 2016. He was previously the Regional Head of Corporate Business Development at SATS, where he was responsible for establishing and developing SATS's business operations and scope through strategic partnerships, joint ventures, and mergers and acquisitions in the Middle East, ASEAN, Japan, and South Korea regions. Mr. Wong was also previously responsible for the Low-Cost Carrier Catering division of Asia Pacific Star (APS) Pte Ltd., a subsidiary of SATS, where he spearheaded innovative drives to optimize operations, manage costs and drive revenues by implementing ambient shelf-stable ready-to-eat meals featured on some low-cost airline customers today. He also revamped marketing and ancillary revenue streams by creating fresh approaches to marketing and promotions with a B2C focus. Mr. Wong holds a Master's degree in Business Administration from Murdoch University, Perth, Australia.

Özgür Sert
Port Akdeniz GM

Mr. Sert has been the General Manager at Port Akdeniz, Antalya, since late 2012. Prior to his appointment as Commercial Manager at Port Akdeniz, Mr. Sert had been Business Development Manager at GPH. The holder of an ocean-going master's license, he graduated from Istanbul Technical University's Maritime Faculty in 2000. He also worked as a merchant marine between 2000 and 2007, and as an Operations Manager in Ship Management, Agency & Container Terminals between 2006 and 2011.

Ricardo Ferreira
Lisbon Cruise Terminals GM

Mr. Ferreira has served as General Manager at LCP since June 2014. Prior to his appointment, he had worked as Hotel & Resort Operations Manager at Praia D'El Rey Marriott Golf & Beach Resort, from November 2013 until May 2014, and as Operations Director of Sonae Turismo, and Troia resort, between January 2013 and October 2013. He received a PGG in the General Management Program from the Lisbon School of Business & Economics in 2011, and a degree in Corporate Sciences from Universidade Fernando Pessoa in 2009.

Sedat Kara
Port of Adria GM

Mr. Kara was appointed General Manager of Port of Adria in December 2015, having joined the GPH family at Port Akdeniz, Antalya in 2012. Since then, he has overseen Commercial Activities at Port Akdeniz and Port of Adria-Bar. He was transferred from Port Akdeniz to Port of Adria in November 2013. He was also the Commercial Coordinator at Bar-MNE. Mr. Kara graduated in 2009 from Dokuz Eylül University, Izmir, Department of Maritime Business and Management.

Susana Gutierrez
Cruceros Malaga GM

Ms. Gutierrez has been the General Manager at Cruceros Malaga since 2008. Prior to that, she worked for three years as Planning and Coordination Manager at Malagaport, also coordinating Malaga Port Services' publicity and commercialization activities. Ms. Gutierrez graduated from the University of Malaga with a Translation and Interpreting degree, holds a Cruise Ship Industry Master's degree from Cambridge University, and has completed Professional Cruise Ship Education at the Med Cruise Association. She also received Port Facility Security Certification from Universidad Politècnica de Catalunya.

Zoran Škorić
Dubrovnik Cruise Port GM

Mr. Škorić was appointed General Manager of Dubrovnik International Cruise Port Investment in April 2017. Prior to joining GPH, he served as Director of Hotel Operations at BlueSun Hotels & Resorts Zagreb, from July 2011 to March 2017; and as the Hotel Director for the same chain in Marija Bistrica, from March 2009 to July 2011. He started his career in the cruise industry at Carnival Cruise Lines' F&B division. Mr. Škorić holds a Bachelor's degree in Economics from Libertas Business College.

CORPORATE GOVERNANCE

Global Ports Holding ("GPH" or the "Company"), shares of which are owned by Global Investment Holdings ("GIH") and the European Bank for Reconstruction and Development ("EBRD"), is a private non-listed company that aims for long-term sustainable achievements. The Company is committed to increasing shareholder value and stakeholder satisfaction by adopting and adhering to world-class corporate governance guidelines. In addition to the Company's trajectory and vision, through its partnership with the EBRD in 2015, GPH has gained further strength in pursuing its goals.

I. Board of Directors

I.I Composition

The Company's businesses and management are carried out by the Board of Directors (or the "Board"), which consists of 7 (seven) members elected by the General Assembly, under the provisions of the Turkish Commercial Code and the Articles of Association. GIH is entitled to nominate 6 (six) candidates and EBRD 1 (one) candidate to the Board.

I.II Independent Directors

Although GPH is not subject to any legislation or regulation requiring independent Board Members, the Company has adopted a policy of having at least 2 (two) independent Board Members. Ayhan Paksoy and Jerome Bayle have been appointed to the Board as independent directors.

I.III Corporate Secretary

A Board Secretary has been appointed by the Board to support the activities of the Board, Committees, and individual Board Members.

I.IV Board Evaluation

A formal annual evaluation of the Board, assessments of Committees and individual Board members' performances will be conducted once a year by the Chairman, and once every three years by a reputable external consultant.

II. Audit and Risk Committee

The Company has established an Audit and Risk Committee, the majority of which is comprised of independent Board members. As of the date of this report, Jerome Bayle and Ayhan Paksoy are the members of this Committee, which is chaired by Serdar Kirmaz.

II.I Audit

The Committee serves as a focal point for communication between directors, the external auditor and the internal auditor regarding their duties relating to financial and other reporting, internal controls, external and internal audits and other such matters the Board determines from time to time.

The Committee assists the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Company, and as to the adequacy of the external and internal audits.

II.II Risk

The Committee takes actions on the purposes of early detection and identification of risks, which may endanger the development, existence and survival of the Company, as well as for the implementation of measures relating to the determined risks, and for management of risks.

III. Remuneration and Corporate Governance Committee

The Company has established a Remuneration and Corporate Governance Committee. As of the date of this report, Ayşegül Bensel, Ayhan Paksoy, and Thomas Maier are the members of this Committee, which is chaired by Jerome Bayle.

III.I Remuneration

The Committee determines the principles regarding the compensation of top management of the Company, including the Board, the CEO and the executive team, as well as ensuring the existence and monitoring the performance of proper compensation policies and procedures for all employees of the Company.

III.II Corporate Governance

The Committee further provides assistance to the Board in fulfilling its responsibility to the shareholders, potential shareholders and investors, and stakeholders by developing and recommending a set of corporate governance principles and reviewing ongoing developments and best practices in corporate governance affecting the Company to the Board of Directors.

IV. Internal Audit

GPH has an internal audit function reporting directly to the Board of Directors of the Company, the principal responsibility of which is to review the application and effectiveness of the internal control procedures and systems, and to ensure the prevention and detection of irregularities.

V. Organizational Chart

The Organizational Chart amended and approved in September 2015 is as follows: In the opinion of the Board of Directors, the organization of the Company provides clear accountability and reporting lines and the organizational chart maps the key functions and businesses of the Company. The definitions of the functions and responsibilities, reporting and accountability lines among the management and Board, to enhance the effectiveness of reporting, accountability and monitoring are established and closely monitored by the Board at all the times.

VI. Dividend Policy

The Dividend Policy has been approved by the Board of Directors and the Shareholders at the General Shareholders' Meeting.

VII. Code of Ethics

The Company's Code of Ethics is a set of essential rules that have been formulated to govern company-wide relationships, the relationships between the Company and its employees, and the relationships of all employees and the Company with customers, suppliers, and other stakeholders; to achieve the most effective use of resources; and to prevent unfair competition.

VIII. Investor Relations & Enhanced Disclosure

In order to ensure effective, continuous two-way communication between the investment community and the Company, GPH has an investor relations function reporting directly to the CEO of the Company.

In order to ensure an accurate, clear and reliable information flow to its investors and analysts, the Investor Relations Department announces major developments affecting the strategy and operations of the Company on the Company's corporate website. The IR department also prepares and publishes quarterly financial presentations on the Company's corporate website and organizes teleconferences on them. All questions directed to the Investor Relations Department are answered promptly in view of public information.

The Company regularly updates its website, and the Company webpage also includes IR contact information, annual report, financial statements, reports, and detailed corporate governance information for its shareholders and stakeholders.

The IR Department actively pursues opportunities to communicate with the investment community through all available channels.

All current and potential investors are encouraged to contact the Company at investor@globalports.com.tr and to visit the website at www.globalports.com.tr.

Please find GPH's Investor Relations contact information below:

Name-Surname	Title	Phone	Email
Aslı Su Ata	Director	+90 (212) 244 60 00	investor@globalportsholding.com

GLOBAL LİMAN İŞLETMELERİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
AND INDEPENDENT AUDITOR'S REPORT

10 March 2017

This report includes 1 page of independent auditor's report and 76 pages of consolidated financial statements together with their explanatory notes.

GLOBAL LİMAN İŞLETMELERİ A.Ş. AND ITS SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Liman İşletmeleri A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Global Liman İşletmeleri A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRT BAĞIMSIZ DENETİM VE SMMM A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

İstanbul, 10 March 2017

GLOBAL LİMAN İŞLETMELERİ A.Ş. AND ITS SUBSIDIARIES

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
Revenue	*7*	114,869	105,481
Cost of sales	*7*	(72,083)	(67,259)
Gross profit		**42,786**	**38,222**
Gain on bargain purchase	*6*	--	5,190
Selling and marketing expenses	*9*	(808)	(317)
Administrative expenses	*10*	(16,204)	(11,300)
Other income and expense	*8*	(5,032)	(7,267)
Operating profit		**20,742**	**24,528**
Finance income	*11*	15,857	32,813
Finance costs	*11*	(33,618)	(44,078)
Net finance costs		**(17,761)**	**(11,265)**
Share of profit of equity-accounted investees	*15*	2,219	671
Profit before tax		**5,200**	**13,934**
Income tax (expense) / benefit	*17*	(925)	2,526
Profit for the year		**4,275**	**16,460**
Profit for the year attributable to:			
Owners of the Company		2,208	14,157
Non-controlling interests	*22*	2,067	2,303
		4,275	**16,460**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	*21*	50	34
Income tax relating to items that will not be reclassified subsequently to profit or loss	*21*	(10)	(7)
		40	**27**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	*21*	25,655	13,078
Cash flow hedges - effective portion of changes in fair value		(247)	94
Losses on a hedge of a net investment	*21*	(59,569)	(64,629)
Income tax relating to items that may be reclassified subsequently to profit or loss	*21*	11,976	12,902
		(22,185)	**(38,555)**
Other comprehensive loss for the year, net of income tax		**(22,145)**	**(38,528)**
Total comprehensive income/(loss) for the year		**(17,870)**	**(22,068)**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(17,343)	(18,385)
Non-controlling interests	*22*	(527)	(3,683)
		(17,870)	**(22,068)**
Basic and diluted earnings per share	**27**	**0.0297**	**0.2102**

The accompanying notes are an integral part of these consolidated financial statements.

GLOBAL LİMAN İŞLETMELERİ A.Ş. AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position as at 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

	Notes	As at 31 December 2016	As at 31 December 2015
Non-current assets			
Property and equipment	12	115,765	119,771
Intangible assets	13	426,081	462,277
Goodwill	14	14,970	12,860
Equity-accounted investees	15	17,168	6,627
Other non-current assets	19	11,412	13,047
Deferred tax assets	17	3,047	3,805
Other investments	8	9	
		588,451	**618,394**
Current assets			
Trade and other receivables	18	11,922	10,801
Due from related parties	30	31,501	38,142
Other investments	16	14,602	16,907
Other current assets	19	7,768	8,008
Prepaid taxes		1,814	158
Cash and cash equivalents	20	44,310	77,423
		111,917	**151,439**
Total assets		**700,368**	**769,833**
Current liabilities			
Loans and borrowings	23	43,659	36,621
Other financial liabilities	31	140	261
Trade and other payables	24	14,463	14,665
Due to related parties	30	581	701
Current tax liabilities	17	1,814	1,900
Provisions	26	1,199	412
		61,856	**54,560**
Non-current liabilities			
Loans and borrowings	23	299,020	314,528
Other financial liabilities	31	2,524	2,156
Derivative financial liabilities	31	1,131	953
Deferred tax liabilities	17	97,173	104,170
Provisions	26	14,858	14,178
Employee benefits	25	1,287	1,464
		415,993	**437,449**
Total liabilities		**477,849**	**492,009**
Net assets		**222,519**	**277,824**
Equity			
Share capital	21	33,836	33,836
Share premium account	21	54,539	54,539
Legal reserves	21	12,424	9,917
Hedging and translation reserves	21	(2,489)	17,103
Retained earnings		43,621	78,488
Equity attributable to equity holders of the Company		**141,931**	**193,883**
Non-controlling interests	22	80,588	83,941
Total equity		**222,519**	**277,824**

The accompanying notes are an integral part of these consolidated financial statements.

GLOBAL LİMAN İŞLETMELERİ A.Ş. AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

	Notes	Share capital	Share premium	Legal reserves	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015		**31,050**	**--**	**10,117**	**(23,234)**	**72,907**	**84,104**	**174,944**	**65,283**	**240,227**
Profit for the year		--	--	--	--	--	14,157	14,157	2,303	16,460
Other comprehensive loss for the year	21	--	--	--	(51,633)	19,063	27	(32,543)	(5,985)	(38,528)
Total comprehensive income for the year		**--**	**--**	**--**	**(51,633)**	**19,063**	**14,184**	**(18,386)**	**(3,682)**	**(22,068)**
Issue of share capital	21	2,786	54,539	--	--	--	--	57,325	--	57,325
Transfer to legal reserves		--	--	(1,253)	--	--	1,253	--	--	--
Dividends	21(c)	--	--	1,053	--	--	(21,053)	(20,000)	(3,256)	(23,256)
Total contributions and distributions		2,786	54,539	(200)	--	--	(19,800)	37,325	(3,256)	34,069
Changes in ownership interests										
Acquisition of subsidiary	6(ii)	--	--	--	--	--	--	--	25,596	25,596
Total changes in ownership interests		--	--	--	--	--	--	--	25,596	25,596
Total transactions with owners of the Company		2,786	54,539	(200)	(51,633)	19,063	(5,616)	18,939	18,658	37,597
Balance at 31 December 2015		**33,836**	**54,539**	**9,917**	**(74,867)**	**91,970**	**78,488**	**193,883**	**83,941**	**277,824**

The accompanying notes are an integral part of these consolidated financial statements.

GLOBAL LİMAN İŞLETMELERİ A.Ş. AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

	Notes	Share capital	Share premium	Legal reserves	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016		**33,836**	**54,539**	**9,917**	**(74,867)**	**91,970**	**78,488**	**193,883**	**83,941**	**277,824**
Profit for the year		--	--	--	--	--	2,208	2,208	2,066	4,274
Other comprehensive loss for the year	21	--	--	--	(47,841)	28,249	40	(19,552)	(2,594)	(22,146)
Total comprehensive income for the year		**--**	**--**	**--**	**(47,841)**	**28,249**	**2,248**	**(17,344)**	**(528)**	**(17,872)**
Transfer to legal reserves		--	--	686	--	--	(686)	--	--	--
Dividends	21(c)	--	--	1,821	--	--	(36,429)	(34,608)	(3,010)	(37,618)
Total contributions and distributions		--	--	2,507	--	--	(37,115)	(34,608)	(3,010)	(37,618)
Changes in ownership interests										
Acquisition of subsidiary	6(iii)	--	--	--	--	--	--	--	185	185
Total changes in ownership interests		--	--	--	--	--	--	--	185	185
Total transactions with owners of the Company		--	--	2,507	(47,841)	28,249	(34,867)	(51,952)	(3,353)	(55,305)
Balance at 31 December 2016		**33,836**	**54,539**	**12,424**	**(122,708)**	**120,219**	**43,621**	**141,931**	**80,588**	**222,519**

The accompanying notes are an integral part of these consolidated financial statements.

GLOBAL LİMAN İŞLETMELERİ A.Ş. AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flow
for the Year Ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
Cash flows from operating activities			
Profit for the year		4,275	16,460
Adjustments for:			
Depreciation and amortization expense	12,13	40,556	38,184
Bargain purchase gain	6	--	(5,190)
Share of profit of equity-accounted investees, net of tax	15	(2,219)	(671)
Interest expense	11	26,588	24,102
Interest income	11	(3,419)	(4,683)
Income tax (benefit) / expense	17	925	(2,526)
Employment termination indemnity reserve	25	172	299
Provisional charges	26	4,145	2,987
Unrealized foreign exchange differences on loans and borrowings		15,887	8,754
Operating cash flow before changes in operating assets and liabilities		**86,909**	**77,716**
Changes in:			
- trade and other receivables		(2,059)	(4,111)
- other current assets		(1,205)	4,268
- related party receivables	30	(585)	158
- other non-current assets		3,189	(733)
- trade and other payables		(2,234)	(740)
- related party payables		(53)	279
- provisions	26	(1,779)	(770)
Cash generated by operations before benefit and tax payments		**82,183**	**76,067**
Employee benefits paid	25	(229)	(183)
Income taxes paid	17	(4,478)	(6,192)
Net cash generated from operating activities		**77,476**	**69,692**
Investing activities			
Acquisition of property and equipment	12	(8,296)	(7,146)
Acquisition of intangible assets	13	(99)	(73)
Proceeds from sale of property and equipment		38	36
Change in financial investments		4,234	703
Interest received		600	301
Acquisition of other investment		(8,576)	--
Acquisition of subsidiary	6	(2,181)	(24,950)
Advances given for tangible assets		(2,247)	(367)
Net cash used in investing activities		**(16,527)**	**(27,805)**
Financing activities			
Increase in share capital	6	--	57,325
Change in due from related parties	11,30	8,117	10,801
Change in due to related parties		173	(60)
Dividends paid		(34,607)	(23,256)
Investment in equity accounted investees		--	(4,781)
Interest paid		(26,202)	(21,172)
Proceeds from borrowings		12,486	27,021
Repayments of borrowings		(17,608)	(18,337)
Net cash (used in)/from financing activities		**(57,641)**	**27,541**
Net increase in cash and cash equivalents		**3,308**	**65,737**
Effect of foreign exchange rate changes		(37,996)	(37,333)
Cash and cash equivalents at beginning of year	**20**	**73,044**	**44,640**
Cash and cash equivalents at end of year	**20**	**38,356**	**73,044**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

GLOBAL LİMAN İŞLETMELERİ A.Ş. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

1 General information

Global Altyapı Hizmetleri ve İşletmecilik A.Ş. was incorporated in 2004 in Istanbul, Turkey as joint stock company to invest in Global Yatırım Holding A.Ş.'s ("Global Yatırım Holding") infrastructure projects. On 13 September 2007, Global Altyapı Hizmetleri ve İşletmecilik A.Ş changed its trade name to Global Liman İşletmeleri A.Ş. ("Global Liman", the "Company" or "GPH").

The principal activities of the Company and its subsidiaries (together, the "Group") is to invest in the capital and management of companies that operate or will operate in the ports and port management industry.

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

In 2015, European Bank of Reconstruction and Development ("EBRD") has invested Euro 53.4 million (USD 57.3 million) including share premium of Euro 50.8 million (USD 54.5 million) and acquired 10.84% of the Company's shares. As at 31 December 2015 and 31 December 2016, 89.16% of the shares of the Company are owned by Global Yatırım Holding and 10.84% by European Bank of Reconstruction and Development ("EBRD").

As at 31 December 2016, the number of employees of the Group was 666 (31 December 2015: 702).

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
Container Terminal and General Cargo – Bar ("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 Europe B.V ("Global BV")	Netherlands	Port investments
Perquisite Holdings Ltd. ("Perquisite")	Malta	Port investments
Global Ports Malta Ltd. ("GP Malta")	Malta	Port investments
Valetta Cruise Port PLC ("VCP")	Valetta-Malta	Port operations
Port Operation Holding Srl ("POH")	Italy	Port investments
Royal Caribbean Investments (Cyprus) Ltd ("RCI Cyprus")	Cyprus	Port investments
Ravenna Terminali Passegeri Srl ("Ravenna")	Italy	Port operations
Catania Terminali Passegeri Srl ("Catania")	Italy	Port operations
Cagliari Terminali Passegeri Srl ("Cagliari")	Italy	Port operations
Global Depolama A.Ş. ("Global Depolama")	İstanbul-Turkey	Storage
Randa Denizcilik San. ve Tic. Ltd. Şti. ("Randa")	Antalya-Turkey	Marine vehicle trade

GLOBAL LİMAN İŞLETMELERİ A.Ş. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016
(Amounts expressed in thousand USD 000's ("USD'000"))

1 General information (continued)

Ege Liman

Kuşadası Cruise Port was constructed in 1968 and was operated by the Turkish Maritime Organization Inc. (Türkiye Denizcilik İşletmeleri A.Ş.) ("TDİ") until its privatization 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 Privatization Administration (Özelleştirme İdaresi Başkanlığı) ("OİB") and TDİ. The TOORA will end in 2033. Kuşadası Cruise Port is the largest cruise ship terminal in Turkey and is a popular port of call for cruises originating from Greece, Italy, France, Spain and Turkey.

Global Liman acquired 72.50% of the shares of Ege Liman on 6 July 2005. The other shareholder of Ege Liman is Royal Caribbean Cruises Ltd ("RCCL").

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.

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 TDİ until its privatization 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 the 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 will end in 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 at 31 December 2016, 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 Container Terminal and General Cargo JSC-Bar, which has an operating concession for thirty years (terminating in 2043). Global Liman finalized a share purchase agreement with the Montenegro Government on 15 November 2013 and it was approved by the tender commission, the Montenegro Privatization 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.

For the first three years of its ownership, the Group is obliged to implement certain investment programs and social programs outlined in the share purchase agreement.

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1 General information (continued)

BPI and Creuers

The Group acquired 43% and 57% interests in Creuers on 30 December 2013 and 30 September 2014, respectively through Barcelona Port Investments, S.L ("BPI") which is a special purpose joint venture between the Global Liman and Royal Caribbean Cruises Ltd.. Creuers is the cruise port in Europe with having the 80% of controlling interest in Malaga Port and 40% of non-controlling interest in Singapore Port. BPI was recognized as an equity-accounted investee in the consolidated financial statements as at for the year ended 31 December 2013 and 30 September 2014.

However, Global Liman increased its interest in BPI from 49% to 62% with the agreement of RCCL and became the shareholder of Creuers with 62% of interest indirectly on 30 September 2014 and BPI and Creuers have been recognized as subsidiaries as from 30 September 2014.

Global BV, Perquisite, GP Malta and VCP

Global BV was established in the Netherlands for the investments made through 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. The company is also responsible for the handling of international cruise and ferry passengers. For this purpose the company was granted a license by the Malta Maritime Authority.

Port Operation Holding, RCI Cyprus, Ravenna, Catania and Cagliari

POH was established in Italy for the investments made through Italian Ports. As of 31 December 2016, POH acquired 51% of Ravenna shares, 62% of Catania shares and 71% of Cagliari shares. Share purchases are performed from two different former shareholders, one by direct share purchase and another by purchase of a dormant Company, based in Cyprus ("RCI Cyprus"). Purchase of RCI Cyprus shares are made at the end of the year 2016. The financial statements of RCI Cyprus as of 31 December 2015 are not significant in terms of consolidated financial statements of the Group. Since RCI Cyprus could not prepare its financial statements as of 31 December 2016, RCI Cyprus is not included in the accompanying consolidated financial statements. 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.

Global Depolama

Global Depolama was established on 9 July 2008 for the purpose of investing in the warehousing sector.

Randa

Randa was acquired by Global Liman on 17 February 2011 for the purpose of marine vehicle trade for a consideration of Euro 10,000. As at 31 December 2016, Randa is inactive and is excluded from the scope of consolidation.

2 Adoption of new and revised Standards

i. Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has 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 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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2 Adoption of new and revised Standards (continued)

i. Amendments to IFRSs that are mandatorily effective for the current year (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 *"Investment Entities: Applying the Consolidation Exception"*

The Group has adopted the amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception for the first time in the current year. The amendments clarify that the exemption from preparing consolidated financial statement is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Amendments to IFRS 11 *"Accounting for Acquisitions of Interests in Joint Operations"*

The Group has adopted the amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations for the first time in the current year. The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The adoption of these amendments has had no impact on the Group's consolidated financial statement.

Amendments to IAS 1 *"Disclosure Initiative"*

The Group has adopted the amendments to IAS 1 Disclosure Initiative for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

The amendments also address the structure of the financial statements by providing examples of systematic ordering or grouping of the notes.

The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

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2 Adoption of new and revised Standards (continued)

i. Amendments to IFRSs that are mandatorily effective for the current year (continued)

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

The Group has adopted the amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the Group already uses the straight-line method for depreciation and amortisation for its property, plant and equipment and intangible assets, respectively, the adoption of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 41 *"Agriculture: Bearer Plants"*

The Group has adopted the amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants for the first time in the current year. The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The adoption of these amendments has had no impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to IAS 27 *"Equity Method in Separate Financial Statements"*

The Group has adopted the amendments to IAS 27 Equity Method in Separate Financial Statements for the first time in the current year. The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost,
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9), or
- using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The adoption of the amendments has had no impact on the Company's separate financial statements as the Company accounts for investments in subsidiaries and associates at cost and is not an investment entity.

Annual Improvements to IFRSs 2012-2014 Cycle

The Group has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2012-2014 Cycle for the first time in the current year.

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2 Adoption of new and revised Standards (continued)

i. Amendments to IFRSs that are mandatorily effective for the current year (continued)

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The adoption of these amendments has had no effect on the Group's consolidated financial statements.

ii. New and revised IFRSs in issue but not yet effective

At the date of authorization of these financial statements, The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and [in some cases] had not yet been adopted by the EU:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IFRS 16	*Leases*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IAS 7	*Disclosure initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealized Losses*
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

- IFRS 9 will impact both the measurement and disclosures of financial instruments;
- IFRS 15 may have an impact on revenue recognition and related disclosures; and
- IFRS 16 will have impact on the reported assets, liabilities, income statement and cash flows of the Group. Furthermore, extensive disclosures will be required by IFRS 16.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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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) Statement of compliance

The consolidated financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The consolidated financial statements has been prepared on the historical cost basis except for the following items, which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Items	Measurement bases
Available-for-sale financial assets	Fair value
Non-derivative financial instruments at fair value through profit or loss	Fair value

(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). The functional currency of the Company is TL. For the purpose of the consolidated financial statements, United States Dollars is chosen as the presentation currency by management. The consolidated financial statements are rounded to the nearest thousand dollars, except when otherwise indicated.

The Company and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Commercial Code, tax legislation and Turkish Uniform Chart of Accounts. The subsidiaries operating in Montenegro, Spain, Malta and Italy maintain their books of account and prepare their statutory financial statements in Euro in accordance with their respective local laws. The accompanying consolidated financial statements is based on these statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

US Dollar ("USD") is the most significant currency to the operations of Ortadoğu Liman. Therefore, USD has been determined as the functional currency of Ortadoğu Liman 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, Ege Liman, Bodrum Liman, VCP, Malaga Port, Global BV, BPI, Creuers and Italy. 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

In the application of the Group's accounting policies, the directors are required to make judgments, 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 recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments 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 recognized in the consolidated financial statements have been included in the following notes:

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3 Significant accounting policies (continued)

Note	Definition
Note 3 (i)	Property and equipment
Note 3 (j)	Intangible assets
Note 4	Determination of fair values
Note 5 and 6	Business combinations
Note 14	Allowances for recoverable amounts of cash generating units-goodwill

(e) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Note	Definition
Note 17	Recognition of deferred tax assets: availability of future taxable profit against which carryforward tax losses can be used
Note 26 and 28	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
Note 6	Acquisition of subsidiary: fair value measurements
Note 14	Impairment test: key assumptions underlying recoverable amounts

(f) Basis of consolidation

The consolidated financial statements include 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 2016, the consolidated financial statements includes the financial results of the Company and its subsidiaries that the Group has control over its financial and operational policies which are listed at Note 1.

The financial statements of the Company and its subsidiaries used in the consolidated historical financial information have the same financial year ended 31 December 2015 except for subsidiaries VCP which has a financial year ended 30 November 2015. It is not practicable for VCP to prepare a separate set of financial statements for the consolidation, the financial statements of VCP for the period ended 30 November 2015 have been included in the consolidated financial statements after adjusting for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

The financial statements of the Company and its subsidiaries used in the consolidated financial statements have the same financial year ended 31 December 2016 except for subsidiaries Ravenna, Catania and Cagliari, which have financial statements consolidated as of 30 September 2016. It is not practicable for Ravenna, Catania and Cagliari to prepare separate set of financial statements for the consolidation, the financial statements of Ravenna, Catania and Cagliari for the period ended 30 September 2016 have been included in the consolidated financial statements after adjusting for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

Control is achieved when the Company:

- has the power over the investee
- is exposure, or has rights, to variable return from its involvement in the investee; and
- has the ability to use its power over the investee to affect its returns.

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3 Significant accounting policies (continued)

(f) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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 is prepared using uniform accounting policies for similar transactions and events and are prepared with the same chart of accounts of the Company.

As at 31 December 2016 and 2015, 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 (%)	
	2016	**2015**	**2016**	**2015**
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	--
Cagliari	70.89	--	70.89	--
Catania	62.21	--	62.21	--
RCI Cyprus (*)	95,00	--	95,00	--

(*) As explained in Note 1, RCI Cyprus did not include within the consolidation in the accompanying consolidated financial statements.

(ii) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures and associates. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in the equity accounted investees are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of the 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 recognized 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.

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3 Significant accounting policies (continued)

(f) Basis of consolidation (continued)

(ii) Interest in equity accounted investees (continued)

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

	Effective ownership rates		Voting power held	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	(%)	**(%)**	**(%)**	**(%)**
Port of Lisbon	46.2	46.2	50	50
Singapore Port	24.8	24.8	40	40
Venezia Investimenti	25.0	--	25	--
La Spezia	28.5	--	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 statement of financial position and profit or loss and other comprehensive income. Intra-group balances, and any unrealized 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 recognized in the 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 recognized 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 amortized, 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 recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized 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 recognized immediately in profit or loss as a bargain purchase gain.

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3 Significant accounting policies (continued)

(f) Basis of consolidation (continued)

(v) Business combinations (continued)

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 recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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 recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity except that any share capital of the acquired entities is recognized as part of share premium. Any cash paid for the acquisition is recognized directly in equity.

(g) Going concern

The directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(h) 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 that date. Non-monetary assets and liabilities denominated in foreign currencies retranslated to functional currency at historical costs. Foreign currency differences arising on retranslation are recognized in profit or loss.

The Group entities use USD, Euro or TL as their functional currency 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 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.

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3 Significant accounting policies (continued)

(h) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Assets and liabilities of those Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting 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 reporting currency at the average exchange rates for the period. Equity items, except for net income, are presented at their historical costs. These foreign currency differences are recognized in other comprehensive income, within equity, under translation reserves.

As at 31 December 2016 and 2015, foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2016	**2015**
TL/USD	0.2842	0.3439
Euro/USD	1.0542	1.0929

For the year ended 31 December 2015 and 2016, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2016	**2015**
TL/USD	0.3310	0.3676
Euro/USD	1.1055	1.1097

(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 recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

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 are re-attributed to non-controlling interests and are not recognized 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 recognized in other comprehensive income.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (continued)

(h) Foreign currency (continued)

(ii) Foreign operations (continued)

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognized in other comprehensive income and accumulated under translation reserve.

(i) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets 'at fair value through profit or loss', 'loans and receivables' and 'available-for-sale' financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities - recognition and derecognition

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - measurement

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is designated as such upon initial recognition or is classified as held for trading. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise bank deposits and trade and other receivables. Bank deposits with original maturities of three months or less are classified as cash and cash equivalents.

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3 Significant accounting policies (continued)

(i) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are measured at fair value subsequent to initial recognition. Unrealized gains or losses from the changes in fair value of the available for sale financial assets are accounted for in the statement of profit or loss and other comprehensive income and "fair value reserve" under equity. If the market for an available for sale financial asset is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same and discounted cash flow analysis. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses. Fair value reserves accounted for under equity are recycled to the profit or loss when available for sale financial assets are derecognized.

(iii) Non-derivative financial liabilities – recognition, derecognition and measurement

Financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

The fair value of interest rate swap contracts is determined by reference to market value for similar instruments.

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 recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company 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 Company 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 hedge transaction is to be effective in stabilizing changes between changes in fair value or cash flow. During all financial reporting periods in which it is defined, 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.

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3 Significant accounting policies (continued)

(i) Financial instruments (continued)

(iv) Derivative financial instruments (continued)

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 recognized initially at fair value; attributable transaction costs are recognized 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 recognized 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 recognized in other comprehensive income and presented in the hedging reserve in equity.

The amount recognized 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 recognized 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 recognized 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 recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss. In other cases the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Net investment hedge accounting

A net investment hedge is a hedge of the foreign currency exposure arising from a net investment in a foreign operation using derivative or non-derivative financial items as the hedging instrument. If a monetary item is a part of net investments made to subsidiaries of the Company whose functional currency is other than TL, foreign exchange differences arise in financial statements of the Company. Those foreign exchange differences are recognised in other comprehensive income in consolidated financial statements when the differences are considered as hedging instruments.

Transactions for the purpose of avoiding net investment risk made to subsidiaries whose functional currency is other than TL are recognised as transactions for the purpose of cash flow accounting hedge including financial accounting hedge transactions of monetary items which are recognised as a part of net investment.

- The effective portion of gain or loss arising from financial hedging instrument is recognised in other comprehensive income or expense, and
- Non effective portion of gain or loss arising from financial hedging instrument is recognised in profit or loss.

Gain or loss on financial hedging instrument related to effective portion of financial hedging transaction and recognised in other comprehensive income is excluded from equity and classified to profit or loss as reclassification adjustment when there is a disposal of related subsidiary or disposal period.

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3 Significant accounting policies (continued)

(j) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalized up to the point when the asset is substantially complete. 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 recognized 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 derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized 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 amortized over the periods of the respective leases, 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 derecognized 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 recognized in profit or loss.

(k) 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 amortization and accumulated impairment losses.

(ii) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

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3 Significant accounting policies (continued)

(k) Intangible assets (continued)

(iii) Intangible assets recognized in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). The Group's intangible assets recognized 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 amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Service concession arrangements

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing costs, less accumulated amortization and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

(v) Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost less its residual value.

Amortization is recognized 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	12-50
Customer relationships	12
Software	5

(vi) Derecognition

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized.

(l) 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.

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3 Significant accounting policies (continued)

(l) Goodwill (continued)

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 recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized 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 the profit or loss on disposal.

(m) Leased assets

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

(iii) Lease payments

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

(n) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (continued)

(n) Impairment (continued)

(i) Non-derivative financial assets (continued)

Objective evidence that financial assets are impaired includes;

- default or delinquency by a debtor,
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise,
- indications that a debtor or issuer will enter bankruptcy,
- adverse changes in the payment status of borrowers or issuers.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between asset's carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between acquisition cost (net of any principle repayment and amortization) and the current fair value reserve, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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(Amounts expressed in thousand USD 000's ("USD'000"))

3 Significant accounting policies (continued)

(n) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) 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 plan as per IAS 19 (revised) Employee Benefits ("IAS 19"). The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income. The key assumptions used in the calculation of the retirement pay liability are detailed in Note 25.

(p) Provisions, contingent assets and liabilities

Provisions are recognized 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 recognized 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(q) Revenue

Revenue is recognized on an accruals basis when services are rendered, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenue stated net of taxes and measured at the fair value of the consideration received or receivable.

(i) Container cargo revenue

Container cargo revenues comprise of services provided for container cargo handling including sea and land services, recognized on completion of service provided.

(ii) Port service revenue

Port service revenues comprise of services provided to ships and motorboats (pilotage, towage, tugboat rents, etc.) recognized on completion of service provided.

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3 Significant accounting policies (continued)

(q) Revenue (continued)

(iii) Cargo revenues

Cargo revenues comprise of services provided for general and bulk cargo handling including sea and land services, recognized on completion of service provided.

(iv) Landing fees

Landing fees comprise of services provided to cruise ships including passenger landing, luggage handling, security fees, etc. recognized on on completion of service provided.

(v) Rental income

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

(vi) Rental income from duty free

Rent income from duty free is recognized in profit or loss on a straight line basis over the term of duty-free stores.

(vii) Water sales

Water sales provided to ships recognized on completion of service provided.

(viii) Other revenues

Other revenues are presented in profit or loss on completion of service provided.

(r) Operating profit

Operating profit is stated after charging restricting costs and after the share of results of associated but before investment income and finance costs.

(s) Finance income and finance costs

Finance income comprises interest income, gains on sale of marketable securities and net foreign currency gains that are recognized in the profit or loss. Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, net foreign currency losses and losses on sale of marketable securities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized 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.

(t) Income tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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3 Significant accounting policies (continued)

(t) Income tax (continued)

Spanish tax legislation permits a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a consolidated basis for the tax group of Spanish entities under "Barcelona Port Investments".

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 statement of profit or loss 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 recognized when the group has a present obligation as a result of a past event; it is probable that the group will be required to settle that obligation.

(ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized 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 utilized. Such deferred tax assets and liabilities are not recognized 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 recognized 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 foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable 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 realized, 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.

(iii) Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized 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.

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3 Significant accounting policies (continued)

(u) Government subsidies and incentives

All subsidies and incentives, including non-monetary incentives stated at fair market values, are included in the consolidated financial statements when there is reasonable certainty that the Group will qualify and receive such subsidies and incentives. Government incentives utilized by the Group comprises investment allowances (Note 17).

(v) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are recognized when the contingency is resolved.

4 Determination of fair values

A number of the Group's accounting policies and disclosures requires 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

(i) Basis for segmentation

Operating segments considered in performance evaluation by the Group management are determined by considering the Group's risks and resources and internal reporting structure. The Group's chief operating decision maker is chief executive officer, who reviews the internal management reports of each division and subsidiary at least monthly.

The Group's operating segments are Commercial operations which are Ortadoğu Liman and Port of Adria, and Cruise Operations, which composed of Ege Ports, Valletta Cruise Port, BPI, Bodrum Cruise Port, Ortadoğu Liman (Cruise operations) and Port Operation Holding. Bodrum Cruise Port, Cruise Operation of Ortadoğu Liman, Port Operation Holding results, and share of profit of equity accounted investees are presented under other cruise business category. Other operations of the Group, which include Global Liman and Global Depolama, do not generate external revenues and therefore are presented as non-operational & headquarter to reconcile to the consolidated financial statements. Ravenna, Cagliari and Catania (consolidated under Port Operation Holding) were acquired at the end of 2016, therefore they do not generate any revenue for the group in 2016. Valetta Cruise Port was acquired at the end of 2015 and did not generate revenue for the Group in 2015.

Information regarding all the segments is stated below. External revenues and earnings before interest, tax, depreciation and amortization ("EBITDA") are reviewed in the assessment of the financial performance of the operating segments. This measurement basis excludes the effects of non-recurring income / expense from the operating segments such as project expenses. The measure also excludes the effects of non-cash income / expense such as bargain purchase gains and reserves created on provisional accounting. The Group management assesses EBITDA as the most appropriate method for the review of the segment operations. The reconciliation of EBITDA to operating profit is disclosed as follows.

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.

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5 Segment reporting (continued)

(ii) Information about reportable segments

As at and for the year ended 31 December 2016, the details of reportable segments comprised the following:

	BPI	Valletta	Ege Ports	Others	*Cruise Total*	Port Akdeniz	Port of Adria	*Total Commercial*	Non-operational & HQ	*Consolidated*
Segment assets	146,068	101,804	53,066	11,713	*312,651*	250,527	59,127	*309,654*	60,895	*683,200*
Equity accounted investees	--	--	--	17168	*17,168*	--	--	--	--	*17,168*
Segment liabilities	88,696	35,075	12,942	3,193	*139,905*	50,840	9,630	*60,470*	277,475	*477,849*
Capital expenditures	126	1,960	1,255	4	*3,345*	1,400	4,009	*5,409*	261	*9,015*

	BPI	Valletta	Ege Ports	Others	*Cruise Total*	Port Akdeniz	Port of Adria	*Total Commercial*	Non-operational & HQ	*Consolidated*
External revenues	27,113	11,838	11,650	3,033	*53,635*	53,351	7,884	*61,235*	--	*114,869*
EBITDA	18,032	5,859	8,976	4,050	*36,917*	41,288	2,728	*44,016*	(5,011)	*75,922*
Depreciation and amortization expense	(10,572)	(2,356)	(2,543)	(2,205)	*(17,676)*	(20,589)	(2,177)	*(22,766)*	(114)	*(40,556)*
Non-recurring income/(expense)	(581)	(469)	(1,053)	(244)	*(2,347)*	(1,315)	(1,676)	*(2,991)*	(3,618)	*(8,956)*
Non-cash income/(expenses)	(2,467)	(36)	(252)	(56)	*(2,811)*	(147)	(469)	*(616)*	(22)	*(3,449)*
Operating profit	4,412	2,998	5,128	(674)	*11,864*	19,237	(1,594)	*17,643*	(8,765)	*20,742*
Share of profit of equity-accounted investees	--	--	--	2,219	*2,219*	--	--	--	--	*2,219*
Interest income	--	195	2,444	16	*2,655*	981	35	*1,016*	4,843	*8,514*
Interest expense	(2,790)	(538)	(1,524)	(133)	*(4,984)*	(3,409)	(496)	*(3,904)*	(22,794)	*(31,683)*

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5 Segment reporting (continued)

(ii) Information about reportable segments

As at and for the year ended 31 December 2015, the details of reportable segments comprised the following:

	BPI	Valletta	Ege Ports	Others	*Cruise Total*	Port Akdeniz	Port of Adria	*Total Commercial*	Non-operational & HQ	*Consolidated*
Segment assets	168,454	96,601	67,623	9,781	*342,459*	271,900	58,885	*330,785*	89,962	*763,206*
Equity accounted investees		--	--	6,627	*6,627*	--	--	--	--	*6,627*
Segment liabilities	96,756	16,598	13,435	1,542	*128,331*	51,356	10,405	*61,760*	301,918	*492,009*
Capital expenditures	1,126	--	539	107	*1,772*	4,353	1,763	*6,116*	19	*7,907*

	BPI	Valletta	Ege Ports	Others	*Cruise Total*	Port Akdeniz	Port of Adria	*Total Commercial*	Non-operational & HQ	*Consolidated*
External revenues	24,691	--	17,347	4,990	*47,028*	49,925	8,528	*58,453*	--	*105,481*
EBITDA	16,187	--	14,189	4,051	*34,427*	37,459	2,246	*39,705*	(2,912)	*71,220*
Depreciation and amortization expense	(10,574)	--	(2,306)	(2,757)	*(15,637)*	(20,418)	(2,090)	*(22,508)*	(39)	*(38,184)*
Non-recurring income/(expense)	(602)	--	(371)	(123)	*(1,096)*	(1,002)	(2,190)	*(3,192)*	(5,930)	*(10,218)*
Non-cash income/(expenses)	(2,228)	--	49	5	*(2,174)*	(285)	(213)	*(498)*	5,053	*2,381*
Operating profit	2,783	--	11,561	506	*14,850*	15,754	(2,248)	*13,506*	(3,828)	*24,528*
Share of profit of equity-accounted investees	--	--	--	671	*671*	--	--	--	--	*671*
Interest income	35	--	2,022	41	*2,098*	962	33	*995*	6,984	*10,077*
Interest expense	(3,296)	--	(1,446)	(331)	*(5,073)*	(3,970)	(373)	*(4,343)*	(20,080)	*(29,496)*

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5 Segment reporting (continued)

(iii) Reconciliation of information on reportable segments to IFRS measures

	Note	Year ended 31 December 2016	Year ended 31 December 2015
Revenues			
Total revenue for reportable segments	7	114,869	105,481
Total external revenues		**114,869**	**105,481**
Consolidated EBITDA		75,922	71,220
Non-recurring income / (expense)		(8,956)	(10,218)
Non-cash income / (expense)		(3,449)	2,381
Finance income	11	15,857	32,813
Finance costs	11	(33,618)	(44,078)
Depreciation and amortization	12-13	(40,556)	(38,184)
Total Profit before income tax		**5,200**	**13,934**
Interest income			
Total interest income for reportable segments		8,514	10,077
Elimination of inter-segments		(5,095)	(5,394)
Total interest income	**11**	**3,419**	**4,683**
Interest expense			
Total interest expense for reportable segments		(31,683)	(29,496)
Elimination of inter-segments		5,095	5,394
Total interest expense	**11**	**(26,588)**	**(24,101)**

(iv) Geographic information

The Port operations of the Group are managed on a worldwide basis, but operational ports and management offices are primarily in Turkey, Montenegro, Spain and Malta. The geographic information below analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the following information, segment revenue has been based on the geographic location of port operations and segment assets were based on the geographic location of the assets.

Revenue

	Year ended 31 December 2016	Year ended 31 December 2015
Turkey	**68,034**	**72,262**
All foreign countries	**46,835**	**33,219**
Montenegro	7,884	8,528
Malta	11,838	--
Spain	27,113	24,691
	114,869	**105,481**

Non-current assets

	As at 31 December 2016	As at 31 December 2015
Turkey	**283,046**	**284,184**
All foreign countries	**305,405**	**334,210**
Spain	138,415	153,595
Malta	90,519	117,679
Montenegro	56,094	56,309
Italy	12,000	--
Singapore (equity-accounted investee)	1,586	1,004
Portugal (equity-accounted investee)	6,791	5,623
	588,451	**618,394**

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6 Acquisition of subsidiary

(i) Acquisition of Valetta Cruise Port

As of 30 November 2015, the Group has purchased 55.60% shares of Valetta Cruise Port in Malta and as it was not practicable for VCP to prepare a separate set of financial statements for the consolidation as at 31 December 2015, the financial statements of VCP for the period ended 30 November 2015 has been included in the consolidated financial statements as explained in Note 3. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue would have been USD 10,241 thousand, and consolidated profit for the year would have been USD 1,592 thousand more.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

a) Consideration transferred

The total acquisition cost amounting to USD 26,863 thousand was totally paid in 2015.

b) Acquisition-related costs

The Group incurred acquisition-related costs of USD 93 thousand on legal fees and due diligence costs. These costs have been included in "other expenses" as project expenses.

c) Identifiable assets acquired and liabilities assumed

The following tables summarize the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

In USD 000's as at 30 November 2015 (acquisition date)	*Note*	
Property and equipment	12	29,083
Port operation rights	13	62,745
Other investments		95
Other assets		417
Trade and other receivables		1,444
Cash and cash equivalents		1,818
Loans and borrowings		(12,030)
Other financial liabilities		(2,417)
Trade and other payables		(1,428)
Corporate taxes payable		(216)
Deferred income		(507)
Deferred tax liabilities		(21,354)
Total identifiable net assets acquired		**57,650**

The gross contractual amount of receivables of Valletta as of 30 November 2015 is $ 2,025 thousand and the estimated contractual cash flows not expected to be collected is $581 thousand.

Measurement of fair values

The valuation techniques used for measuring the fair value of the assets acquired were as follows.

Identifiable assets, liabilities and contingent liabilities are recognized at fair value according to IFRS 3 "Business Combinations". The fair value of the identifiable monetary assets of Valletta is assessed to be equal to the carrying value and the fair value of the property and equipment is determined by an independent valuer. A separate intangible asset was recognized as a result of the acquisition as port operation right due to the fact that there is no any other identifiable asset directly attributable to the operations of Valletta after net assets and liabilities mentioned above are excluded.

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6 Acquisition of subsidiary (continued)

(i) Acquisition of Valetta Cruise Port (continued)

The fair value of the Valletta has been determined by using the weighted average of the value based on the market approach and income approach methods prepared by an independent appraisal company.

Under the income approach method, the value has been determined by using discounted cash flow method. A rate of 8.80% was used as discount rate and weighted average capital cost. In valuation process, current and forecast port traffic of 30 years, existing capacity and capacity which the Group is targeting to have after investing the planned amount. Under the market approach method, the value has been determined using the relative valuation approach and comparable share trading transactions which was based upon Price/Sales and Firm Value standard rates of similar companies.

d) Gain on bargain purchase

In USD 000's as at 30 November 2015 (acquisition date)	*Note*	
Consideration transferred	(a)	26,863
Fair value of identifiable net assets (100%)	(c)	57,650
Fair value of identifiable net assets acquired (55.60%)		(32,053)
Gain on bargain purchase		**(5,190)**

The acquisition of Valetta Cruise Port's interests contributed a net profit of USD 5,190 thousand which was accounted for as gain on bargain purchase under other income for the year ended 31 December 2015.

Consideration paid:	26,863
Cash associated with acquired assets (-)	1,913
Net cash outflow	**24,950**

Global Liman as sole consolidator of cruise ports made close relationships with other cruise firms. The realized and expected growth in the operations due to the locations of other ports with Malta ensure a strong network in the Mediterranean Sea that would contribute to the value of the operations resulted in gain on bargain purchase as a result of the acquisition of Valetta Cruise Port.

(ii) Acquisition of Ravenna, Cagliari and Catania Cruise Ports

As of 31 December 2016, the Group has purchased 67.55% shares of Cagliari Passenger Terminal, 59.05% shares of Catania Passenger Terminal and 51% shares of Ravenna Passenger Terminal in Italy and the financial statements of all three companies for the year ended 31 December 2016 has been included in the consolidated financial statements.

a) Consideration transferred

The total acquisition cost amounting to USD 2,411 was totally paid in 2016. If the acquisitions had occurred on 1 January 2016, management estimates that consolidated revenue would have increased by USD 1,613 thousand, and consolidated profit for the year would have decreased by USD 118 thousand.

b) Acquisition-related costs

The Group incurred acquisition-related costs of USD 160 thousand on legal fees and due diligence costs. These costs have been included in "other expenses" as project expenses.

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6 Acquisition of subsidiary (continued)

(ii) Acquisition of Ravenna, Cagliari and Catania Cruise Ports (continued)

c) Identifiable assets acquired and liabilities assumed

The following tables summarize the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

In USD 000's as at 31 December 2016	*Note*	
Property and equipment	12	939
Intangible assets	13	137
Other assets		235
Trade and other receivables		595
Cash and cash equivalents		230
Loans and borrowings		(604)
Trade and other payables		(1,031)
Employee termination indemnity		(14)
Total identifiable net assets acquired		**487**

The gross contractual amount of receivables of Ravenna, Cagliari, and Catania as of 31 December 2016 is $595 thousand and there are no contractual cash flows which are not expected to be collected.

Consideration paid:	2,411
Cash associated with acquired assets (-)	230
Net cash outflow	**2,181**

Global Liman as sole consolidator of cruise ports made close relationships with other cruise firms. Management expects a significant growth in the operations due to the locations of other ports with Ravenna, Cagliari and Catania ensure a strong network in the Mediterranean Sea that would contribute to the value of the operations.

Measurement of fair values

The initial recognition of the business combination is accounted for provisionally if the fair values of the identifiable assets, liabilities and contingent liabilities acquired in a business combination can only be recognized, or the cost of a business combination is measured, only using provisional amounts. The provisional business combination accounting shall be completed in the 12 months following the date of acquisition and the adjustments shall be recognized retrospectively.

In USD 000's as at 30 November 2015 (acquisition date)	*Note*	
Consideration transferred	(a)	2,411
Fair value of identifiable net assets acquired (100%)	(c)	(487)
Minority interest		185
Goodwill	**14**	**2,110**

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7 Revenue and cost of sales

For the years ended 31 December, revenue comprised the following:

	2016	**2015**
Container revenue	39,529	37,967
Landing fees	31,148	27,334
Port service revenue	14,458	19,637
Rental income	13,544	6,455
Cargo revenue	13,452	10,790
Income from duty free	1,068	1,319
Domestic water sales	973	1,286
Other revenue	697	693
Total	**114,869**	**105,481**

Cost of sales

For the years ended 31 December, cost of sales comprised the following:

	2016	**2015**
Depreciation and amortization expenses	37,575	36,459
Personnel expenses	13,789	13,414
Shopping mall expenses	3,360	358
Commission fees to government authorities and pilotage expense	3,204	2,370
Subcontractor crane and container service expenses	2,783	2,685
Security expenses	1,866	1,735
Repair and maintenance expense	1,716	1,676
Insurance expenses	1,102	966
Energy usage expenses	786	823
Fuel expenses	642	809
Fresh water expenses	601	752
Container transportation expenses	600	746
Waste removal expenses	215	333
Tugboat rent expenses	200	549
Port rental expenses	154	131
Other expenses	3,490	3,453
Total	**72,083**	**67,259**

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8 Other expense

Other expenses

For the years ended 31 December, other expenses comprised the following:

	2016	2015
Project expenses (*)	2,686	6,607
Tax amnesty expenses	1,280	--
Concession fee expense	497	499
Provisions	207	--
Other	837	733
Total	**5,507**	**7,839**

(*) The project expenses are mainly related to the projects for new acquisitions.

9 Selling and marketing expenses

For the years ended 31 December, selling and marketing expenses comprised the following:

	2016	2015
Advertising and promotion expenses	562	154
Personnel expenses	180	124
Representation expense	13	28
Travelling expenses	48	7
Other	5	4
Total	**808**	**317**

10 Administrative expenses

For the years ended 31 December, administrative expenses comprised the following:

	2016	2015
Personnel expenses	5,591	4,877
Depreciation and amortization expenses	2,981	1,725
Consultancy expenses	2,879	1,630
Representation expenses	882	458
Taxes other than on income	732	725
Allowance for doubtful receivables	680	(103)
Travelling expenses	687	296
IT expenses	260	206
Vehicle expenses	154	126
Communication expenses	252	218
Stationary expenses	115	80
Office operating expenses	92	60
Repair and maintenance expenses	50	71
Rent expenses	70	13
Other expenses	779	920
Total	**16,204**	**11,300**

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11 Finance income and costs

For the years ended 31 December, finance income comprised the following:

Finance income	**2016**	**2015**
Foreign exchange gain	11,934	27,682
Interest income on marketable securities (*)	1,928	2,537
Interest income on related parties	891	1,864
Interest income on banks and others	568	249
Gain on sale of marketable securities	408	110
Interest income from housing loans	32	33
Premium income on option contracts	--	338
Others	96	--
Total	**15,857**	**32,813**

(*) Interest income on marketable securities comprises the interest income earned from the Global Yatırım Holding's bonds during the year. Global Yatırım Holding is parent company of the Company.

For the years ended 31 December, finance costs comprised the following:

Finance costs	**2016**	**2015**
Interest expense on loans and borrowings	26,153	23,742
Foreign exchange losses	6,382	18,820
Other interest expenses	435	360
Letter of guarantee commission expenses	14	22
Loan commission expenses	53	--
Loss on sale of marketable securities	3	--
Other	578	1,134
Total	**33,618**	**44,078**

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12 Property and equipment

Movements of property and equipment for the year ended 31 December 2016 comprised the following:

Cost	1 January 2016	Additions	Disposal	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2016
Leasehold improvements	99,558	1,346	(15)	182	218	(2,981)	98,308
Machinery and equipment	38,415	2,527	(34)	330	12	(38)	41,212
Motor vehicles	16,496	110	(14)	--	1	256	16,849
Furniture and fixtures	6,294	2,091	(167)	--	15	(846)	7,387
Construction in progress	3,667	2,842	(38)	(1,011)	693	(399)	5,754
Land improvement	8	--	--	--	--	--	8
Total	**164,438**	**8,916**	**(268)**	**(499)**	**939**	**(4,008)**	**169,518**

Accumulated Depreciation	1 January 2016	Current charge	Disposal	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2016
Leasehold improvements	17,081	4,205	(15)	--	--	(553)	20,718
Machinery and equipment	19,033	3,417	(34)	--	--	(71)	22,345
Motor vehicles	5,865	1,460	(14)	--	--	(133)	7,178
Furniture and fixtures	2,687	1,117	(167)	--	--	(126)	3,511
Land improvement	1	--	--	--	--	--	1
Total	**44,667**	**10,199**	**(230)**	**--**	**--**	**(883)**	**53,753**
Net book value	**119,771**					**(3,125)**	**115,765**

(*) See note 6 (ii) (c).

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12 Property and equipment (continued)

Movements of property and equipment for the year ended 31 December 2015 comprised the following:

Cost	1 January 2015	Additions	Disposal	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2015
Leasehold improvements	72,635	1,296	--	2,027	27,747	(4,147)	99,558
Machinery and equipment	35,513	2,631	(180)	708	120	(377)	38,415
Motor vehicles	16,473	37	(45)	--	9	22	16,496
Furniture and fixtures	4,766	446	(5)	--	1,207	(120)	6,294
Construction in progress	2,161	3,424	(28)	(2,670)	--	780	3,667
Land improvement	8	--	--	--	--	--	8
Total	**131,556**	**7,834**	**(258)**	**65**	**29,083**	**(3,842)**	**164,438**

Accumulated Depreciation	1 January 2015	Current charge	Disposal	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2015
Leasehold improvements	13,732	3,473	--	--	--	(124)	17,081
Machinery and equipment	15,545	3,663	(180)	--	--	5	19,033
Motor vehicles	4,485	1,322	(37)	--	--	95	5,865
Furniture and fixtures	2,063	655	(5)	--	--	(26)	2,687
Land improvement	1	--	--	--	--	--	1
Total	**35,826**	**9,114**	**(221)**	**--**	**--**	**(49)**	**44,667**
Net book value	**95,730**						**119,771**

(*) See note 6 (i) (c).

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12 Property and equipment (continued)

As at 31 December 2016, the net book value of machinery and equipment purchased through leasing amounts to USD 2,438 thousand (2015: USD 2,814 thousand), the net book value of motor vehicles purchased through leasing amounts to USD 9,829 thousand (2015: USD 11,279 thousand), and the net book value of furniture and fixtures purchased through leasing amounts to USD 190 thousand (2015: USD 298 thousand). In 2016, the capital expenditures amounting to USD 620 thousand was through finance leases (2015: USD 578 thousand).

As at 31 December 2016 and 2015, according to the "TOORA" and "BOT" tender agreements signed with 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 23.

For the years ended 31 December 2016 and 2015, there is no capitalized borrowing cost on property and equipment.
As at 31 December 2016, the insured amount of property and equipment amounts to USD 202,880 thousand (2015: USD 179,269 thousand).

13 Intangible assets

Movements of intangible assets for the year ended 31 December 2016 comprised the following:

Cost	1 January 2016	Additions	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2016
Port operation rights	581,908	--	--	--	(8,949)	572,959
Customer relationships	3,755	--	--	--	(133)	3,622
Software	381	51	--	136	24	592
Other intangibles	260	47	499	1	(91)	716
Total	**586,304**	**98**	**499**	**137**	**(9,149)**	**577,889**

Accumulated amortization	1 January 2016	Amortization expense	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2016
Port operation rights	121,281	29,927	--	--	(2,456)	148,752
Customer relationships	2,270	317	--	--	(95)	2,492
Software	324	44	--	--	(21)	347
Other intangibles	152	69	--	--	(4)	217
Total	**124,027**	**30,357**	**--**	**--**	**(2,576)**	**151,808**
Net book value	**462,277**					**426,081**

(*) See note 6 (ii) (c).

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13 Intangible assets (continued)

Movements of intangible assets for the year ended 31 December 2015 comprised the following:

Cost	1 January 2015	Additions	Transfers	Acquisition through business combinations (*)	Currency translation differences	31 December 2015
Port operation rights	544,632	--	--	62,745	(25,469)	581,908
Customer relationships	3,755	--	--	--	--	3,755
Software	429	6	--	--	(54)	381
Other intangibles	256	68	(65)	--	1	260
Total	**549,072**	**74**	**(65)**	**62,745**	**(25,522)**	**586,304**

Accumulated amortization	1 January 2015	Amortization expense	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2015
Port operation rights	94,566	28,667	--	--	(1,952)	121,281
Customer relationships	1,956	314	--	--	--	2,270
Software	326	38	--	--	(40)	324
Other intangibles	106	51	--	--	(5)	152
Total	**96,954**	**29,070**	**--**	**--**	**(1,997)**	**124,027**
Net book value	**452,118**					**462,277**

(*) See note 6 (i) (c).

The details of Port operation rights for the years ended 31 December 2016 and 2015 are as follows;

	31.12.2016		31.12.2015	
	Carrying Amount	Remaining Amortization Period	Carrying Amount	Remaining Amortization Period
Barcelona Ports Investment	134,460	162 months	149,434	174 months
Valletta Cruise Port	61,409	599 months	63,138	611 months
Port of Adria	20,786	324 months	22,347	336 months
Port Akdeniz	194,067	140 months	210,701	152 months
Ege Ports	12,646	195 months	13,905	207 months
Bodrum Cruise Port	839	27 months	1,102	39 months

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14 Goodwill

Movements of goodwill for the years ended 31 December comprised the following:

1 January 2015	**12,860**
31 December 2015	**12,860**
Addition "note 6 (ii)"	2,110
Balance as at 31 December 2016	**14,970**

As at 31 December 2016 and 2015, the Group recognized goodwill related to the acquisition of Ege Liman, which has a functional currency of USD in 2015, and Euro in 2016, in its consolidated financial statements. In addition to that, as of 31 December 2016, the Group recognized provisional goodwill related to the acquisition of three Italian Ports, namely Ravenna, Cagliari and Catania (see note 6(ii)).

As at 31 December 2015 and 2016, the Group tested impairment by comparing the goodwill from the acquisition of Ege Liman with the values in use of the cash generating units and concluded that no impairment exists. Cash flow forecasts are prepared up to the end of the port usage rights, which is 2033. The key assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value in use are prepared in USD. A discount rate of 11% (2015: 11%) was used for discounting future cash flows to reporting date. The EBITDA growth rate was assumed at 9.7% (2015: 15.3%).

The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

15 Equity-accounted investees

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 ("Port of Lisbon") (*)	Portugal	Port operations
SATS – Creuers Cruise Services Pte. Ltd. (" Singapore Port") (**)	Singapore	Port operations
Venezia Investimenti Srl. ("Venice Investment") (***)	Italy	Port investments
La Spezia Cruise Facility Srl. ("La Spezia") (****)	Italy	Port operations

(*) 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 comprised of 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 Port of Lisbon as at 31 December 2016. Port of Lisbon has been recognized as an equity-accounted investee in the consolidated financial statements as at and for the year ended 31 December 2016.
(**) The Group acquired 43% and 57% interests in Creuers on 30 December 2013 and 30 September 2014, respectively through Barcelona Port Investments, S.L ("BPI"). Creuers is the cruise port in Europe and has a 80% of controlling interest in Malaga Port and 40% of non-controlling interest in Singapore Port. BPI was recognized as an equity-accounted investee in the consolidated financial statements as at for the year ended 31 December 2013. However, Global Liman increased its interest in BPI from 49% to 62% with the agreement of RCCL and became the shareholder of Creuers with 62% of interest indirectly on 30 September 2014 and BPI and Creuers have been recognized as subsidiaries as from 30 September 2014. The Group holds a non-controlling interest in Singapore Port, it has been recognized as an equity-accounted investee as at and for the year ended 31 December 2016.
(***) Venezia Investimenti Srl is an international consortium formed for investing in Venezia Terminal Passegeri S.p.A (VTP). The international consortium formed by Global Ports Holding (GPH), Costa Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having 25% share of the Company.
(****) Global Ports Holding (GPH) purchased minority interest through POH in La Spezia Cruise Facility Srl, which has the operating rights of La Spezia Cruise Port, Italy.

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15 Equity-accounted investees (continued)

At 31 December 2016, Venezia Investimenti, Port of Lisbon, Singapore Port and La Spezia are equity accounted investees in which the Group participates. The following table summarizes the financial information of Venezia Investimenti, La Spezia, Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2016. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Port of Lisbon, Singapore Port, Venezia Investimenti, La Spezia.

In USD 000's	La Spezia	Venezia Investimenti	Port of Lisbon	Singapore Port
Percentage ownership interest	**30.00%**	**25.00%**	**50.00%**	**40.00%**
Non-current assets	--	33,463	9,605	2,972
Current assets	123	1,708	6,279	7,428
Non-current liabilities	--	--	--	(2,314)
Current liabilities	--	(154)	(2,302)	(4,121)
Net assets (100%)	123	35,017	13,582	3,966
Group's share of net assets	37	8,754	6,791	1,586
Carrying amount of interest in equity accounted investees	**37**	**8,754**	**6,791**	**1,586**
Revenue	--	2,798	5,201	10,351
Expenses	--	(236)	(3,267)	(8,822)
Profit / (loss) and total comprehensive income for the year (100%)	--	2,562	1,934	1,529
Group's share of profit and total comprehensive income	**--**	**640**	**967**	**612**

As of 31 December 2016, Singapore Port has non-current financial liabilities of USD 2,314 thousand, Port of Lisbon has cash and cash equivalents of USD 4,685 thousand and Venezia Investimenti has cash and cash equivalents of USD 987 thousand.

For the year ended 31 December 2016, the Group's share of profit and total comprehensive income is set out below:

In USD 000's	Net profit / (loss)
Venezia Investimenti	640
Port of Lisbon	967
Singapore Port	612
Group's share of profit and total comprehensive income	**2,219**

The following table summarizes the financial information of Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2015. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Port of Lisbon and Singapore Port.

In USD 000's	Port of Lisbon	Singapore Port
Percentage ownership interest	50%	40%
Non-current assets	2,346	3,830
Current assets	10,833	3,814
Non-current liabilities	--	(2,898)
Current liabilities	(1,934)	(2,236)
Net assets (100%)	11,245	2,511
Group's share of net assets	5,623	1,004
Carrying amount of interest in equity accounted investees	**5,623**	**1,004**
Revenue	3,131	8,285
Expenses	(2,208)	(7,762)
Profit / (loss) and total comprehensive income for the year (100%)	924	523
Group's share of profit and total comprehensive income	**462**	**209**

As of 31 December 2015, Singapore Port has non-current financial liabilities of USD 2,898 thousand and Port of Lisbon has cash and cash equivalents of USD 9,881 thousand.

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15 Equity-accounted investees (continued)

For the year ended 31 December 2015, the Group's share of profit and total comprehensive income is set out below:

In USD 000's	Net profit / (loss)
Port of Lisbon	462
Singapore Port	209
Group's share of profit and total comprehensive income	**671**

16 Other investments

Financial assets available for sale

As at 31 December, financial assets available for sale comprised the following:

	2016	2015
Global Yatırım Holding bonds (*)	14,412	14,334
Time deposits with the maturity more than 3 months	190	151
Other bonds	--	140
Other financial assets	--	2,282
Total	**14,602**	**16,907**

(*) The Group has purchased Global Yatırım Holding (the parent company)'s bonds. The bonds' maturity is 30 June 2017 with an annual nominal interest rate of 11% and nominal amounts of USD 13,944 (31 December 2015: the bonds' maturity is 30 June 2017, annual nominal interest rate of 11% and a nominal amount of USD 14,240 thousand).

17 Taxation

Corporate tax

Corporate income tax in Turkey is levied at the rate of 20% on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

In Turkey, advance tax returns are measured and accrued on a quarterly basis. The advance corporate income tax rate as at 31 December 2016 is 20% (2015: 20%).

The corporate tax rate in Spain for the 2016 year is determined at 25% (2015: 28%). The corporate tax rates in Netherlands, Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively.

In Turkey, 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 entity that is included in the consolidation, except BPI, which has the necessary permit and files consolidated income tax of Spanish Companies, Creuers, Cruceros and BPI.

Losses can be carried forward for offsetting against future taxable income for up to 5 years while it is for up to 18 years in Spain. Losses cannot be carried back. In Spain, since 2015, it is possible to carry them forward indefinitely with certain limitations.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

There is also a withholding tax on the dividends paid in Turkey and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15% as at 31 December 2016 (31 December 2015: 15%).

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17 Taxation (continued)

Corporate tax (continued)

There is no any tax position in relation to unremitted earnings, any tax changes which could affect the group's tax position and any uncertain tax position.

Transfer pricing

The transfer pricing provisions are set out under the Article 13 of the Turkish Corporate Tax Law under the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets out details about the implementation of these provisions. If a tax payer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with an arm's-length basis, the related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax was 10% from 24 April 2003, rising to 15% from 21 September 2006. Appropriation of retained earnings to capital is not considered a profit distribution and therefore is not subject to withholding tax.

Investment allowance

With effect from 24 April 2003, the investment incentives scheme was amended such that companies directly deduct 40 percent of qualifying capital investments from their annual taxable income. In addition, corporations that had unused qualifying capital investment amounts from periods prior to 24 April 2003 were entitled to carry these forward.

Tax expense

For the years ended 31 December, income tax expense comprised the following:

	2016	2015
Current tax charge	(5,500)	(6,692)
Deferred tax benefit	4,575	9,218
Total	**(925)**	**2,526**

As at 31 December, current tax liabilities for the period comprised the following:

	2016	2015
Current tax liability at 1 January	1,900	2,026
Current tax charge	5,500	6,692
Business combination effect (Note 6 i.c)	--	216
Currency translation difference	(1,108)	(842)
Taxes paid during year	(4,478)	(6,192)
Total	**1,814**	**1,900**

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17 Taxation (continued)

The tax reconciliation for the years ended 31 December is as follows:

	%	2016	%	2015
Profit before income tax		**5,200**		**13,934**
Tax using the Company's domestic tax rate	20	(1,040)	20	(2,787)
Effect of tax rates in foreign jurisdictions	(22)	1,150	(7)	(988)
Effect of permanent differences in foreign acquisitions		--	5	645
Tax effect of:				
tax-exempt income	(35)	1,824	(12)	1,828
unrecognized tax losses	41	(2,141)	5	(702)
permanent differences	52	(2,712)	24	(3,508)
non-taxable income	50	(2,589)	17	(290)
change in tax rate	--	--	(38)	5,614
Disallowable expenses	3	(179)	0	(21)
Tax return filed based on Creuers acquisition (*)	(59)	3,091	--	--
Deferred tax arising from business combination	--	--	(8)	1,218
Donations	(22)	1,167	--	--
Other	(10)	504	(11)	1,517
		(925)		**2,526**

(*) 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, unrealized 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, unrealized 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 unrealized gains and goodwill having become subject to tax when they are realized 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 a tax return during acquisition based on above regulation.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

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17 Taxation (continued)

Deferred tax (continued) Deferred tax assets and deferred tax liabilities as at 31 December 2016 and 2015 are attributable to the items detailed in the table below:

	Property and equipment	Tax losses carried forward	Provision for employment termination indemnity and vacation pay	Available for sale financial assets	Intangible assets	Other	Total
At 1 January 2015	**2,061**	**1,609**	**206**	**--**	**(96,204)**	**(649)**	**(92,977)**
Charge/(credit) to profit or loss	221	68	204	(1,115)	5,760	(1,533)	3,605
Acquisition of subsidiary	466	--	--	--	(21,960)	140	(21,354)
Exchange differences	(432)	(330)	(55)	72	5,260	230	4,745
Effect of change in tax rate:							
–income statement	--	--	--	--	5,614	--	5,614
–equity	--	--	--	--	--	--	--
At 31 December 2015	**2,316**	**1,347**	**355**	**(1,043)**	**(101,530)**	**(1,812)**	**(100,365)**
Charge/(credit) to profit or loss	(202)	510	(131)	6	5,211	(819)	4,575
Exchange differences	(374)	(306)	(43)	180	1,778	431	1,666
Effect of change in tax rate:							
–income statement	--	--	--	--	--	--	--
–equity	--	--	--	--	--	--	--
At 31 December 2016	**1,740**	**1,551**	**181**	**(857)**	**(94,541)**	**(2,200)**	**(94,126)**

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17 Taxation (continued)

Deferred tax (continued)

As at 31 December 2015 and 2016, the breakdown of the tax losses carried forward in terms of their final years of utilization is as follows:

	2016		2015	
Expiry years of the tax losses carried forward	**Recognized**	**Unrecognized**	**Recognized**	**Unrecognized**
2016	--	--	4,596	6,755
2017	--	3,049	--	2,900
2018	--	902	--	858
2019	--	6,655	1,306	6,331
2020	2,601	3,235	1,298	3,339
2021	6,435	2,672	--	--
	9,036	**16,513**	**7,200**	**20,183**

Unrecognized deferred tax assets

At the reporting date, the Group has statutory tax losses available for offsetting against future profits which are shown above. Such carried forward tax losses expire until 2021. Deferred tax assets have not been recognized in respect of some portion of these items since it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

Amounts recognized in OCI

	2016			2015		
In USD 000's	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**
Remeasurements of defined benefit liability	50	(10)	40	34	(7)	27
Foreign operations - foreign currency translation differences	25,655	--	25,655	13,078	--	13,078
Net investment hedge	(59,569)	11,916	(47,653)	(64,629)	12,926	(51,703)
Cash flow hedges	(247)	60	(187)	93	(24)	71
Total	**(34,111)**	**11,966**	**(22,145)**	**(51,424)**	**12,895**	**(38,529)**

18 Trade and other receivables

As at 31 December, trade and other receivables comprised the following:

	2016	**2015**
Trade receivables	10,121	10,345
Deposits and advances given	12	14
Other receivables	1,789	442
Total trade and other receivables	**11,922**	**10,801**

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18 Trade and other receivables

As at 31 December, trade receivables comprised the following:

	2016	**2015**
Receivables from customers	10,121	10,345
Doubtful receivables	1,213	508
Allowance for doubtful receivables (-)	(1,213)	(508)
Total	**10,121**	**10,345**

Movements in the allowance for doubtful trade receivables for the years ended 31 December, comprised the following:

	2016	**2015**
Balance at the beginning of the year	(508)	(850)
Allowance for the year	(733)	(190)
Collections	3	292
Translation difference	(28)	103
Written off during the year	53	137
Balance at the end of the year	**(1,213)**	**(508)**

As at 31 December 2016 and 2015, current trade receivables mature between 0-1 months.

Credit risk and foreign currency risk with respect to trade and other receivables are disclosed in Note 31. Bad debt expense on doubtful receivables is recognized in administrative expenses.

19 Other assets

Other non-current assets

As at 31 December, other non-current assets comprised the following:

	2016	**2015**
Advances given (**)	5,770	2,418
Prepaid expenses	2,753	5,796
Housing loans given to employees (*)	2,854	3,089
Deposits and guarantees given	35	14
Other	--	1,730
Total	**11,412**	**13,047**

(*) As a state-owned company before being acquired by the Group, Port of Adria had granted housing loans to its employees up to a maturity of 35 years.
(**) Advances given are mainly composed of the advances given by Ortadoğu Liman for the purchase of machinery and for the investments related to the passenger terminal.

Other current assets

As at 31 December, other current assets comprised the following:

	2016	**2015**
Prepaid expenses	3,419	3,056
Advances given	1,567	2,886
Income tax receivable	1,505	--
Value added tax receivable	430	1,184
Other	847	882
Total	**7,768**	**8,008**

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20 Cash and cash equivalents

As at 31 December, cash and cash equivalents comprised the following:

	2016	**2015**
Cash on hand	69	97
Cash at banks	44,241	77,326
- Demand deposits	*13,820*	*43,999*
- Time deposits	*30,308*	*31,276*
- Overnight deposits	*113*	*2,051*
Cash and cash equivalents	**44,310**	**77,423**

	2016	**2015**
Cash and cash equivalents at balance sheet	44,310	77,423
Less: Restricted cash	(5,954)	(4,379)
Cash and cash equivalents for cash flow statement purposes	**38,356**	**73,044**

As at 31 December, maturities of time deposits comprised the following:

	2016	**2015**
Up to 1 month	30,216	31,276
1-3 months	92	--
Total	**30,308**	**31,276**

As at 31 December, the ranges of interest rates for time deposits are as follows:

	2016	**2015**
Interest rate for time deposit-TL (highest)	6.75%	13.00%
Interest rate for time deposit-TL (lowest)	6.75%	13.00%
Interest rate for time deposit-USD (highest)	0.35%	0.25%
Interest rate for time deposit-USD (lowest)	0.35%	0.25%
Interest rate for time deposit-EUR (highest)	0.75%	0.10%
Interest rate for time deposit-EUR (lowest)	0.75%	0.10%

As at 31 December 2016, cash at banks amounting to USD 5,954 thousand (31 December 2015: USD 4,379 thousand) is restricted due to the bank loan guarantees and subscription guarantees (Note 23).

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 31.

21 Capital and reserves

a) Share capital

On 12 November 2015, the Company issued 8,054,299 new shares with a 1 TL par value which was purchased by EBRD for a consideration of USD 57,325 thousand (TL 165,727 thousand). The difference between the consideration received and the value of shares amounting to USD 54,539 thousand is recorded as premium on issued shares. As at 31 December 2016, the Company's statutory nominal value of authorized and paid-in share capital consists of 74,307,399 registered ordinary shares with a par value of TL 1 each.

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21 Capital and reserves (continued)

a) Share capital (continued)

As at 31 December, the share ownership structure of the Company was as follows:

	As at 31 December 2016		**As at 31 December 2015**	
	Value of Share	**Proportion of share %**	**Value of Share**	**Proportion of share %**
Global Yatırım Holding A.Ş.	31,042	89.16	31,042	89.16
European Bank of Reconstruction and Development	2,786	10.84	2,786	10.84
Paid in capital (nominal)	**33,828**	**100.00**	**33,828**	**100.00**
Inflation accounting adjustment	8		8	
Inflation adjusted capital	**33,836**		**33,836**	

b) Nature and purpose of reserves

(i) Translation reserves

The translation reserves amounting to USD 120,219 thousand (2015: USD 91,970 thousand) is recognized as a separate account under equity and comprises foreign exchange differences arising from the translation of the 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 actually 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 2016, the legal reserves of the Group amounted to USD 12,424 thousand (2015: USD 9,917 thousand).

(iii) Hedging reserves

Investment hedge

The Company has used its Eurobond financing as a non-derivative financial item to hedge the net investments of Ege Ports, Port Akdeniz and Bodrum Cruise Port. As of 31 December 2016, the net asset values of Ege Ports, Port Akdeniz and Bodrum Cruise Port amounts to USD 40,467 thousand, USD 4,110 thousand and USD 190,833 thousand, respectively, and the fair value of Eurobond amounts to USD 252,600 thousand. (As of 31 December 2015, the net asset values of Ege Ports, Port Akdeniz and Bodrum Cruise Port amounts to USD 39,560 thousand, USD 4,884 thousand and USD 194,443 thousand, respectively, and the fair value of Eurobond amounts to USD 252,558 thousand). The ineffective portion of the investment hedge is USD 887 thousand as of 31 December 2016 (2015: USD 1,407 thousand).

As at 31 December 2016, the effective portion of gain or loss arising from investment hedging instrument is recognized in other comprehensive income, net of tax amounting to USD 47,656 thousand (year ended 31 December 2015: USD 51,703 thousand).

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21 Capital and reserves (continued)

b) Nature and purpose of reserves (continued)

(iii) Hedging reserves (continued)

Cash flow hedge

The Group entered into interest rate swap in order to hedge its position against changes in interest rates. Accordingly, effective fair value changes of this instrument amounting to USD 167 thousand (31 December 2015: USD 70 thousand) is recognized directly in equity at cash flow hedge reserve.

Forecast principal balances on which interest cash flows are expected to arise are as follows;

	3 months or less	More than 3 months but less than 1 year	5 years or less but more than 1 year	More than 5 years
Net cash inflows/(outflows) exposure				
Liabilities	--	285	753	94
At 31 December 2016	**--**	**285**	**753**	**94**
Net cash inflows/(outflows) exposure				
Liabilities	--	269	740	169
At 31 December 2015	**--**	**269**	**740**	**169**

c) Dividends

Dividend distributions are made by the Company in TL in accordance with its articles, after deducting taxes and setting aside the legal reserves as discussed above. In 2016, General Assembly of GPH decided to distribute USD 36,429 thousand, USD 1,821 thousand of this amount was transferred to the legal reserves, USD 34,608 thousand was distributed to its shareholders. Total amount declared in 2016 distribution is paid in cash. Other dividend distributions were made by Valletta Cruise Port to other shareholders, on which they have non-controlling interest, amounting to USD 819 thousand and made by BPI to RCCL, on which it has a non-controlling interest, amounting to USD 2,191 thousand (In 2015, General Assembly of GPH decided to distribute USD 21,053 thousand, USD 1,053 thousand of this amount was transferred to the legal reserves, USD 20,000 thousand was distributed to its shareholders. Another dividend distribution was made by Ege Liman to RCCL, on which it has a non-controlling interest, amounting USD 2,694 thousand and by Cruceros Malaga to Malaga Port Authority, on which it has a non-controlling interest, amounting to USD 562 thousand).

d) OCI accumulated in reserves, net of tax

	Attributable to owners of the Company					
	Translation reserve	Hedging reserve	Retained earnings	Total	NCI	Total OCI
2016						
Net investment and cash flow hedge	--	(47,840)	--	(47,840)	--	(47,840)
Foreign currency translation differences	28,249	--	--	28,249	(2,594)	25,655
Remeasurements of defined benefit liability	--	--	40	40	--	40
Total	**28,249**	**(47,840)**	**40**	**(19,551)**	**(2,594)**	**(22,145)**

	Attributable to owners of the Company					
	Translation reserve	Hedging reserve	Retained earnings	Total	NCI	Total OCI
2015						
Net investment and cash flow hedge	--	(51,633)	--	(51,633)	--	(51,633)
Foreign currency translation differences	19,063	--	--	19,063	(5,985)	13,078
Remeasurements of defined benefit liability	--	--	27	27	--	27
Total	**19,063**	**(51,633)**	**27**	**(32,543)**	**(5,985)**	**(38,528)**

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22 Non-controlling interests

Summarized financial information in respect of each of the Group's subsidiaries that has non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations for the year ended 31 December 2016;

	Ege Ports	Bodrum Cruise Port	Port of Adria	BPI	Cruceros	Valletta	Ravenna	Cagliari	Catania
NCI Percentage	**27.5%**	**40.0%**	**36.2%**	**38.0%**	**50.4%**	**44.4%**	**46.3%**	**29.1%**	**37.8%**
Non-current assets	31,159	6,007	55,919	128,747	13,883	91,115	85	762	252
Current assets	23,855	2,440	3,208	13,967	2,929	2,042	288	391	358
Non-current liabilities	(6,287)	(877)	(5,849)	(72,844)	(7,626)	(31,530)	(10)	(4)	--
Current liabilities	(9,423)	(666)	(16,069)	(6,936)	(1,320)	(4,240)	(128)	(933)	(574)
Net assets	**39,304**	**6,904**	**37,209**	**62,934**	**7,866**	**57,387**	**235**	**216**	**35**
Net assets attributable to NCI	10,809	2,762	13,473	23,915	3,965	25,480	109	63	13
Revenue	11,650	2,168	7,884	24,237	2,876	12,418	--	--	--
Profit / (loss)	3,865	(1,003)	(2,390)	4,296	(340)	1,733	--	--	--
OCI	(1,400)	(242)	(1,338)	(3,329)	(285)	(494)	--	--	--
Total comprehensive income / (loss)	**2,465**	**(1,245)**	**(3,728)**	**967**	**(625)**	**1,239**	**--**	**--**	**--**
Profit / (loss) allocated to NCI	1,063	(401)	(866)	1,633	(171)	809	--	--	--
OCI allocated to NCI	(385)	(97)	(484)	(1,265)	(143)	(220)	--	--	--

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22 Non-controlling interests (continued)

The summarized financial information below represents amounts before intragroup eliminations for the year ended 31 December 2015;

	Ege Ports	Bodrum Cruise Port	Port of Adria	BPI	Cruceros	Valletta
NCI Percentage	**27.5%**	**40.0%**	**36.2%**	**38.0%**	**50.4%**	**44.4%**
Non-current assets	34,077	8,250	56,309	143,791	14,710	92,827
Current assets	29,901	1,704	2,576	11,594	3,193	3,774
Non-current liabilities	(6,579)	(1,054)	(7,255)	(80,220)	(8,196)	(34,287)
Current liabilities	(20,560)	(751)	(10,693)	(7,431)	(1,217)	(4,409)
Net assets	**36,839**	**8,149**	**40,937**	**67,733**	**8,491**	**57,904**
Net assets attributable to NCI	10,131	3,260	14,823	25,739	4,279	25,709
Revenue	17,347	2,840	8,528	22,383	2,308	--
Profit / (loss)	7,711	(649)	(3,414)	6,151	(1,308)	--
OCI	198	157	(4,956)	(7,642)	(3,011)	256
Total comprehensive income/ (loss)	**7,909**	**(492)**	**(8,369)**	**(1,490)**	**(4,320)**	**256**
Profit / (loss) allocated to NCI	2,121	(260)	(1,236)	2,337	(659)	--
OCI allocated to NCI	54	63	(1,795)	(2,904)	(1,518)	114

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23 Loans and borrowings

As at 31 December, loans and borrowings comprised the following:

Short term loans and borrowings	**2016**	**2015**
Short term portion of Eurobond issued	19,339	19,336
Short term bank loans	9,068	3,195
- TL Loans	*1,397*	*102*
- Foreign currency loans	*7,671*	*3,093*
Short term portion of long term bank loans	13,711	12,662
- TL Loans	--	--
- Foreign currency loans	*13,711*	*12,662*
Finance lease obligations	1,541	1,428
Total	**43,659**	**36,621**

Long term loans and borrowings	**2016**	**2015**
Long term portion of Eurobonds issued	233,259	233,224
Long term bank loans	62,846	77,438
- TL Loans	--	--
- Foreign currency loans	*62,846*	*77,438*
Finance lease obligations	2,915	3,866
Total	**299,020**	**314,528**

As at 31 December, maturity profile of long term bank loans comprised the following:

Year	**2016**	**2015**
Between 1-2 years	30,338	31,069
Between 2-3 years	29,497	29,464
Between 3-4 years	27,310	28,304
Over 5 years	208,960	221,825
Total	**296,105**	**310,662**

As at 31 December, maturity profile of finance lease obligations comprised the following:

	2016			**2015**		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	**Future minimum lease payments**	**Interest**	**Present value of minimum lease payments**
Less than one year	1,677	136	1,541	1,603	175	1,428
Between one and five years	3,312	397	2,915	4,608	743	3,866
Total	**4,989**	**533**	**4,456**	**6,211**	**918**	**5,294**

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23 Loans and borrowings (continued)

Details of the loans and borrowings as at 31 December 2016 are as follows:

						As at 31 December 2016	
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	252,600
Secured Loan (ii)	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4.00	37,603	36,644
Secured Loan (iii)	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1.75	6,376	6,307
Secured Loan (iv)	Valetta Cruise Port	EUR	2029	Floating	Euribor + 3.00	9,389	9,614
Secured Loan (vii)	Global BV	EUR	2020	Floating	Euribor + 4.60	20,609	20,546
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	2.75	604	604
Secured Loan	Ortadoğu Liman	USD	2016	Fixed	4.40	125	125
Secured Loan	Port of Adria	EUR	2017	Fixed	5.00	796	796
Secured Loan	Port of Adria	EUR	2017	Fixed	8.20	135	135
						325,637	**327,371**
Loans used to finance working capital							
Unsecured Loan	Ege Liman	USD	2017	Fixed	4.50	2,000	2,000
Unsecured Loan	Ege Liman	TL	2017	Fixed	15.60	200	200
Unsecured Loan	Ege Liman	USD	2017	Fixed	4.50	875	875
Unsecured Loan	Ege Liman	USD	2017	Fixed	4.95	900	900
Unsecured Loan	Ege Liman	TL	2017	Fixed	15.60	55	55
Unsecured Loan	Ortadoğu Liman	USD	2017	Fixed	4.95	3,100	3,100
Unsecured Loan	Ortadoğu Liman	TL	2017	Fixed	13.00	375	377
Unsecured Loan	Bodrum Liman	TL	2017	Fixed	15.60	509	509
Unsecured Loan	Global Liman	TL	2017	Fixed	13.00	256	256
Secured Loan (ii)	Barcelona Cruise Port	EUR	2024	Floating	Euribor + 4.00	2,529	2,474
Secured Loan	Port of Adria	EUR	2017	Fixed	8.00	107	106
						10,906	**10,852**
Finance lease obligations							
Leasing (v)	Ortadoğu Liman	USD	2020	Fixed	7.35	1,150	1,150
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35	231	231
Leasing	Ortadoğu Liman	USD	2018	Fixed	7.35	108	108
Leasing	Ortadoğu Liman	USD	2017	Fixed	7.35	96	96
Leasing	Ortadoğu Liman	USD	2019	Fixed	5.75	40	40
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35	19	19
Leasing (vi)	Ege Liman	EUR	2020	Fixed	7.75	2,236	2,236
Leasing	Ege Liman	USD	2020	Fixed	5.50	480	480
Leasing	Ege Liman	USD	2017	Fixed	6.50	26	26
Leasing	Ege Liman	USD	2018	Fixed	6.00	46	46
Leasing	Ege Liman	USD	2017	Fixed	5.75	10	10
Leasing	Ege Liman	USD	2017	Fixed	6.00	14	14
						4,456	**4,456**
						340,999	**342,679**

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23 Loans and borrowings (continued)

Details of the loans and borrowings as at 31 December 2015 are as follows:

						As at 31 December 2015	
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	252,558
Unsecured Loan	Bodrum Liman	USD	2016	Fixed	7.75	153	156
Secured Loan (ii)	Barcelona Port Investments	EUR	2023	Floating	Euribor + 4.00	44,709	43,447
Secured Loan (iii)	Malaga Cruise Port	EUR	2025	Floating	Euribor 3m + 1.75	7,281	7,245
Secured Loan (iv)	Valetta Cruise Port	EUR	2026	Floating	Euribor + 4.00	11,673	12,031
Secured Loan (vii)	Global BV	EUR	2020	Floating	Euribor + 4.60	24,043	24,158
Secured Loan	Port of Adria	EUR	2016	Floating	Euribor + 6.20	688	688
Secured Loan	Port of Adria	EUR	2017	Fixed	8.20	296	295
						338,843	**340,578**
Loans used to finance working capital							
Unsecured Loan	Global Liman	TL	2016	Fixed	11.70	102	102
Unsecured Loan	Ege Liman	USD	2016	Fixed	6.25	1,000	955
Unsecured Loan	Ege Liman	USD	2016	Fixed	5.20	1,300	1,300
Unsecured Loan	Ege Liman	USD	2016	Fixed	5.75	150	150
Secured Loan (ii)	Barcelona Cruise Port	EUR	2024	Floating	Euribor + 4.00	2,621	2,557
Secured Loan	Port of Adria	EUR	2017	Fixed	8.00	213	213
						5,386	**5,277**
Finance lease obligations							
Leasing (v)	Ortadoğu Liman	USD	2020	Fixed	7.35	1,426	1,426
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35	314	314
Leasing	Ortadoğu Liman	USD	2018	Fixed	7.35	208	208
Leasing	Ortadoğu Liman	USD	2017	Fixed	7.35	128	128
Leasing	Ortadoğu Liman	USD	2019	Fixed	5.75	117	117
Leasing	Ortadoğu Liman	USD	2019	Fixed	7.35	25	25
Leasing (vi)	Ege Liman	EUR	2020	Fixed	7.75	2,865	2,865
Leasing	Ege Liman	USD	2017	Fixed	6.50	74	74
Leasing	Ege Liman	USD	2018	Fixed	6.00	77	77
Leasing	Ege Liman	USD	2017	Fixed	5.75	21	21
Leasing	Ege Liman	USD	2017	Fixed	6.00	39	39
						5,294	**5,294**
						349,523	**351,149**

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23 Loans and borrowings (continued)

The detailed information related to the significant loans borrowed 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 at Irish Stock Exchange.

Eurobonds contains the certain following covenants;

- If a concession termination event occurs at any time, Global Liman must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a "Concession Termination Event Offer"). In the Concession Termination Event Offer, the Issuer will offer a "Concession Termination Event Payment" in cash equal to 100% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased, to the date of purchase (the "Concession Termination Event Payment Date"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.
- The consolidated leverage ratio would not exceed 5.0 to 1. Excluding the consolidated leverage ratio breach, the Issuer and any Restricted Subsidiary will be entitled to Incur any or all of the following Indebtedness;
  - Indebtedness incurred by Global Liman ("the Issuer"), Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5,000,000;
  - Purchase Money Indebtedness Incurred to finance the acquisition by the Issuer or a Restricted Subsidiary (all subsidiaries except Malaga Cruise Port and Lisbon Cruise Port) of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of Indebtedness Incurred pursuant to this sub-clause and then outstanding, does not exceed USD 10,000,000;
  - 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 20,000,000; 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.

(ii) On 30 September 2014, BPI and Creuers have entered into a syndicated loan amounting to Euro 60,250 thousand. Tranche A of this loan, amounting to Euro 54,000 thousand, is paid every semester, at the end of June and December, the last payment being in 2023. Tranche B has been already paid for Euro 3,851 thousand as of 10 October 2014. Tranche C amounting to Euro 2,399 thousand has one-off 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, the shares of BPI and Creuers 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, the Malaga Port obtained a Euro 9,000 thousand loan from Unicaja 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. Mortgage has been taken out on the administrative concession to guarantee repayment of the loan principal and accrued interest thereon.

(iv) VCP bank loans and overdraft facilities bear interest at 3.90% - 4.15% (2015: 3.90% - 4.15%, per annum and are secured by a general hypothec over the company's present and future assets, together with a special hypothec over specific property within the concession site for a period of 65 years commencing on 21 November 2001

(v) On 12 June 2014, Ortadoğu Liman has signed a finance lease agreement for a port tugboat with the interest rate of 7.35% having the maturity of 16 July 2020.

(vi) On June 2014, Ege Liman has signed a finance lease agreement for port tugboat with the interest rate of 7.75% with the maturity at 2020.

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23 Loans and borrowings (continued)

(vii) Global Ports Europe BV entered into a loan amounting to EUR 22,000, thousand 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 paid twice, on May and November of each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement. The remaining principle amount of the loan as at 31 December 2016 is € 19,550 thousand (31 December 2015: €22,000 thousand).

24 Trade and other payables

As at 31 December, current trade and other payables comprised the following:

	2016	**2015**
Payables to suppliers	7,974	6,210
Taxes payable and social security contributions	1,625	2,347
Payables to personnel	1,348	1,111
Expense accruals	1,178	962
Advances received	880	510
Deposits received	351	445
Due to non-controlling interest	187	2,330
Deferred revenue	124	510
Other	796	240
Total	**14,463**	**14,665**

The Group's average credit period for trade purchases is 47 days as of 31 December 2016 (31 December 2015: 36). 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.

25 Employee benefits

Under Turkish Labor 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 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 1,121 for each period of service at 31 December 2016 (2015: USD 1,407).

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 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:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2016, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

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25 Employee benefits (continued)

Ceiling amount of USD 1,358 which is in effect since 1 January 2017 is used in the calculation of Groups' provision for retirement pay liability for the year ended 31 December 2016 (1 January 2016: USD 1,408). The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	2016	**2015**
Discount rate	4.72%	4.23%
Turnover rate for the expectation of retirement probability	90%-100%	90%-100%

Movements in the reserve for employee termination indemnity during the years ended 31 December comprised the followings:

	2016	**2015**
1 January	**1,464**	**1,552**
Included in profit or loss		
Current service costs and interest	186	299
Provision reversals	(2)	-
Included in OCI		
Actuarial (gain) / losses	(50)	(36)
Other		
Benefits paid	(229)	(184)
Foreign currency translation differences	(82)	(167)
31 December	**1,287**	**1,464**

26 Provisions

Non-current	**As at 31 December 2016**	**As at 31 December 2015**
Replacement provisions for Creuers (*)	13,487	11,612
Restructuring provisions for Port of Adria (**)	1,371	2,566
Total	**14,858**	**14,178**

(*) The replacement provisions are related to the acquisition of Creuers in compliance with TOORA Contract, executed by and between Creuers and the Barcelona and Malaga Port Authorities (see Note 28 (c)). The Company is providing advance depreciation for any potential capital expenditure until end of the concession term, considering total concession term remaining at the date of any future investment is less than the useful life of fixed assets.
(**) The restructuring provisions are related to the acquisition of the Port of Adria in compliance with TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Montenegrin Government (see Note 28 (c)).

Current	**As at 31 December 2016**	**As at 31 December 2015**
Other	1,199	412
Total	**1,199**	**412**

For the years ended 31 December, the movements of the provisions as below;

	2016	**2015**
Balance at 1 January	**14,590**	**13,946**
Provisions made during the year	4,145	2,987
Reversal made during the year	--	(62)
Provisions used during the year	(1,779)	(708)
Currency translation difference	(900)	(1,573)
Balance at 31 December	**16,056**	**14,590**
Non-current	**14,858**	**14,178**
Current	**1,199**	**412**
	16,057	**14,590**

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27 Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, less own shares acquired.

The Group does not present diluted earnings per share ("diluted EPS") data, because there are no convertible securities exercised by the Group. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company less preferred dividend by the weighted average number of ordinary shares outstanding during the period, plus impact of any convertible securities.

For the years ended 31 December, earnings per share is calculated by dividing the profit attributable to ordinary shareholders, by the weighted average number of shares outstanding.

	2016	**2015**
Profit attributable to owners of the Company	2,208	14,157
Weighted average number of shares	74,323,982	67,336,588
Basic and diluted earnings per share with par value of TL 1	0,0297	0.2102

28 Commitment and contingencies

(a) Litigations

There are pending lawsuits that have been filed against or by the Group. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for the possible expenses and liabilities. The amount of provision that has been accounted for as at 31 December 2016 is USD 698 (31 December 2015: USD 65).

The information related to the significant lawsuits that the Group is directly or indirectly a party to is as follows:

Legal proceedings in relation to Ortadoğu Antalya, Ege Liman and Bodrum Liman's applications for extension of their operation rights

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that had 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 Ports-Kuşadası and Bodrum Cruise Port for extension of terms up to, in total, 49 years. After these applications were rejected, the respective Group companies filed lawsuits with administrative courts challenging the decisions. The lawsuits were rejected by the courts of first instance, except for three lawsuits relating to Bodrum Cruise Port in which the courts of first instance upheld the respective Group company's claims relating to extension. All foregoing court rulings were appealed either by the Group companies or relevant administration. The Council of State reversed the lower courts' judgement with respect to Ege Ports-Kuşadası, but the relevant administration applied to the Council of State for reversal of this judgement and the case is still pending. The appeal relating to Port Akdeniz-Antalya is still pending before the Council of State. The three lawsuits regarding the extension of Bodrum Cruise Port's operating rights are pending before the Council of State and the court of second instance.

Legal challenges against the privatisation tender process of Ege Ports-Kuşadası

There is a finalised legal challenge of the privatisation tender process by which Ege Ports-Kuşadası was awarded to Ege Liman. The challenge sought the return of Ege Ports-Kuşadası to the State, and the challenge was upheld by the court of first instance and the Council of State. The Privatisation Administration has the responsibility to enforce the court decision and return Ege Ports-Kuşadası to the State.

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28 Commitments and contingencies (continued)

(a) Litigations (continued)

In practice there are many instances in which the Privatisation Administration has ultimately not enforced decisions cancelling tender approvals on the basis of "impossibility of performance". Management is not aware of any instance in which a privatised asset has been returned to the State as a result of such a challenge to the tender process. Furthermore, in 2011 the Council of Ministers decided not to enforce court decisions for the return of privatised assets to the State, including the decision relating to Ege Ports-Kuşadası. Consistent with this historic approach, the Privatisation Administration declared in 2014 that it will not take any action to return Ege Ports-Kuşadası to the State. Following this, a legal provision that prevents the Privatisation Administration from taking actions for the return of privatised assets was introduced and the Privatisation Administration again confirmed that it will not take any actions for the enforcement of court decision with regard to claiming the return of Ege Ports- Kuşadası and it will not initiate any lawsuit in this regard. Although the Constitutional Court annulled this legal provision, to date the Privatisation Administration has maintained its position to not to enforce the cancellation of the Privatisation High Council's decision regarding the privatisation. Given the time passed since the annulment of the foregoing legal provision and the Privatisation Administration's expressed approach, the Group expects that the Privatisation Administration will not take any action. In addition, if Ege Ports-Kuşadası were to be returned to the State, the Group may claim any damages arising out of the cancellation of Privatisation High Council's decision, including the amount paid to the Privatisation Administration for the concession, newly constructed buildings and other structures and any other investments made to Ege Ports-Kuşadası to date, with interest. The Group may also claim loss of profit for the remaining term of the concession period. However, as there are no previous instances of a privatised asset being returned to the State, such a lawsuit would be without precedent.

Legal challenges relating to Zoning Plans of Ege Ports-Kuşadası

Four different zoning plans have been issued in relation to the land of Ege Ports-Kuşadası in 2006, 2010, 2011 and 2015. Local residents and the Municipality of Kuşadası initiated legal challenges against each of the 2006, 2010 and 2011 zoning plans, among other reasons, challenging the designation of the land for use as a cruise port. The challenges to the 2010 and 2011 zoning plans were dismissed by the courts on the basis that the Ministry of Environment and Urbanisation had issued a new zoning plan in 2015. A construction licence was obtained by Ege Ports-Kuşadası under the 2015 zoning plan and it is awaiting approval for an occupancy permit. The challenges relating to the 2006 zoning plan remain pending before the Council of State.

A fee claim by the Ministry of Environment and Forestry against Port Akdeniz-Antalya for the allocation of land from the Türkiye Denizcilik İşletmeleri (TDİ)

There is a finalised legal challenge regarding payment for land allocated to Port Akdeniz-Antalya by the TDİ. The land was transferred without payment as part of the operating rights agreement with respect to Port Akdeniz-Antalya. The Council of the State and the Ministry of Environment and Forestry General Directorate challenged the land allocation on the basis that the TDİ should have sought compensation for the land. As far as the Group is aware, the TDİ and the Ministry of Environment and Forestry have not come to an agreement regarding collection of the relevant consideration as of the date of the consolidated financial statements.

As a result of a disagreement between the TDİ and the Ministry of Environment and Forestry on the consideration for land allocated, the Ministry of Environment and Forestry may request from the Group the same amount that it previously requested from the TDİ for allocation of these lands. As of the date of the consolidated financial statements, no claim has been made against the Group, by the Ministry of Environment and Forestry, except for the claim requesting the return of the training and social facilities operated by third parties which are being used outside of the scope of port operations; and no claim has been made against the Group concerning any payment relating to land allocation of Port Akdeniz-Antalya.

If the Group is forced to pay the aforesaid amount to the Ministry of Environment and Forestry, the Group may seek reimbursement from the TDİ, on the grounds of its right of recourse arising from the agreement transferring operational rights to the land at Port Akdeniz-Antalya.

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28 Commitments and contingencies (continued)

(a) Litigations (continued)

Other legal proceedings

The employees of Bar Port in Montenegro have filed several lawsuits with local courts with respect to their claims arising from a collective agreement that are related to (i) the period (2011 - 2014) before the handover of the port to GPH and (ii) alleged underpaid wages as of beginning of 2014. On 12 October the court of first instance decided that the collective agreement is not valid. The cases are still pending.

(b) Guarantees

As at 31 December 2016 and 2015, the letters of guarantee given comprised the following:

Letters of guarantee	**2016**	**2015**
Given to seller for the call option on APVS shares (*)	5,138	--
Given to Privatization Administration / Port Authority	4,047	4,754
Given to Electricity Distribution Companies	8	41
Given to courts	64	-
Others	520	108
Total letter of guarantee	**9,777**	**4,903**

(*) Venetto Sviluppo, 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); while this option can be exercised between 15 May 2017 and 15 November 2018. If VS exercises the put option completely, VI will own 99% of APVS and accordingly 71.51% of VTP. The Company has given a guarantee letter in for its portion of 25% in VI, which in turn has given the full amount of call option as guarantee letter to VS.

Other collaterals are disclosed in Note 23.

(c) Contractual obligations

<u>Ege Liman</u>

The details of the TOORA dated 2 July 2003, executed by and between Ege Liman and OİB together with TDİ are stated below:

Ege Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Kuşadası Cruise Port for an operational period of 30 years. Ege Liman is liable for the maintenance of Kuşadası Cruise Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDİ, while the movable properties stay with Ege Liman.

<u>Ortadoğu Liman</u>

The details of the TOORA dated 31 August 1998, executed by and between Ortadoğu Liman and OİB together with TDİ 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 TDİ, while the movable properties stay with Ortadoğu Liman.

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28 Commitments and contingencies (continued)

(c) Contractual obligations (continued)

Bodrum Liman

The details of the BOT Contract 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 is liable for the maintenance of the port together with the port equipment in good repair and in operating condition throughout its operating right period. The facilities, equipment, installations and the systems together with the tools and other equipment belonging thereto shall be surrendered to the DLH after the expiry of the contractual period.

Port of Adria

The details of the TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Montenegrin Government 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). For the first three years of its ownership, the Group must implement certain investment programs and social programs outlined in the share purchase agreement. Global Liman 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, while the movable properties stay with Global Liman.

Barcelona Cruise Port

The details of the TOORA Contract dated 29 July 1999, executed by and between Creuers del Port de Barcelona and the Barcelona Port authority are stated below:

Creuers del Port de Barcelona, S.A. ("Creuers") will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in World Trade Center Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of World Trade Center Wharf terminals North and South together with the port equipment in good repair and in operating condition throughout its operating right period.

After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

The details of the TOORA Contract dated 26 July 2003, executed by and between Creuers and the Barcelona Port authority are stated below:

Creuers will be performing the management and exploitation of the port service related to the traffic of tourist cruises on the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a sea station, in Adossat Wharf in Barcelona for an operational period of 27 years. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of Adossat Wharf Terminals A, B and C together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

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28 Commitments and contingencies (continued)

(c) Contractual obligations (continued)

Malaga Cruise Port

The details of the TOORA Contract dated 9 July 2008, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to adapt the Terminal Levante of the Malaga Port and its exploitation, for a 30-year period. However, the Port concession period can be extended automatically for 5 years provided that Creuers has complied with all the obligations set forth in the Port Concession. Therefore, the concession period is considered as 35 years. Cruceros will perform passenger services, terminal usage and luggage services. Cruceros is liable for the maintenance of Terminal Levante together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Malaga Port Authority.The details of the TOORA Contract dated 11 December 2011, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to adapt the Terminal El Palmeral of the Malaga Port and its exploitation, for a 30-year period. However, the Port concession period can be extended automatically for 5 years provided that Creuers has complied with all the obligations set forth in the Port Concession. Therefore, the concession period is considered as 35 years. Cruceros will perform passenger services, terminal usage and luggage services. Cruceros is liable for the maintenance of Terminal El Palmeral together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Malaga Port Authority.

Valetta Cruise Port

On 22 November 2001, VCP signed a deed with the Government of Malta by virtue of which the Government granted the buildings and lands situated in Floriana, having an area of 46,197sqm by title of concession, for a period of 65 years. 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 6,854sqm, office 4,833sqm, terminal 21,145sqm and potential buildings 13,365sqm.

(d) Operating leases

Lease as lessee

The Group entered into various operating lease agreements. Operating lease rentals are payable as follows:

	As at 31 December 2016	As at 31 December 2015
Less than one year	1,506	1,481
Between one and five years	5,247	5,463
More than five years	72,109	75,286
	78,862	**82,230**

In the periods presented, the Group's main operating lease arrangements as lessee are the port rent agreement of Valetta Cruise Port until 2066, Port of Adria until 2043 and Bodrum Liman until 2019.

For the year ended 31 December 2016 payments recognized as rent expense were USD 1,164 thousand (2015: USD 847 thousand).

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28 Commitments and contingencies (continued)

(d) Operating leases (continued)

Lease as lessor

The future lease receipts or future lease receivables under operating leases are as follows:

	As at 31 December 2016	As at 31 December 2015
Less than one year	4,327	2,984
Between one and five years	8,013	4,941
More than five years	5,592	6,967
	17,932	**14,892**

The Group's main operating lease arrangements as lessor are a marina lease agreement of Ortadoğu Liman until 2028, and various shopping center rent agreements of Ege Liman and Bodrum Liman of up to 5 years.

During the year ended 31 December 2016, USD 7,333 thousand (2015: USD 7,774 thousand) was recognized as rental income in the consolidated statement of profit or loss and other comprehensive income.

29 Service concession arrangement

The port operation rights, which belongs to Creuers, recognized under intangible assets includes fixed asset elements built or acquired from third parties to adapt Sea Stations North and South of the World Trade Center and A and B of the Adossat Wharf of Port of Barcelona, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The fixed assets model are applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Creuers are annually reviewed and approved by the Port Authorities of Barcelona.

Creuers pays occupancy and utilization royalty to the Port Authorities of Barcelona on the basis of surfaces occupied and the value of fixtures made available. Additionally, an activity rate is accrued on the basis of the turnover generated by the activity. On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions are recorded (Note 26).

In accordance with the administrative concession contracts signed between the Port Authorities of Barcelona and Creuers, described below:

- Contract to adapt the Sea Station and render the tourist cruise port service of North and South terminals of the World Trade Center, signed for a 27-year period from its granting date, in October 1999.
- Contract to adapt the Sea Station A of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.
- Contract to adapt the Sea Station B of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.

The Creuers' main actions in relation to the adaptation of the Sea Station refer to the construction of a building, fixed fixtures and equipment of terminals for their exploitation under the terms contemplated on concession agreements.

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29 Service concession arrangement (continued)

Under the syndicated loan agreement signed on 23 May 2008 the Company had undertaken a mortgage commitment on the concessions in favour of the lenders. In 2014, after settling all the amounts outstanding, the Company cancelled the guarantees extended to secure compliance with the obligations arising from this loan. On 26 September 2014 the Company arranged new guarantees in accordance with the new syndicated loan arranged (see Note 23), for which it pledged the receivables from the concession arrangements in favour of the lenders.

The Group's policy is to formalize insurance policies to cover possible risks to which certain elements related to administrative concessions are subject. There is a pledge commitment of credit rights derived from insurance policies by virtue of the syndicate loan contract signed on 23 May 2008 in favour of the lenders.

30 Related parties

The related parties of the Group which are disclosed in this note comprised the following:

Related parties	Relationship
Mehmet Kutman	Shareholder of Parent Company
Global Yatırım Holding	Parent Company
Global Sigorta Aracılık Hizmetleri A.Ş. ("Global Sigorta")	Parent Company's subsidiary
IEG Kurumsal Finansal Danışmanlık A.Ş.	Parent Company's subsidiary
Global Menkul Değerler A.Ş. ("Global Menkul")	Parent Company's subsidiary
Adonia Shipping	Parent Company's subsidiary
Naturel Gaz	Parent Company's subsidiary

All related party transactions between the Company and its subsidiaries have been eliminated on consolidation, therefore not disclosed in this note.

Due from related parties

As at 31 December, current receivables from related parties comprised the following:

Current receivables from related parties	2016	2015
Global Yatırım Holding (*)	29,058	35,507
Adonia Shipping (**)	1,066	1,801
Naturel Gaz (**)	69	72
Mehmet Kutman	26	77
Others	1,282	685
Total	**31,502**	**38,142**

(*) The receivable from Global Yatırım Holding represents charges and expenses incurred by the Group companies on behalf of Global Yatırım Holding and amounts advanced before 2014. There is no defined payment schedule for these receivables.
(**) These amounts are related with the work advances. The charged interest rate is 10.50% as at 31 December 2016 (31 December 2015: 10.50%).

Due to related parties

As at 31 December, current payables to related parties comprised the following:

Current payables to related parties	2016	2015
Mehmet Kutman	204	247
Global Sigorta (*)	356	418
Global Menkul (*)	21	12
Other	--	25
Total	**581**	**701**

(*) These amounts are related to professional services taken. The charged interest rate is 8.50% as at 31 December 2016 (31 December 2015: 10.50%).

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30 Related parties (continued)

Transactions with related parties:

For the years ended 31 December, significant transactions with other related parties comprised the following:

	2016		2015	
	Interest Received	**Other**	**Interest received**	**Other**
Global Yatırım Holding	2,819	--	2,651	--
Adonia Shipping	--	5	--	--
Total	**2,819**	**5**	**2,651**	**--**

	2016		2015	
	Interest Given	**Other**	**Interest Given**	**Other**
Global Yatırım Holding	8	4	30	4
Global Menkul	--	--	1	--
Total	**8**	**4**	**31**	**4**

As at 31 December 2016, the Group has Global Yatırım Holding bonds with a nominal value of USD 13,944 thousand for a consideration of USD 14,412 thousand (2015: Global Yatırım Holding bonds with a nominal value of USD 14,240 thousand for a consideration of USD 14.334). The bonds' maturity is 30 September 2017 with an annual interest rate of 11%.

For the year ended 31 December 2016, the Group recognized interest income on these bonds amounting to USD 1,928 thousand (2015: USD 2,537 thousand). For the year ended 31 December 2016, the effective interest rate was 14.45% (2015: 14.95%). For the year ended 31 December 2016, the Group accounted for a gain amounting to USD 405 thousand from the purchase and the sale of Global Yatırım Holding's publicly traded share certificates (2015 a gain of USD 109 thousand).

Transactions with key management personnel

Key management personnel composed of 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:

	2016	**2015**
Salaries	1,761	2,118
Bonus	34	49
Attendance fees to Board of Directors	253	480
Termination benefits	34	50
Total	**2,082**	**2,697**

31 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational 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 these financial statements.

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31 Financial risk management (continued)

Risk management framework

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 analyze 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.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

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.

Liquidity risk

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.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk for all subsidiaries is monitored and managed by the Global Yatırım Holding's Treasury and Fund Management Department.

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31 Financial risk management (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, Euro and TL.

The BPI, Port of Adria, VCP, Ortadoğu Liman, Ege Liman, Bodrum Liman, Catania, Catania and Ravenna are exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than their functional currency. The currencies in which these transactions primarily are denominated are TL, USD and Euro.

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.

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 2016 and 2015, the Group uses interest rate swaps to hedge its floating interest rate risk.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group aims include the continuity of the Group's operations, and an optimal capital structure to decrease the cost of the capital in order to provide earnings to shareholders when managing the capital.

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31 Financial risk management (continued)

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	RECEIVABLES					
As at 31 December 2016	**Trade receivables**	**Due from related parties**	**Other receivables**	**Cash at banks**	**Financial investments**	**Total**
Net book value of financial assets not overdue or not exposed to impairment	***9,630***	***31,502***	***1,798***	***44,128***	***14,602***	***101,660***
Net book value of assets overdue but not exposed to impairment	***491***	--	***3***	--	--	***494***
Net book value of assets exposed to impairment	--	--	--	--	--	--
- Overdue (gross book value)	1,213	--	--	--	--	1,213
- Impairment(-)	(1,213)	--	--	--	--	(1,213)
Maximum credit risk exposure at reporting date	**10,121**	**31,502**	**1,801**	**44,128**	**14,602**	**102,154**
As at 31 December 2015						
Net book value of financial assets not overdue or not exposed to impairment	***6,055***	***38,142***	***259***	***75,275***	***16,907***	***136,638***
Net book value of assets overdue but not exposed to impairment	***4,290***	--	***197***	--	--	***4,487***
Net book value of assets exposed to impairment	--	--	--	--	--	--
- Overdue (gross book value)	508	--	--	--	--	508
- Impairment(-)	(508)	--	--	--	--	(508)
Maximum credit risk exposure at reporting date	**10,345**	**38,142**	**456**	**75,275**	**16,907**	**141,125**

The maturity analysis of the assets overdue but not impaired is as follows:

	Trade receivables	
	As at 31 December 2016	**As at 31 December 2015**
1 to 30 days overdue	162	2,476
1 to 3 months overdue	42	1,421
3 to 12 months overdue	287	393
Total	**491**	**4,290**

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31 Financial risk management (continued)

Liquidity risk

The liabilities of the Group by relevant maturity groupings based on the remaining periods to repayment are as follows:

As at 31 December 2016

CONTRACTUAL MATURITIES	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	338,223	448,228	5,475	39,805	384,298	18,650
Finance lease liabilities	4,456	4,734	432	1,248	3,055	--
Other financial liabilities	2,664	2,883	--	143	1,105	1,635
Trade and other payables	11,134	11,134	2,076	9,058	--	--
Due to related parties	581	581	--	581	--	--

As at 31 December 2015

CONTRACTUAL MATURITIES	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	345,854	481,532	11,281	38,011	142,146	290,094
Finance lease liabilities	5,294	5,764	406	1,214	3,874	270
Other financial liabilities	2,417	2,719	--	269	740	1,710
Trade and other payables	11,998	11,998	2,055	9,943	--	--
Due to related parties	701	701	--	701	--	--

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

(Amounts expressed in thousand USD 000's ("USD'000"))

31 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

As at 31 December 2016, foreign currency risk exposures of the Group comprised the following:

As at 31 December 2016

	USD equivalents	USD	EUR	TL
Other non-current assets	3,341	1,500	--	6,481
Non-current assets	**3,341**	**1,500**	**--**	**6,481**
Trade and other receivables	1,233	705	--	1,855
Due from related parties	13,987	411	97	47,417
Investments	12,362	12,362	--	--
Other current assets	1,544	9	38	5,261
Cash and cash equivalents	26,174	2,336	22,040	2,123
Current assets	**55,300**	**15,823**	**22,175**	**56,656**
Total assets	**58,640**	**17,323**	**22,175**	**63,137**
Loans and borrowings	16,190	16,190	--	--
Employee benefits	722	--	--	2,541
Non-current liabilities	**16,912**	**16,190**	**--**	**2,541**
Loans and borrowings	6,490	5,350	--	4,014
Trade payables	5,068	156	2,727	7,172
Due to related parties	192	107	59	81
Current tax liabilities	1,589	--	--	5,593
Provisions	67	--	--	236
Current liabilities	**13,406**	**5,613**	**2,786**	**17,096**
Total liabilities	**30,318**	**21,803**	**2,786**	**19,637**
Net foreign currency position	**28,323**	**(4,480)**	**19,389**	**43,500**

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31 Financial risk management (continued)

Market risk

Currency risk

As at 31 December 2015, foreign currency risk exposures of the Group comprised the following:

As at 31 December 2015

	USD equivalents	USD	EUR	TL
Other non-current assets	6,726	4,105	--	7,621
Non-current assets	**6,726**	**4,105**	**--**	**7,621**
Trade and other receivables	1,415	182	146	3,122
Due from related parties	24,278	--	162	70,077
Investments	140	--	--	406
Other current assets	4,176	2,322	--	5,391
Cash and cash equivalents	51,252	11,703	35,693	1,576
Current assets	**81,261**	**14,207**	**36,001**	**80,572**
Total assets	**87,987**	**18,312**	**36,001**	**88,193**
Loans and borrowings	14,847	12,625	2,033	--
Employee benefits	747	--	--	2,171
Non-current liabilities	**15,594**	**12,625**	**2,033**	**2,171**
Loans and borrowings	1,901	1,047	782	--
Trade payables	6,872	1,261	274	15,441
Due to related parties	357	--	27	954
Current tax liabilities	1,347	--	--	3,915
Provisions	65	--	--	190
Current liabilities	**10,542**	**2,308**	**1,083**	**20,500**
Total liabilities	**26,136**	**14,933**	**3,116**	**22,671**
Net foreign currency position	**61,851**	**3,379**	**32,885**	**65,522**

Market risk (continued)

Currency risk (continued)

USD exchange rate risk of subsidiaries and joint ventures whose functional currency is other than USD, is shown in USD line in the foreign currency risk table.

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31 Financial risk management (continued)

Sensitivity Analysis

A 10 percent strengthening or depreciation of the US Dollars against the following currencies as at 31 December 2016 and 2015 would have increased equity or profit or loss, excluding tax effects, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Year ended 31 December 2016	**PROFIT / (LOSS)**		**EQUITY (*)**	
	Increase	**Decrease**	**Increase**	**Decrease**
	A 10 percent (strengthening)/weakening of USD against TL:			
1- Net USD asset/ (liability)	(448)	448	--	--
2- Hedged portion against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	**(448)**	**448**	**--**	**--**
	A 10 percent (strengthening)/weakening of Euro against TL:			
4- Net Euro asset/(liability)	2,044	(2,044)	--	--
5- Hedged portion against Euro risk(-)	--	--	--	--
6- Net effect of Euro (4+5)	**2,044**	**(2,044)**	**--**	**--**
TOTAL (3+6)	**1,596**	**(1,596)**	**--**	**--**

Year ended 31 December 2015	**PROFIT / (LOSS)**		**EQUITY**	
	Increase	**Decrease**	**Increase**	**Decrease**
	A 10 percent (strengthening)/weakening of USD against TL:			
1- Net USD asset/ (liability)	338	(338)	--	--
2- Hedged portion against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	**338**	**(338)**	**--**	**--**
	A 10 percent (strengthening)/weakening of Euro against TL:			
4- Net Euro asset/(liability)	3,597	(3,597)	--	--
5- Hedged portion against Euro risk(-)	--	--	--	--
6- Net effect of Euro (4+5)	**3,597**	**(3,597)**	**--**	**--**
TOTAL (3+6)	**3,935**	**(3,935)**	**--**	**--**

Market risk (continued)

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 re-price at different times or in differing amounts.

Interest rate exposure

		As at 31 December 2016	**As at 31 December 2015**
Fixed-rate financial instruments			
Financial assets	Cash and cash equivalents	30,308	33,328
	Available for sale financial assets	14,602	16,907
	Amounts due from related parties	30,165	37,380
Financial liabilities	**Loans and borrowings**	**(267,094)**	**(261,023)**
	Other financial liabilities	(2,664)	(2,417)
		(194,683)	(175,825)
Effect of interest rate swap		(39,173)	(46,069)
		(233,856)	(221,894)
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	(75,586)	(90,126)
Effect of interest rate swap*		39,173	46,069
		(36,413)	**(44,057)**

*75% of total borrowing made on BPI is fixed from an interest rate of 0.97 against Euribor until end of the related borrowing (31 December 2023).

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31 Financial risk management (continued)

Cash flow sensitivity analysis floating-rate financial instruments

As at 31 December 2016, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by USD 364 thousand (2015: higher by USD 441 thousand) and equity attributable to equity holders of the Company, excluding tax effects, would have been lower by USD 364 thousand (2015: lower by USD 441 thousand).

Fair values

Fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of consolidated financial position, are as follows:

		As at 31 December 2016		As at 31 December 2015	
	Note	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets					
Cash and cash equivalents	20	44,310	44,310	77,423	77,423
Trade and other receivables	18	11,922	11,922	10,743	10,743
Due from related parties	29	31,501	31,501	39,903	39,903
Other assets	19	7,768	7,768	8,008	8,008
Other investments	16	14,602	14,602	16,907	16,907
Total		**111,917**	**111,917**	**154,642**	**154,642**
Financial liabilities					
Loans and borrowings	23	342,680	335,763	351,149	322,410
Other financial liabilities		2,664	2,664	2,417	2,417
Derivative financial liabilities		1,131	1,131	953	953
Trade and other payables	24	11,069	11,069	10,400	10,400
Due to related parties	30	581	581	701	701
Total		**358,125**	**351,208**	**365,620**	**336,881**

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 the appropriate methods and market information. Fair values have been determined for measurement based on the following methods and 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 table below analyses the valuation method of the financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or in directly (i.e., derived from prices);
Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

As at 31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial liabilities	--	1,131	--	1,131

As at 31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial liabilities	--	953	--	953

32 Events after the reporting date

None.

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