GLOBAL PORTS
HOLDING

Ports & Cultures

Traditions

Global Ports Holding PLC
Company Number 10629250
Annual Report 2017

Gateways to the world's cultures and colours

The Itinerary

The year 2017 took Global Ports Holding (GPH) to a new place, with the business achieving an oversubscribed IPO and a listing on the London Stock Exchange.

We also successfully on-boarded acquisitions made in 2016 and consolidated our position as the world's largest independent global cruise port operator.

Discover more about our performance **on page 20**

The Destinations

GPH's portfolio embraces some of the most alluring ports of call in the Mediterranean Sea.

They range from the major gateways of Barcelona, Málaga and Venice to the antiquity of Valletta, the contemporary chic of Bar, Montenegro, and one of the Seven Wonders of the World at Bodrum. In addition, GPH operates 2 strategically located commercial ports for cargo.

Visit our world **on pages 58 to 113**

The Traditions

We may be a global company, but we are built on the local know-how and experiences of our ports. Each one is led and staffed by local people; they're proud of their locality and are the very best guides to welcome our passengers with insiders' insights and tips.

We celebrate the individuality of each location, and the rich variety of city and country traditions that you will encounter around our network.

See more on **pages 4, 10, 14, 28, 32, 40**

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2017 Highlights

Welcome to the 2017 Annual Report of Global Ports Holding PLC (GPH).

It was an exciting year, strategically and reputationally. We made progress in consolidating our position as the world's largest independent cruise port operator.

15	7	7m	23%
Portfolio consists of investments in 15 ports worldwide	Across 7 countries	Hosting 7 million passengers (including Equity Accounted Investee's passenger numbers)	23% market share in the Mediterranean

REVENUE (USD MILLION)** ↑
+1.3%

SEGMENTAL EBITDA (USD MILLION)* ↓
(0.5)%

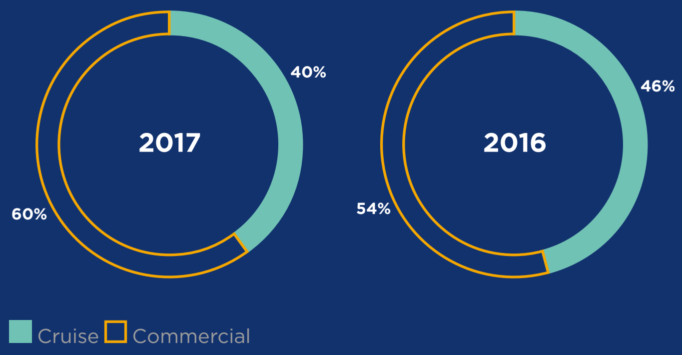
SEGMENTAL EBITDA MARGIN (COMMERCIAL)* (%) ↑
120 BPS

SEGMENTAL EBITDA MARGIN (CRUISE)* (%) ↓
(470) BPS

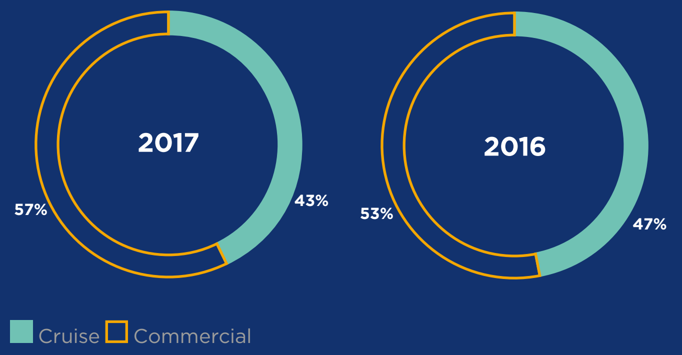
OPERATING PROFIT (USD MILLION) ↓

STATUTORY LOSS/PROFIT (USD MILLION) ↓

SEGMENTAL EBITDA BREAKDOWN*



REVENUE BREAKDOWN



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* Refer to the Glossary of Alternative Performance Measures on page 236 for the definition of these items

** The consolidated results of Global Ports Holding PLC have been prepared under the merger accounting basis of preparation following the IPO which assumes Global Ports Holding PLC consolidates the results of the Global Liman Isletmeleri A.S. Group since 1 January 2016

GPH at a glance

A business with a global network

WHAT WE DO

Global Ports Holding (GPH) is the world's largest independent cruise port operator, and has 2 strategically located commercial ports in its portfolio.

The Company was established in 2004 as the infrastructure investment vehicle of Global Investment Holdings (GIH). In 2017, we successfully launched an oversubscribed IPO, and GPH PLC is now listed on the London Stock Exchange.

OUR CRUISE PORT BUSINESS

GPH has a portfolio of investments across a strategically located network of 15 ports in 7 countries, serving the needs of the world's cruise lines, ferries and megayachts. We are the sole independent global consolidator of cruise ports, with operations focused on the Mediterranean – the second largest cruise market in the world – as well as the Atlantic and Asia-Pacific regions.

Our portfolio includes assets which range from major cruise hubs such as Barcelona and Venice, to high-traffic core ports such as Valletta and Cagliari, to the vibrant and fast-growing Singapore Cruise Port.

In 2017, GPH's cruise port business welcomed 2,637 calls by cruise ships and close to 7 million passengers. It generated 43% of the Company's revenue and 40% of its segmental EBITDA. 32% was derived from ancillary sources such as retail outlets and advertising.

OUR COMMERCIAL BUSINESS

GPH operates 2 growing commercial ports in Turkey and Montenegro. Together, they handled around 249,397 TEU and 1,628,940 tonnes of throughput in 2017.

GPH operates a high-capacity commercial port in Port Akdeniz-Antalya, on southern Turkey's Mediterranean coast, with container export traffic constituting 88% of its current flows.

We also own a majority interest in the operating Company of the cargo terminal at the Port of Adria in Bar, Montenegro, that provides an important link in the chain of intermodal transport in the Balkan region. GPH has recently completed a significant investment programme at the port, substantially increasing container capabilities and broadening the market.

In 2017, the commercial port operations generated 55% of the Company's revenue and 60% of its segmental EBITDA.

OUR STRUCTURE

For information on our structure, please see page 120.

+15.2%

Passenger growth

+16.2%

Increased cargo volume

GROUP HIGHLIGHTS

- Improving 2H 2017 performance. Q4 revenues up 15.8%, and Q4 Segmental EBITDA up 1.5% YoY.
- Group operating profit for the year was lower than prior year at USD 10.9 million, almost fully attributable to the one off costs associated with 2017 IPO as well as higher amortisation expenses in relation to Port Operating Rights.
- Adjusted EBITDA* was flat but margin remained strong at 64.7% despite a challenging trading environment in Turkish ports.
- The period resulted in a net loss of USD 14.1 million, due to the decline in operating profit in addition to a non-cash foreign currency impact from the EURO/USD exchange rate.
- Underlying profit was affected by the aforementioned non-cash foreign currency impact but otherwise in line with 2016 due to the robust operational performance. Underlying profit provides a useful profitability benchmark as it excludes one-off IPO expenses and amortisation of port operating rights.
- Strong passenger number growth of 15.2% supported by inorganic growth, but 6.3% cruise revenue decline due to lower contribution from higher yielding Turkish ports. Strong growth at non-Turkish ports where revenue and Segmental EBITDA increased by 9.9% and 6.3%, respectively.
- Robust commercial performance with cargo volumes up over 16% and Segmental EBITDA up 9.7%. Segmental EBITDA growth lower than volume growth due to deferral of project cargo from 2017 to 2018 at Port of Adria.
- Following USD 17.5 million interim dividend (21.6p per share) paid in September 2017, the Directors proposed additional dividend of USD 17.5 million (20.1 pence per share at current exchange rate). This would bring total dividend in respect of the year to a USD 35.0 million or 41.7 pence per share.
- 2018 expected to show mid to high single digit organic growth in Revenue and Adjusted EBITDA.

COMMERCIAL HIGHLIGHTS

- Robust performance with container volumes up 16.6%, general bulk cargo volumes up 16.2%.
- Total commercial revenues up 7.9%, Segmental EBITDA up 9.7% to USD 48.3 million with Commercial Segmental EBITDA Margin 120bps ahead of 2016 level.
- Growth driven by strong marble and cement exports at Port Akdeniz, and rollout of our modernisation programme at Port of Adria.
- Accelerated growth; Q4 commercial revenue and Segmental EBITDA up 23.6% and 21.7%, respectively.

CRUISE HIGHLIGHTS

- Strong passenger growth of 15.2% which includes a full year contribution from and growth in our Italian ports.
- Non-Turkish cruise ports grew strongly, revenue up 9.9% and Segmental EBITDA up 6.3% with improving second half trends.
- Turkish cruise ports' revenue was 49.2% lower, impacted by geopolitical events, but remains highly profitable at 59.7% Segmental EBITDA margin.
- Q4 2017 showed positive revenue growth of 6.6%.
- State of the art Lisbon terminal opened; Ege Port renovation completed.

OUTLOOK AND CURRENT TRADING

- Current trading in our Cruise segment in our non-Turkish based ports remains strong. The weakness in Turkish cruise ports is expected to continue into 2018, although passengers and revenue are expected to stabilise compared to the decline experienced in 2017. A number of cruise lines have begun to communicate their plans to visit our Turkish ports in 2018, which we see as a good sign of a possible recovery.
- The Group remains confident about its M&A activity in and outside Europe in Cruise ports.
- Following strong trading in Q4 2017, we expect resilient demand for exports from our commercial ports to continue into 2018, supporting continued growth in commercial revenues.
- 2018 expected to show mid to high single digit organic growth in Revenue and Adjusted EBITDA.

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* Refer to the Glossary of Alternative Performance Measures on page 236 for the definition of this item

Traditions

Celebrate Festa like a Maltese

Valletta

The Maltese art of festivals

In Malta, they love their festivals. As early as February each year, the streets of Valletta are thronged with crowds for Carnival, an extravaganza of revelry, masks and fancy dress.

And from May to September, you're never far from a small rural festival where the 'star' of the show will be the village's patron saint. Local bands parade through the streets, and the saint's statue is escorted from the local church to the village square, with locals and tourists following together.

The streets are festooned with banners, and traditional street food such as mqaret (deep fried date cakes) or qubbajt (nougat). The climax of the festivities is marked by another Maltese tradition: fireworks. Indeed, they even have festival for those as well, each year in late spring.

There are up to 60 festas across Malta and streets festooned with banners signal you are in the right place.

A portfolio mapped for success

GPH's portfolio of cruise and commercial ports has been carefully and deliberately built over more than a decade, since our very first operation began in Ege Port, Kuşadası, Turkey in 2004.

Today, we operate 15 ports in 7 countries, each chosen for their potential to maximise passenger revenues, or to play a strategic role in import/export markets by being excellently located and equipped.

During 2017, we onboarded 3 cruise port acquisitions from 2016: Ravenna, Catania and Cagliari. Each has now adopted GPH's global codes and standards, while contributing to the Group their unrivalled knowledge of the local market dynamics.

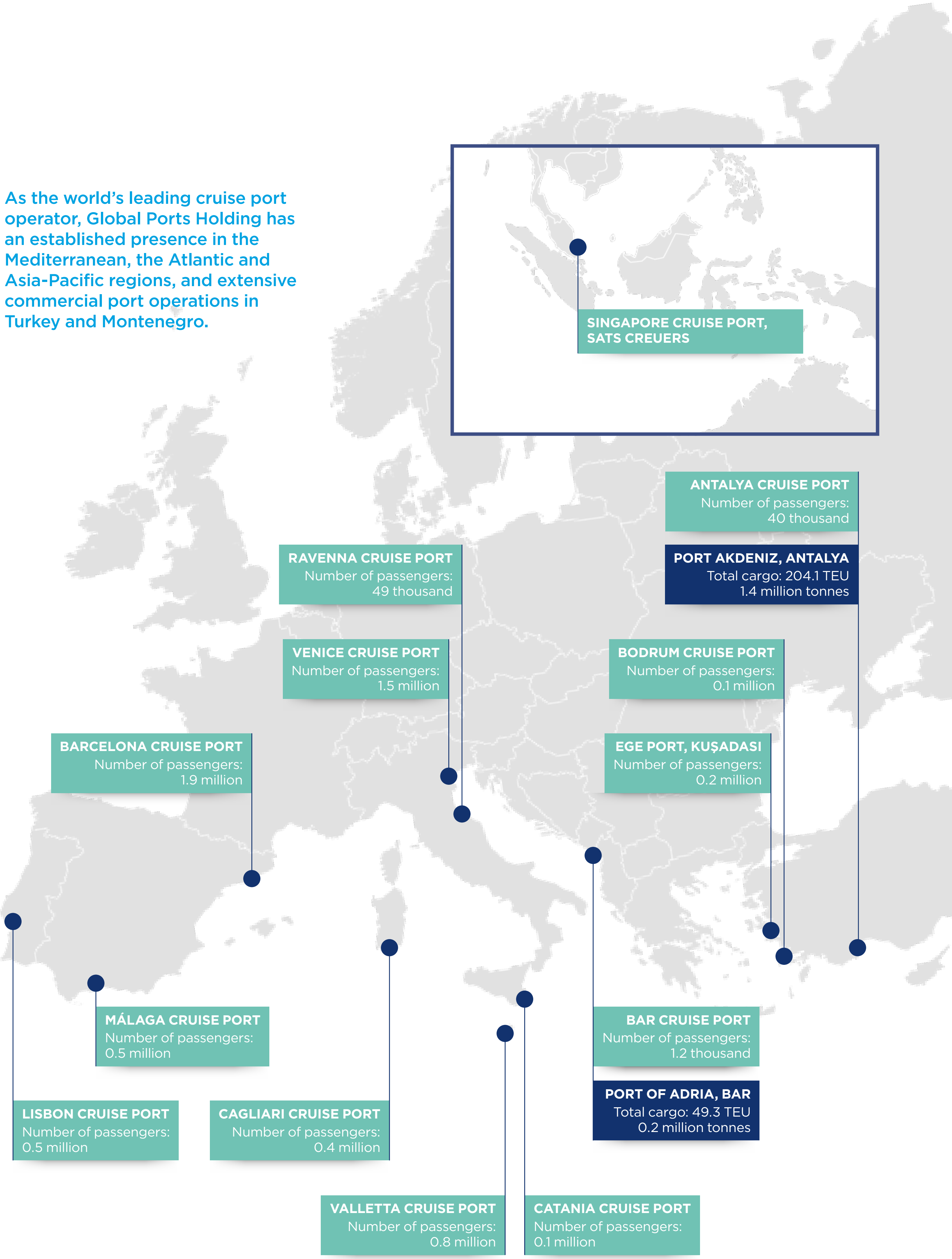
Ownership

The table below shows the percentage ownership GPH holds in each of our ports.
For more information on our ports please see the Port reports on pages 58 to 113.

ITALY	11.1%*	Venice Cruise Port
	62.2%●	Catania Cruise Port
	70.9%●	Cagliari Cruise Port
	53.7%●	Ravenna Cruise Port
SPAIN	62.0%●	Barcelona Cruise Port Creuers Terminals
	49.6%●	Málaga Cruise Port
TURKEY	72.5%●	Ege Port, Kuşadası
	99.9%●	Port Akdeniz, Antalya
	60.0%●	Bodrum Cruise Port
	99.9%●	Antalya Cruise Port
PORTUGAL	46.2%*	Lisbon Cruise Port
MALTA	55.6%●	Valletta Cruise Port
SINGAPORE	24.8%*	Singapore Cruise Port, SATS Creuers
MONTENEGRO	63.8%●	Port of Adria, Bar
	64.5%●	Bar Cruise Port

🟩 Cruise Port
🟦 Commercial Port
* Equity Accounted Investee
● Consolidated Subsidaries

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



What differentiates us

10 Key strengths that make us different

OUR KEY STRENGTHS

- **Unrivalled size and reach**. GPH's investment portfolio of cruise ports represents the largest independent cruise port network in the world.
- **Long-term revenues**. The concessions we operate have, on average, 20 years' cash generation ahead of them.
- **Year-on-year expansion**. The cruise sector is growing, vessels are getting larger, and demand for new and comprehensive port services continues to rise.
- **Scope for ancillary revenues**. Each year we welcome 6.8 million passengers – and rising. Opportunities for retail, passenger services and advertising revenues are growing exponentially.
- **A single, effective Group**. Our unified approach opens up attractive tariff, investment and concession structures.
- **The security of diversity**. Our commercial cargo business harnesses our skills in wholly separate markets, and generated 55% of our revenues in 2017.
- **Low CAPEX demands**. GPH has a low or negative working capital requirement and our ports demand only modest maintenance CAPEX.
- **We're strongly cash generative**. Our light CAPEX model has consistently delivered strong cash conversion of over 80% in the last 4 years with sustainable dividends.
- **Synergies**. As our network grows, we will achieve even greater economies of scale while delivering ever better experiences for cruise lines and passengers.
- **A demonstrable market leader**. Under our roof we have a proven and dynamic management team, with deep experience in port acquisitions, operations, business turnarounds and marketing.

OUR MISSION

BEST OPERATING MODEL

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

BEST PARTNER/SERVICE PROVIDER

To be the best partner to cruise lines, local governments, B2B partners and third party suppliers and our localities.

BEST CUSTOMER EXPERIENCE

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

BEST EXPANSION CAPABILITIES

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

OUR VALUES

LEADERSHIP AND PROFESSIONALISM

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

TEAMWORK AND COLLABORATION

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

GETTING IT DONE

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

INTEGRITY

We operate with honesty, transparency and open communication.

Each year we welcome close to 7 million passengers and that number is rising*

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* Including Equity Accounted investee's passenger numbers

Our milestones

2004

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

2006

Acquired 40% stake in Port Akdeniz, Antalya

2008

Acquired 60% stake in Bodrum Cruise Port

2010

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

2013

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

2014

- Acquired remaining stake in Creuers (GPH stake: 62%)
- Signed a concession agreement for Lisbon Cruise Terminals (GPH's effective stake: 46%)
- Formed consortium with Bouygues Batiment International (BBI) for the Dubrovnik Cruise Port tender

2015

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

2016

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

2017

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

Invigoration through every pore

Bodrum

The steamy welcome of the hamam

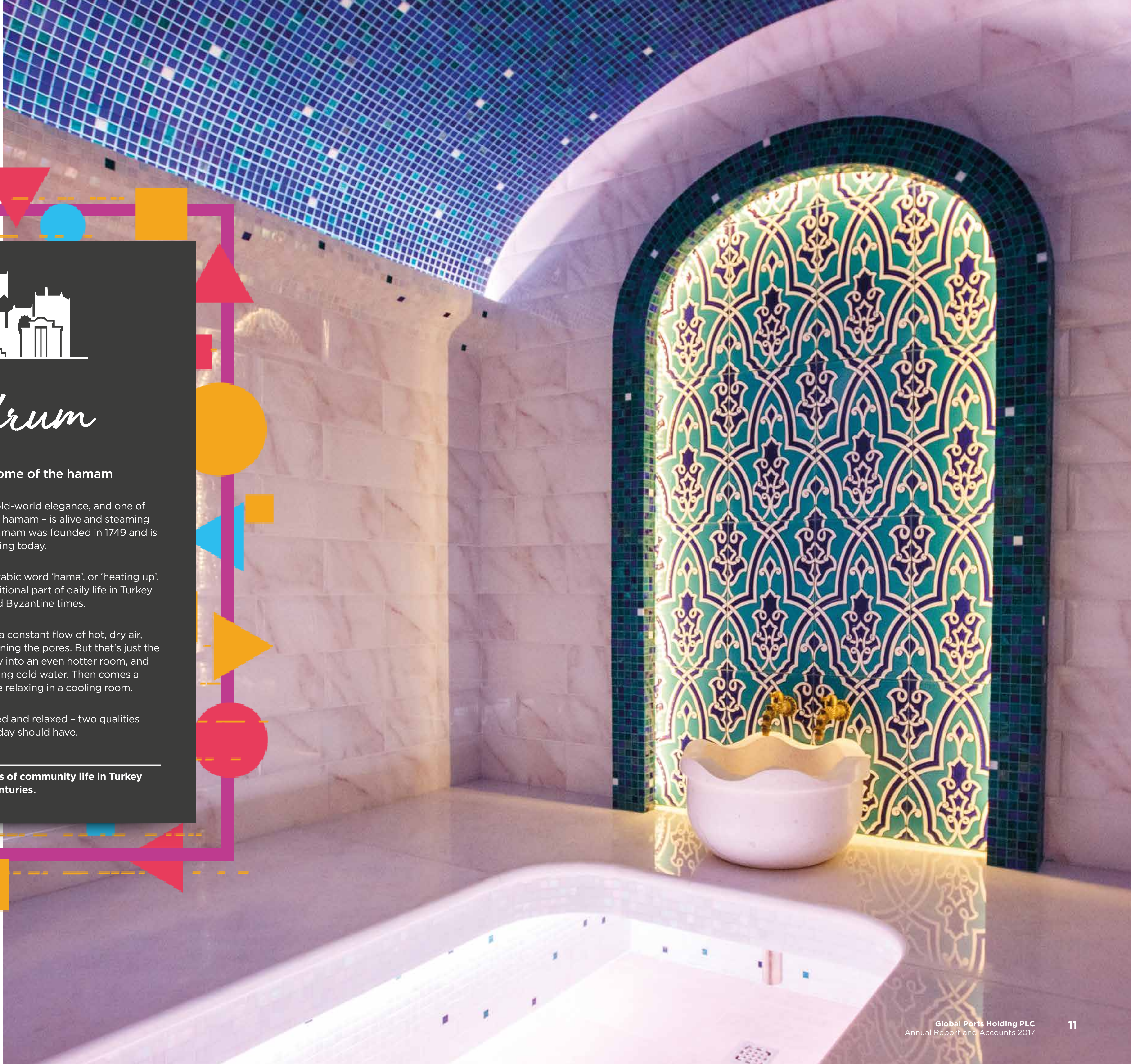
Bodrum is a city steeped in old-world elegance, and one of Turkey's finest traditions – the hamam – is alive and steaming here. In fact, the city's oldest hamam was founded in 1749 and is still thriving today.

The word is derived from the Arabic word 'hama', or 'heating up', and hamams have been a traditional part of daily life in Turkey since Roman and Byzantine times.

The experience begins with a constant flow of hot, dry air, designed to relax you while opening the pores. But that's just the start: you then make your way into an even hotter room, and then a head to toe scrub using cold water. Then comes a traditional massage before relaxing in a cooling room.

You emerge both invigorated and relaxed – two qualities that every holiday should have.

Hamams were integral parts of community life in Turkey for centuries.



Chairman's statement

A progressive year

In May 2017 we listed on the London Stock Exchange. Despite the geopolitical challenges in Turkey since then, we have been able to deliver stable revenues and Underlying Profits, achieve strong operating cash flow and attractive dividends. Operating profit was down year on year mainly reflecting the costs of the IPO. Delivering shareholder value remains a key priority for the Group as we look to the year ahead.

OUR DIFFERENTIATED MODEL

The past year has shown the benefits of GPH's diversified business model. It has delivered a strong performance in its cruise business outside Turkey and a robust performance on the commercial port side. Taken as a whole, I am satisfied with our progress in this reporting year.

MILESTONES AND CHALLENGES

The year also saw the Group achieve notable milestones, while presenting us with certain geopolitical challenges. A key milestone was our IPO in May, and the subsequent admission, on the 17th of that month, of the Company's shares to the standard listing segment of the Official List, and to trading on the London Stock Exchange. Those events, which followed on from the reorganisation of Group business under the Company earlier in the year, are recounted in more detail by our CEO Emre Sayin in his statement page 16.

As well as paving the way for the future, the IPO underscores how far we have progressed since our beginnings as a single cruise port at Kuşadası in 2004. From there, we went on to pioneer a concept missing in the world cruise industry at that time: a centralised organisation that combined common standards and shared learning with the irreplaceable knowledge of local teams. Sadly, the Group's Co-Founder Gregory Kiez isn't here to see how the business is evolving, however the examples he set through his meticulous work ethic, self-discipline and considered wisdom continue to inform and guide the Group's management on a day-to-day basis.

The IPO was also notable for the quality of the investor base it attracted. Strong, long-term investors acknowledged the exceptional growth potential in the cruise sector, as well as the strength of our container and bulk cargo business.

However, we are not immune to external events, and during 2017 the business faced a number of unexpected challenges outside of its control, including cancellations due to insecurity in the Eastern Mediterranean. However, drawing upon our experience, market knowledge and collective and local expertise, we were well positioned and sufficiently resilient and diversified to navigate these challenging markets. At the same time, we continued to pursue the key drivers for growth identified at the time of the IPO, but did so judiciously. As a result, the Company was able to explore new opportunities toward the end of the year and is poised to accelerate its growth in 2018.

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MARKET GROWTH

What is clear to all our stakeholders is that the cruise industry, and the industries such as ours that serve it, have vast scope for growth. The sector may have been around for a long time, but recent penetration has only peaked at around 3.6% in a core source market such as the USA, 2.5% in the EU and much less than 2% for the rest of the world.

This is now changing fast as new ideas, fresh fleets and a younger passenger demographic alter the face of the industry. Already running above 100% occupancy, the cruise lines are investing to add circa 47% capacity by 2026 and they are growing the market: brands such as Virgin and Disney are enticing aboard a new generation and character of passenger who, previously, might never have considered cruising. Every facet of the cruise experience is also being reimagined.

Picture the full drama of a Cirque du Soleil performance aboard a cruise ship – it's already happening, along with a new generation of technologies to make every experience unforgettable.

Against this backdrop, we foresee around 5 percent annual growth over the next 10 years, evidenced by the cruise lines' orders for new ships: the major yards around the world already have contracts to build over 97 new cruise liners, and only a lack of capacity prevents them accepting more. These ships are larger, providing fabulous accommodation, hospitality and entertainment for 6,500 passengers. In turn, economies of scale will drive lower costs, widening the market still further. We are also seeing new target audiences emerging, such as increasingly wealthy citizens of China who can fly in and enjoy 6 Mediterranean countries in 7 days.

EXPANDING INTO NEW TERRITORIES

As the largest cruise port operator in the world, Global Ports Holding is perfectly placed to serve this growth. We have the resources and the know-how to extend existing infrastructure, develop new locations, and find innovative ways to embark, disembark and look after thousands more passengers. As importantly, we bring an unrivalled 360° view of the sector – the cruise lines, the ships, the passengers, the crews and the destination stakeholders – that enables us to perform our role as port operators in a way that meets everyone's needs.

Our growth will also come with new territories. In particular, we believe our vision and skills are highly transferable to the Americas, including the Caribbean, where passenger numbers (one of our key sources of revenue) are considerably higher. In the Mediterranean, only our Barcelona port sees the levels of passengers that routinely pass through the core ports of the Caribbean, and this region is our principal focus for business development going forward.

Importantly, however, we do not believe that running a port is a numbers game; it brings with it a duty of care to the neighbouring citizens, local businesses, infrastructure and environment, and we have the proven experience to run ports effectively and responsibly. Many of the initiatives that we have taken to 'do the right thing' for our people, the local communities surrounding our ports and the environments that they inhabit are outlined in other parts of this Annual Report.

Closer to home, we are looking to continue our expansion through inorganic growth in the Mediterranean, and as I write we are in negotiations with a number of potential new ports. Typically, port infrastructure is owned by government agencies in one form or another, and negotiations are complex and unpredictable, but we are hopeful of making further progress in 2018 in this regard.

As well as the port acquisitions, we continue to drive ancillary revenues, as we look to the opportunities ahead.

We have a skilled and experienced team, and in addition to network growth they will continue to optimise our ports, maximise ancillary revenues from retail and other sources, and assist in restoring business as usual to one of the world's most beautiful and inspiring regions. I thank them all, and all of our stakeholders, as we embark on our new chapter of growth as a public company.

Mehmet Kutman
Chairman and Co-Founder

The soul of Portugal

Lisbon

Fado music: pure vocal drama

Walk through the night-time streets of the Alfama district of Lisbon, and you may find yourself drawn to the haunting sound of singing from a bar or club. You will not be the first to hear the call of Fado music.

Fado (‘Fate’) is a form of Portuguese singing that emerged in the early 19th century. Its dramatic, theatrical style is born of raw emotion with songs charting the harsh realities of life at that time. Often a female vocalist, a ‘fadista’, is accompanied by 12-string guitars, violas, and a small 8-string bass.

Today a new generation is reenergising Fado music and, if you’re lucky, the reigning queen fadista – Mariza – may be performing. Follow it up with a visit to the Museo do Fado, where this picture of a classic Fado tavern is displayed.

This painting is called ‘O Fado’ showing a Fado singer in a medieval tavern by José Malhoa.

CEO's statement

Resilient results, more passengers and a successful IPO

Most high performing companies come to an inflection point in their history. A time when the benefits of critical mass and acting as a unified force really start to flow. I believe we can see 2017 in that light.

The reporting year 2017 was notable for GPH, when we achieved tangible advances in integrating our assets, sharing know-how, working to unified codes and systemising the way we do business. In parallel, we were active in raising our ambitions, not only identifying new growth opportunities in our current heartland of the Mediterranean, but also beyond.

We also strengthened our management team with new capabilities, and received an emphatic endorsement for our strategy as we took our business case to the markets.

It was also a year when our key metrics broadly confirmed the outcome we had targeted: increased passenger numbers, an expanded port network, good growth in our container and freight business, a sound HSE performance, and a clutch of awards that recognise our standing as the world's leading cruise port operator.

Indeed, in the areas that were within our control, we showed how our all-round expertise is working to the benefit of our stakeholders and, by extension, ourselves.

Unfortunately we were impacted by the unexpected geopolitical challenge in Turkey. An attempted coup, attacks and the migrant crisis inevitably affected sentiment and confidence. Cruise lines felt obliged to redirect their programmes elsewhere, resulting in a significant impact on traffic through our most profitable ports in Turkey in 2017.

IPO

17 May 2017 was a milestone for the business when we listed on the London Stock Exchange. Our IPO was twice oversubscribed.

Despite the issues we experienced, based on conversations with our cruise line customers, we are confident that they will restore normal routes in the Eastern Mediterranean, as soon as circumstances allow.

That issue aside, we take many positives from this reporting year. We closed the period with a strong set of Q4 results, showing that our business is sufficiently diversified and robust to withstand even considerable impacts from market conditions. Diversity not only comes from having the commercial business run side by side with the cruise business, but also from the geographical distribution of our ports in different regions in the Mediterranean. Expanding further into the other regions such as the Americas, Asia will further improve our resilience.

WE BECAME A PLC

The year brought several financial, operational and reputational highlights.

Perhaps the standout event was our IPO on the London Stock Exchange, which was twice oversubscribed. As well as achieving our aims, we were proud to make a little history by becoming the first company of Turkish origin to become a London-based PLC. Yes, we could have wished for better timing; the IPO was launched in the immediate aftermath of the geopolitical issues I mention above. It was therefore gratifying that our strategy and capabilities shone through to earn us this endorsement from the markets.

The IPO has given us additional resources to cultivate new territories and opportunities, as well as to invest in our existing infrastructure as we look to improve the totality of the cruising experience. It is also pleasing to see that a healthy proportion (around 15%) of our shareholders are retail investors and, I would like to think, a good many are our passengers.

The year also saw significant expansion as we onboarded investments made in 2016. We hold the majority interest in the ports of Catania, Ravenna and Cagliari, and we made good progress in integrating these excellent locations. I believe we have a clear strength in knowing how to instil our culture and way of doing business in new assets, while giving our local teams the respect and autonomy they deserve. Although it is early days, we can already see material improvements and results in these 3 Italian ports, whose combined revenues grew by 68% against the previous year. We were also delighted to add one of the largest homeports in the world, Venice, to the GPH map, through our participation in a consortium with 3 cruise lines. We also keep investing and upgrading our existing ports. A good example is the recent renovation of Ege Port where we have undergone a major upgrade of shopping facilities. Upon the increase of passengers, we expect this project to have a positive impact on both passenger experience and ancillary revenues.

As well as optimising existing ports, we also brought a fresh project to fruition, from the ground up. Lisbon's new flagship terminal is one of the cruising sector's finest, and GPH was instrumental in bringing together the state authorities of Portugal and the cruise lines to make this innovation happen. We were involved at the blueprint stage, contributing our experience of operational needs, and ensured that day-to-day operations continued seamlessly alongside the project. The new infrastructure stands ready to welcome a projected passenger increase of 20% in 2018.

This commitment to playing our part in the overall cruise experience was again recognised by both industry and external media. Most notably, Valletta Cruise Port gained the title 'Best Terminal Operator 2017' and Barcelona 'Best Turnaround Port Operations 2017'. This was one of 9 awards that GPH ports won during the year, including success in the consumer-facing World Travel Awards and accolades from the industry's respected Cruise Insight publication.

A DIVERSE STRENGTH

Our numbers for 2017 tell the dual story I have outlined: a year of strong performances from a diverse but centralised port network, offsetting the impact of external factors in the Eastern Mediterranean. The net result was that Segmental EBITDA was essentially flat year-on-year with a slight increase in revenues.

Highlights of 2017

IPO
Listed on the London Stock Exchange

ON-BOARDING
Successful integration, and increased passenger numbers and revenue, of 2016's acquisitions: Cagliari, Catania and Ravenna (Italy)

AWARDS
GPH wins 4 major awards from Cruise Insight at Seatrade Cruise Global
See page 117

DEVELOPMENT
State of the art, €24 million Lisbon terminal inaugurated November 2017

CARGO INCREASE
CAPEX programme at Port of Adria triples container handling capabilities

REFURBISHMENT
Complete redesign and refurbishment of the Scala Nouva retail village in Ege Port, Kuşadası

Group operating profit for the year was lower than prior year at USD 10.9 million, almost fully attributable to the one off costs associated with 2017 IPO as well as higher amortisation expenses in relation to Port Operating Rights. The period resulted in a net loss of USD 14.1 million, due to the decline in operating profit in addition to a non-cash foreign currency impact from the EUR/USD exchange rate. Underlying Profit was affected by the aforementioned non-cash foreign currency impact but otherwise in line with 2016 due to the robust operational performance. Underlying Profit provides a useful profitability benchmark as it excludes one-off IPO expenses and amortisation of port operating rights.

Passenger numbers, our main revenue stream from the cruise sector, grew by 15.2%, driven by good performances in the Mediterranean and the contribution of our 3 new Italian ports. This was offset by the decline in the Turkish cruise ports which have significantly higher yields per passengers such that overall cruise revenue declined. I was also pleased with our commercial operation, where container business grew by 16.6%, general bulk by 16.2%, and revenue increased by 7.9%. Overall, commercial services contributed 56.9% of our total revenues.

2018: A BUOYANT CRUISE MARKET

We go into 2018 with confidence and ambition. There are more than 750 cruise ports around the globe, and it would be a natural progression to take our compelling offering of expertise and resources to fresh markets.

Our ambitious plans, as we continue to coalesce as a Group and target international growth, are being well served by a strengthened team and permanent presence in London. Dr. Ece Gürsoy joined us as Chief Legal Officer, bringing with her a wealth of experience in project finance, infrastructure and private equity. Dr. Gürsoy is based at our new office which opened its doors in February 2018. Colin Murphy is our new Regional Coordinator, Americas, having previously managed development, port negotiations and relationships for Norwegian Cruise Line Holdings. And Burak Gülay took up the role of Ancillary Services Director, having gained a proven track record of increasing ancillary passenger revenues at Pegasus, which earned a top 10 place in the global airline rankings for ancillary revenues in 2016. And recently Mark Robinson is appointed as Chief Commercial Officer. As a veteran with 30-year cruise & tourism experience, previously he was, President of Intercruises Shoreside & Port Services – a company that he founded in 2003, where he oversaw the growth of the business from a one port ground operator to a global service provider, and previously VP of Onboard Revenues & Ground Services at Festival Cruises.

GPH has also been honoured with hosting the industry's prestigious Seatrade Cruise Med event at our Lisbon port in 2018, and at our Málaga port in 2020. Both are excellent opportunities to showcase our strengths to cruise lines, government tourist offices and port authorities. Meanwhile, we will continue to achieve the triple-win of performing for, and benefiting from, our cruise lines, host governments/owners, and passengers. Western markets continue to look buoyant, with shipyards working to build a 50% increase in cruise capacity over the next 5 years.

With that we embark on an exciting new chapter in our story. Watch this space.

Emre Sayin
CEO

OUR GOALS FOR 2018, AND BEYOND

- As stated in our IPO: to make inorganic acquisitions in high-value regions, including our first in the Caribbean and Americas
- To show mid to high single digit organic growth in Revenue and Adjusted EBITDA in full year 2018
- To progress towards increasing the cruise business EBITDA by 5% in 3 years
- To roll out Guest Information Centers to every GPH port by the year-end
- To grow ancillary revenues (from retail, advertising, port services etc) by 8% in 2018
- To improve passenger experience in our network via new service and design initiatives and via implementation of the GPH practices in newly acquired ports
- To launch the LTIP programme in 2018, to open our office in London, and to be ready for a premium listing in 2019
- To enable trade in our commercial ports via new projects, incentives and investments (extended piers and additional warehousing in commercial ports).

Financial review

Strength in diversity

Overall revenues during the year increased slightly by 1.3% from USD 114.9 million in FY 2016 to USD 116.4 million in 2017, and Operating profit declined to USD 10.9 million in 2017 from 20.9 million in 2016, mainly due to the IPO expenses in 2017 (approximately USD 11.6 million). The movement in revenue reflected inorganic growth contribution from the Italian ports offset by a move in passengers away from the higher-yielding Turkish ports.

Thanks to the well diversified portfolio, the ongoing weakness in Turkish Cruise ports has been offset by the strong performance of the Commercial business and non-Turkish cruise ports in the network, maintaining Segmental EBITDA margin at a high level of 69.2%.

The period resulted in a net loss of USD 14.1 million mainly due to IPO expenses and increased amortisation expenses in relation to Port Operating Rights (similar to the Operating profit), as well as a non-cash foreign currency effect from EUR/USD exchange rate. Underlying Profit in 2017 was impacted by this non-cash foreign currency effect from EUR/USD exchange rate, but otherwise was in line with 2016 due to the robust operational performance (IPO expenses and amortisation of Port Operating Rights excluded from Underlying Profit).

During the year, the Commercial segment performed well with Commercial Revenue and Segmental EBITDA growing by 7.9% and 9.7% YoY, respectively. Also, we have seen a strong performance in our non-Turkish cruise ports, with 9.9% revenue and 6.3% EBITDA growth in 2017 YoY.

Our cruise segment demonstrated a strong passenger growth of 15.2%;

- Far above Mediterranean averages;
- 3.5% organic growth across the cruise port portfolio (taking into account pro-forma effect for Italian port acquisitions which are consolidated for the first time in 2017) more than offset the decline in the Turkish ports of 58.2%; and
- GPH's non-Turkish ports registered solid 25.9% passenger growth in 2017 (organic growth: 10.8%).

Despite the overall positive volume trend in passengers, revenues and Segmental EBITDA from cruise operations have declined by 6.3% and 12.7% respectively, due to a lower share of higher-yielding Turkish ports.

Passenger mix changed slightly in favour of transit passengers, resulting in a slightly lower cruise segment's profitability. Transit passengers recorded a 20.3% increase in 2017, while the expansion of more profitable turnaround passengers was relatively lower at 8.0%, resulting in 2pp decrease in the share of turnaround passengers.

Meanwhile, the Cruise Segment was positively impacted by Euro/USD parity in 2017. All cruise ports' revenues are mainly Euro denominated while our reporting currency is USD therefore, the appreciation of the Euro in 2017 had a slight positive impact on overall financials.

KEY FINANCIAL AND OPERATIONAL METRICS

	2017	2016[4]	YoY[6] Change
Passengers (m PAX)[1]	**4.1**	**3.5**	**15.2%**
General & Bulk Cargo ('000)	**1,628.9**	**1,401.4**	**16.2%**
Throughput ('000 TEU)	**249.4**	**213.9**	**16.6%**
Revenue (USDm)	**116.4**	**114.9**	**1.3%**
Cruise Revenue (USDm)[2]	50.3	53.7	(6.3%)
Commercial Revenue (USDm)	66.1	61.2	7.9%
Segmental EBITDA (USDm)[3]	**80.5**	**80.9**	**(0.5%)**
Segmental EBITDA Margin[3]	**69.2%**	**70.5%**	**(130bps)**
Cruise EBITDA (USDm)	32.2	36.9	(12.7%)
Cruise Margin	64.1%	68.8%	(470bps)
Commercial EBITDA (USDm)	48.3	44.0	9.7%
Commercial Margin	73.1%	71.9%	120bps
Adjusted EBITDA (USDm)[3]	**75.3**	**75.9**	**(0.8%)**
Adjusted EBITDA Margin[3]	**64.7%**	**66.1%**	**(140bps)**
Operating Profit (USDm)	**10.9**	**20.9**	**(47.6%)**
(Loss)/Profit for the year (USDm)	**(14.1)**	**4.4**	**n.m.**
Underlying Profit (USDm)[3]	**28.5**	**34.3**	**(17.0%)**
Cash Conversion (%)[3]	**81.6%**	**88.9%**	**(730bps)**
Proposed Dividend per share (GBPp)[5]	**41.7**	**n/a**	**–**
Net Debt (USDm)[3]	**227.5**	**280.4**	**(18.8%)**

1. Passenger numbers refer to controlled operations, hence excluding equity pick-up entities Venice, Lisbon and Singapore
2. Cruise revenues include sum of all cruise ports excluding Venice, Lisbon and Singapore (equity accounted investee entities)
3. Refer to the Glossary of Alternative Performance Measures for the definition of these items
4. The consolidated results of Global Ports Holding PLC have been prepared under the merger accounting basis of preparation following the IPO which assumes Global Ports Holding PLC consolidates the results of the Global Liman Isletmeleri A.S. Group since 1 January 2016
5. Total annual dividend of USD 35 million as proposed by the Directors of the Company
6. These are actual percentage movements excluding the impact of rounding to one decimal place

Commercial revenues were USD 66.1 million in FY 2017, up 7.9% year-on-year, due to strong growth in container volumes (up 16.6% YoY), along with a 16.2% increase in general and bulk cargo compared to FY 2016. Growth in container volumes was driven by marble exports at Port Akdeniz. Growth in general and bulk cargo was driven by cement exports in Port Akdeniz, as well as steel coils in Port of Adria.

Container yields declined by 5.7% driven by the change in TEU mix between full and empty containers. General & bulk cargo yields were down 8.5% due to lower project cargo volume. Also, change in product mix (increase in steel coils volume in particular in Port of Adria) had an impact on yields.

Commercial Segmental EBITDA increased by 9.7% to USD 48.3 million, and the Commercial EBITDA margin grew by 120 bps in FY 2017 YoY, mainly driven by operational improvement at Port Akdeniz, increase in high-margin TEU business and the currency environment in Turkey which is favourable for GPH with its USD revenue streams but mainly TL cost base.

The tax charge for the year increased from USD 0.9 million to USD 3.6 million primarily due to increased permanent differences impacting deferred tax balances and the increase of taxable income / taxes paid on operational companies, driven by Port Akdeniz and Valletta Cruise Port.

CAPITAL EXPENDITURE

Capital Expenditure for 2017 was USD 13.9 million, primarily to fund the modernisation programme at Port of Adria (investment in equipment and machinery) which essentially completed in 2017, and renovation works for Ege Port's shopping mall which completed in H1 2017.

DEBT PROFILE

Net debt at 31 December 2017 decreased to USD 227.5 million from USD 280.4 million at 2016YE mainly due to cash generated from operations of USD 46.0 million, as well as net IPO proceeds of USD 73 million and the collection of related party receivable of USD 27.7 million. Main cash outflows are CAPEX of USD 13.9 million and dividends of USD 46.1 million (including interim dividend in September 2017 of USD 18 million) and financing-related cash outflow of USD 34.7 million (mainly financing expenses and net repayment of gross debt). The Group's Net Debt to Adjusted EBITDA ratio of 3.0x is in line with GPH's financial policy as communicated during the IPO process. The Leverage Ratio as per the Eurobond issued by Global Liman Isletmeleri A.S. (100% subsidiary of GPH) is 4.5x versus a covenant of 5.0x.

LIQUIDITY AND IPO

- Global Ports Holding Listed on the London Stock Exchange in May 2017.
- Offer Price: 740 pence per GPH share.
- Offer size: USD 207 million (including USD 7 million over-allotment option).
- The Group raised net primary proceeds of USD 73 million which will be used to develop and expand the Group's Cruise business.
- Free float of 34.37% while GIH and EBRD hold 60.60% and 5.03% respectively.

DIVIDENDS

Following USD 17.5 million interim dividend (21.6 pence per share) paid in September 2017, the Directors proposed additional dividend of USD 17.5 million (20.1 pence per share at current exchange rate). This would bring total dividend in respect of the year to a USD 35.0 million or 41.7 pence per share.

Ferdağ Ildir
Chief Financial Officer

The cruise sector

11 MILLION MORE PASSENGERS IN THE NEXT DECADE
The remarkable growth of cruise tourism over the last 25 years has had many drivers.

Holiday time is limited and precious, and cruising can take passengers to 7 countries in 8 days. Cruise products are seeing unprecedented change, attracting thousands of younger passengers aboard for the first time. Cruising also means instant relaxation, while others are squeezing into planes or navigating the highways. For many, of course, there is also the timeless allure of the sea.

Whatever their reasons for choosing a cruise, the facts are clear: from 2009 to 2017, worldwide cruise traffic rose from 17.8 million passengers to 25.8 million passengers, a CAGR of 4.7%. In 2017, this translated into estimated sales revenues of USD 37.8 billion.

This bullish trend is also set to continue, with global projections of 27.2 million passengers in 2018[1] (5.4% growth vs 2017). Shipyards are also working at full capacity to build new vessels, as the industry looks to replenish and expand its fleets. And for an industry that still accounts for just 2% of global tourism[2], the capacity and potential for growth is vast. These are therefore exciting times for ports, whose revenues are directly driven by passenger traffic.

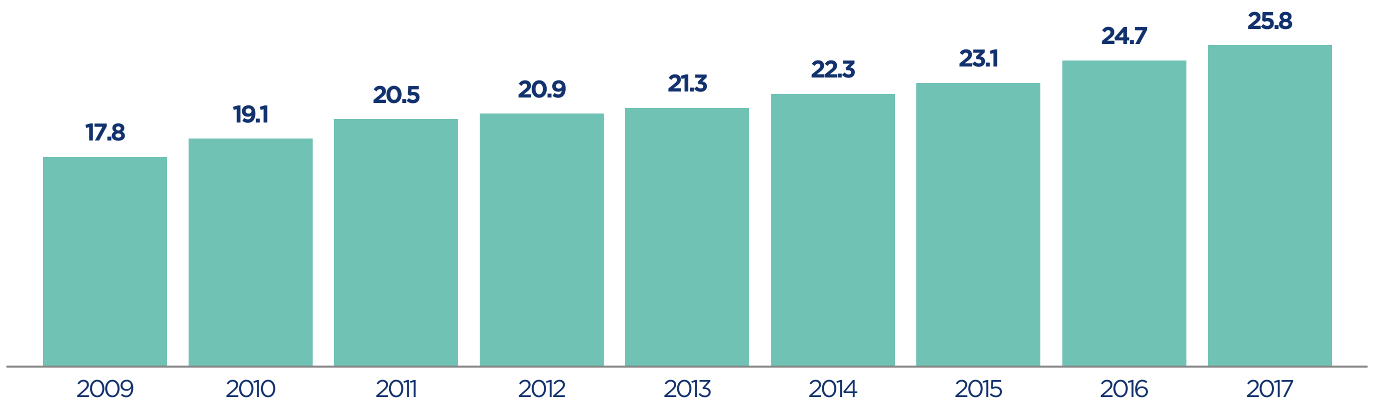
Ports not only serve to keep a country's goods on the move, but also contribute significantly to the broader economic development of nations. In 2016, it was estimated that the total economic impact of the cruise industry's 24.7 million passengers was USD 126 billion, helping to support nearly 1,022,000 jobs and USD 41 billion in wages worldwide[3]. Consequently, attracting cruise tourism is a prime objective for many port cities around the world.

WHERE CRUISERS COME FROM
Historically, North America has been the major source market and 'the home of the cruise'. In 2016, the United States, with 11.52 million passengers, was the largest source country by far, accounting for just under half (47%) of all global cruise passengers.

Nevertheless, over the past decade other markets have experienced extraordinary growth. A total of 21.86 million passengers (88% of the global market) were sourced from the top 10 countries, and from all major global regions.

After the US, the next 2 countries, China and Germany, accounted for 17% of global passengers with a total of 4.12 million passengers. The United Kingdom contributed 1.89 million and Australia 1.28 million, representing 13%. Some markets also witnessed rapid positive change. China saw the biggest jump (+113%), rising from 986,000 passengers in 2015 to 2.1 million in 2016. In the same period, Germany experienced their highest year-on-year growth (+11%) and the UK +5.6%.

2009-2017 PASSENGER TRAFFIC SNAPSHOT GLOBAL OCEAN CRUISE PASSENGERS (MILLIONS)



There was a 23.4% increase in cruise demand in the 5 years to 2017. Key drivers include the globalisation of cruising as a holiday option; low penetration in the main source markets; and new ships and products for wider demographic groups

Source: CLIA – State of the Industry 2018

These findings tell 2 clear stories: firstly, that the cruise industry is offering a product that appeals to ever-increasing numbers of holidaymakers, and secondly that the allure of cruising is crossing boundaries, oceans and ages to become a truly global industry.

In line with projections of strong performances from the source markets mentioned above, the industry expects to achieve 37.9 million cruise passengers by 2026[4].

Although we see the global passenger mix remaining skewed towards North America, the bulk of the growth is likely to come from European and Asian markets. If Europe matches North America's market penetration by 2026, this will equate to 11 million more passengers a year, some 5 million more than in 2016. We also expect Asia to reach 7.5 million in 2026.

Even so, it's worth remembering significant growth in the industry to date represents low levels of market penetration. There is major growth potential in the cruise sector for many decades to come.
The chart below shows customer concentration by country: the top 10 customer markets account for 88% of all

CRUISE MARKET SOURCE PENETRATION

Cruise passengers sourced from the top 10 countries 2016

	%	Cruise PAX (m)	Population (m)	Penetration
United States	46.6%	11.5	323.1	3.6%
China	9%	2.1	1378.7	0.2%
Germany	8%	2.0	82.7	2.4%
UK	8%	1.9	65.6	2.9%
Australia	5%	1.3	24.1	5.3%
Canada	3%	0.8	36.3	2.1%
Italy	3%	0.8	60.6	1.2%
France	2%	0.6	66.9	0.9%
Brazil	2%	0.5	207.6	0.2%
Spain	2%	0.5	46.4	1.1%

Source: GDP Per Capita: World Bank databank, BREA The Global Economic Contribution of Cruise Tourism 2016 for CLIA

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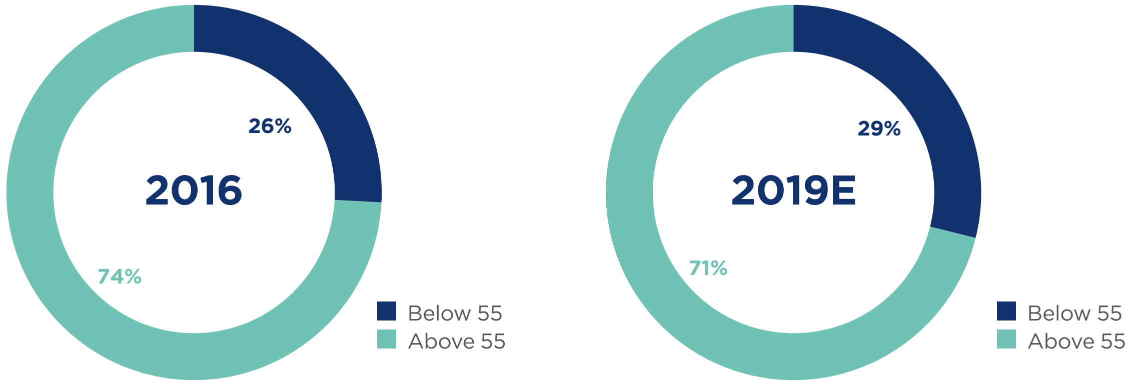
[1] CLIA 2018 Cruise Industry Outlook
[2] UNWTO Tourism Highlights 2017 report
[3] Cruise Lines Industry Association (CLIA)
[4] Cruise Industry News

CRUISE PASSENGER AGE DEMOGRAPHICS (%)



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

cruise passengers. The charts also reveal 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 the potential for future growth.

A CHANGING DEMOGRAPHIC

The traditional image of a cruise passenger is someone of retirement age, and fairly well-off. While that demographic continues to be a mainstay of cruise demand, passenger profiles are changing rapidly. New ships, brands, concepts, food, design, and live and digital entertainment are attracting a much younger profile aboard, including families. At the same time, cruising is no longer the preserve of the wealthy: cruise lines increasingly market to a range of income groups, growing the target market even further.

"AND I NAME THIS SHIP…"

Cruise lines now have a continuous programme of renewal and expansion to meet the rising rate of demand they are generating. So the fleet of 365 cruise vessels deployed around the globe in 2017 will grow to 434 by 2026, serving a rise in passenger numbers from 25.2 million to 37.9 million (double-occupancy basis).

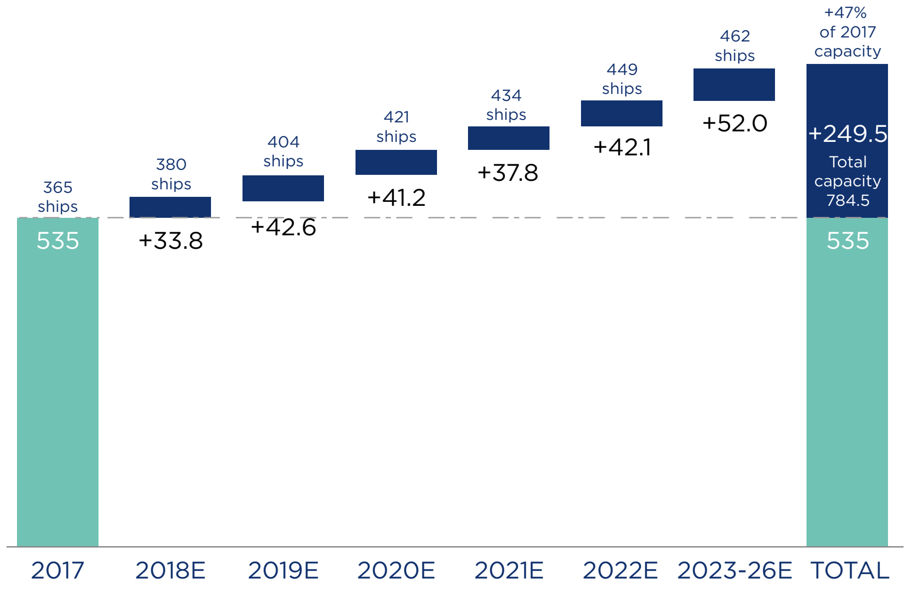
The average annual growth rate is expected to reach around 4.7% year-on-year, with the biggest global leap expected in 2020 when a 7.5% capacity increase is projected. The European order book through 2026 indicates that ship fleet capacity is to increase at a CAGR of c. 6%.

The industry is set fair to continue on this growth trajectory for 10 years or more. Around the world's shipyards, they have order books for 97 new vessels, representing a total investment of USD 60 billion.

Indeed, 2017 signalled a major statement of intent as the industry saw one of the busiest years in a decade with 10 new ship launches, ranging from 300- to 4,500-passenger vessels. Total berths deployed also surpassed the 500,000 milestone. Across every KPI, the cruise trajectory is only going one way.

HIGHLY VISIBLE INDUSTRY EXPANSION

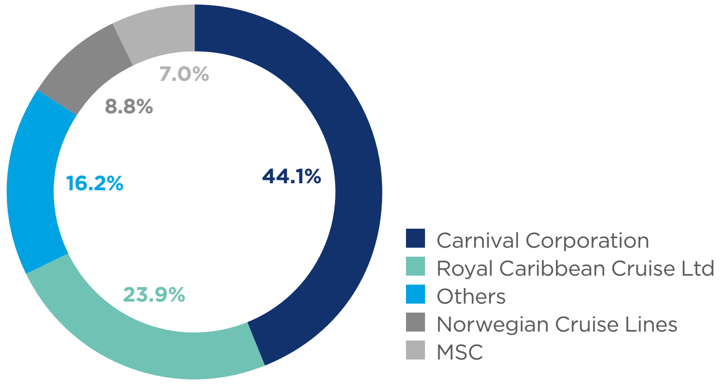
Global orderbook/total ship cacpacity '000 PAX[1]



Source: Cruise Indusrtry News 2017-2018 State of the Industry Annual Report

[1] Since starting in 2017, the research has been expanded to include various small expedition lines

MARKET SHARE OF CRUISE LINES BY WORLDWIDE PASSENGERS 2017



Source: 2017-2018 State of the Industry Annual Report; Cruise Industry News

In addition to a record high in terms of the number of ships, cruise ships are also getting increasingly bigger. The average number of berths per vessel in 2017 was 1,466, while the average size for the 97 new ships on order is over 3,000 berths per ship.

According to Cruise Industry News, the Europe market is set to grow at a 10.2%, from 6.8 million PAX in 2017 to 7.5 million PAX in 2018, and the Asia-Pacific market to grow at 9% to 5.2 million PAX, while the America's pace is lower, at 4.5%, to reach 14.3 million PAX by 2018.

Although new ships are being built with sizes and services to serve specific markets, there has been a clear trend towards larger ships with higher capacities. The world's shipyards are constructing new cruise ships of between 130,000 and 230,000 gross register tonnes (GRT), with capacities of up to 6,000 passengers. GRT, as well as the number of passengers per ship, has doubled in the space of just 15 years.

The underlying driver is economy of scale: larger vessels can offer a lower cost per passenger, and so widen the market by repositioning cruising as an economical holiday.

Alongside this general trend towards bigger ships, market segmentation needs ships of varying sizes, with amenities and itineraries designed to attract a specific target. In particular, the number of luxury vessels has flourished as the major cruise lines and brands build their presence in contemporary, premium and speciality cruises.

THE LINES BEHIND THE BRANDS

All cruise lines strive to maximise occupancy levels, regardless of vessel size, due to the business model's high fixed costs. Even in volatile economic conditions, the industry has proved to be particularly resilient, with dynamic pricing driving consistently high occupancy rates of 100-105%.

Although cruising is marketed by more than 50 different brands, the industry is ultimately concentrated into 3 principal groups: Carnival Corporation (44% of passengers worldwide), Royal Caribbean Cruise (Ltd & PLC: 24%), and Norwegian Cruise Lines (9%). These corporations, together with MSC (7%), control 84% of the worldwide share of passengers, and 53% of the worldwide fleet.

The cruise industry's 3 major players are listed corporations. Both Carnival Corporation & PLC and Royal Caribbean Cruises Ltd have been highly profitable in recent years, while Norwegian Cruise Line Holdings Ltd posted its strongest revenue increase in relative terms. The increased gross revenue enjoyed by all 3 companies was driven by carrying more passengers and greater on-board spending.

MSC is part of a privately-owned Group that owns a major global container shipping line, Mediterranean Shipping Company S.A., and plans to double its capacity in the next 10 years.

The 3 main corporations control wide-ranging portfolios of brands in order to target different markets. Carnival Corporation has 10 brands covering all sectors from contemporary to luxury, with a fleet of 106 vessels focused on diverse markets (the USA, Germany and the UK, among others). Royal Caribbean Cruises Ltd follows the same strategy, with 6 brands and 50 vessels, as does Norwegian Cruise Lines Holding with 3 brands and 25 ships. MSC, a Mediterranean company with 14 ships, has historically deployed its fleet there; however, the increasingly global nature of the cruise industry has led it to deploy ships in other regions, such as Asia and Cuba. In addition to these major operating groups, new players have been attracted by the growing potential of the industry. They include new market entrants such as Virgin Voyages, with others coming from river cruising, such as Viking Cruises.

Chinese and Asian cruise brands are also expected to emerge. Global Ports Holding hosts almost every cruise line, and meets their particular requirements for the largest and latest generation of vessel.

Industry sector reports and outlook continued

THE WORLD'S FAVOURITE CRUISE DESTINATIONS

The popularity and market shares of cruise destinations are driven by a variety of factors, ranging from simple sentiment (do travellers feel inspired to go there?) to the more practical issues of seasonality and climate, 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 is its undisputed champion: in 2017 it took an unrivalled 35.4% of global cruise fleet capacity. This was followed by the Mediterranean (15.8%), Northern Europe (11.3%), Australasia (6%), Asia (10.4%), Alaska (4.3%), South America (2.1%) and other regions (14.7%). However, according to the United Nations World Tourism Organisation (UNWTO), Europe consolidated its position in 2016 as the most visited region in the world with a total of 616 million visitors. This is 8 million more visitors than in 2015.

The beauty of the cruise line model is that its assets are mobile, and they can be deployed wherever revenue potential is highest. The profitability of an itinerary depends on many factors: among others, fuel costs, geopolitical issues, ticket prices, onboard spend, environmental regulations, and local fees.

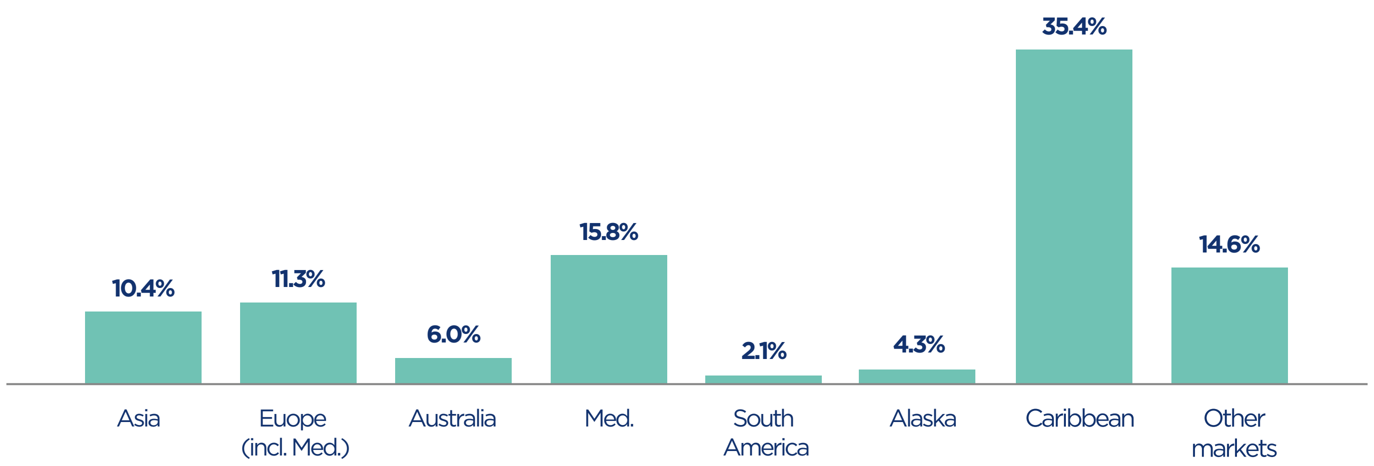
When we examine changes and trends in ship deployments during the past decade, we see that the Caribbean, despite its market leadership, has been losing market share, while the new millennium saw Europe become the centre of the cruise business. Now it's the turn of Asia to gain momentum; indeed, the Mediterranean, Asia and Australia have been the front-runners in gaining market share over the past 10 years.

Within the cruise sector, the Mediterranean has been the main focus of Europe's growth, becoming the world's second most visited cruise destination area after the Caribbean. The chart below shows the growth in world market share in the cruise industry by region since 2006, highlighting the Med's history of outperformance.

According to MedCruise (the Association of Mediterranean Cruise Ports, which represents the majority of ports in the region) cruise passenger movements there totalled 27.4 million in 2016.

This shows the region's resilience in the face of various challenges, including geopolitical crises such as the Arab Spring and uncertainty in neighbouring areas. Although these factors have an impact, ships are movable assets, and the Mediterranean's excellent range of desirable destinations has been able to keep ships in the area. A case in point was the Arab Spring, when most itineraries were simply refocused on the north of the region.

GLOBAL CRUISE MARKET DEPLOYMENT SHARES 2017



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 islands, and would change existing ship deployments were Cuba finally to open for business.

Alaska has good future prospects for the cruise business and will reach record levels in 2018. However, China, the focus of most cruise lines in recent years, will see a decrease in capacity in 2018, driven by geopolitical issues, too many ships, pricing and distribution challenges.

Regardless of individual market shares and swings, one constant has emerged: the cruise industry is becoming ever-more global. This helps to stimulate demand in the source markets, and ultimately benefits all cruise regions. The industry makes an important contribution to local economies, and is the catalyst for a significant multiplier effect that ripples out across local jobs, services and wealth.

With the industry's clear evidence of growth and robust health, it is not surprising to see many cities and ports interested in enhancing and upgrading their facilities to meet cruise lines demands, and indeed upgrade their appeal as a possible new destination. From the cruise lines' point of view, new and larger ships need improved facilities and different itineraries. Port infrastructure is therefore fundamental to their decision-making in designing new itineraries.

GPH AND CRUISING IN 2018

GPH enters 2018 with confidence. We anticipate:

- Current trading in our non-Turkish cruise ports remains strong. The weakness in Turkish cruise ports is expected to continue into 2018, although passengers and revenue are expected to stabilise. However, we anticipate some initial signs of recovery with a number of cruise lines indicating they will start to include our Turkish ports in their plans in 2018.
- We have made continued progress in the cruise port M&A pipeline. The Group is confident about deal activity in 2018, both inside and outside Europe.
- For existing assets, we see attractive organic opportunities to pursue bolt-on ancillary revenues through passenger land-side deals.

Uniquely Venetian creations

Venice

Murano glass: art at 1000°C

As Venetian as Vivaldi, gondolas and fried moleche (soft shell crabs from the city's lagoon), Murano glass is the very essence of Venice: delicate, exquisite, and forever copied yet never equalled.

Glass was first made here in the 8th century, and by the 1200s it was the city's largest industry. Hot and hazardous, the medieval glassmakers' furnaces were relocated safely away from the city on their own island, Murano. From here the industry scaled new heights: the first clear glass was perfected here, as well Europe's only mirrors, and tiny precious figurines, sumptuous chandeliers, beads, vases and innovative metal-flecked glass.

Today, Murano still welcomes lovers to witness the extraordinary art of glassblowing and, of course, to take a delicate glass-blowing piece of Venice home with them.

Glass on display in glorious colours is available in many shops in Venice.

The commercial sector

KEEPING THE WORLD SUPPLIED

The world's sea lanes are the conduits of trade, growth and development. Almost everything we use, build, drive, eat, manufacture or invent is enabled, directly or indirectly, by a vessel and a port. Around 90% of global trade by volume, and more than 70% by value, crosses an ocean.

Worldwide there are more than 50,000 merchant ships, manned by more than one million seafarers, carrying vital cargo, with seaborne volumes reflecting global economic growth.

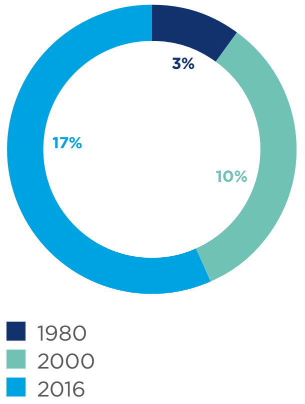
RECENT TRENDS IN MARITIME TRADE AND TRANSPORTATION

World seaborne trade has grown significantly over the last 3 decades, thanks in part to maritime transport being one of the most cost-effective means of transporting goods internationally. Merchandise trade has also benefited from the liberalisation of international trade policies, the emergence of new trading partners and access to new markets, facilitated by growing trade and co-operation agreements.

Many manufacturers have also off-shored their operations to countries with lower production costs; in turn, this means that increasing volumes of intermediate and finished goods are more likely to need transportation to their country of final purchase. The opening of major economies, and in particular China, has been a catalyst for more trade.

In the UNCTAD forecasts, projections for the medium-term point to continued expansion, with volumes growing at an estimated compound annual growth rate of 3.2% between 2017 and 2022. Volumes are set to expand across all segments, with containerised trade and major dry bulk commodities trade recording the fastest growth.

GLOBAL CONTAINER DEMAND



Source: UNCTAD Review of Maritime Transport 2017

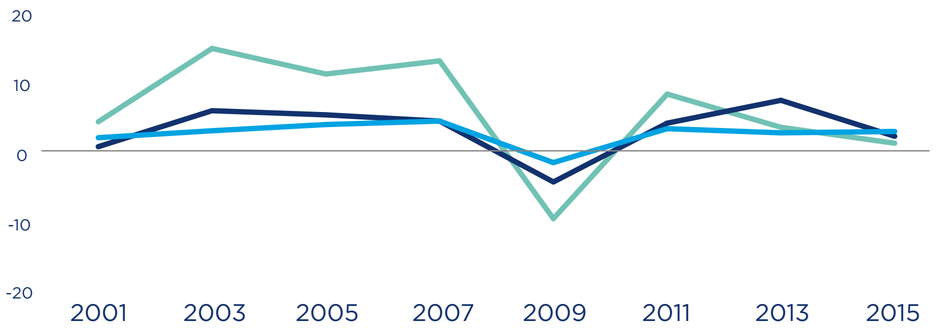
GLOBAL CONTAINER DEMAND

Cyclical and structural factors have contributed to global container demand growth rising at 2-3 times that of global GDP over the past 3 decades. This reflects economic growth and longer supply chains: 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.

KEY DEVELOPMENTS IN THE CONTAINER MARKET

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

CONTAINERISED TRADE AS PERCENTAGE OF SEABORNE TRADE



There was a 23.4% increase in cruise demand in the 5 years to 2017. Key drivers include the globalisation of cruising as a holiday option; low penetration in the main source markets; and new ships and products for wider demographic groups

Source: Databank World Bank, UNCTAD Review of Maritime Transport 2017

MARITIME TRANSPORTATION IN TURKEY

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

Economic projections are confident: Turkey's GDP is forecast to grow in line with other emerging markets, and is growing faster than the EU-27 region. With its heavy reliance on maritime trade, Turkey offers a supportive environment for commercial ports.

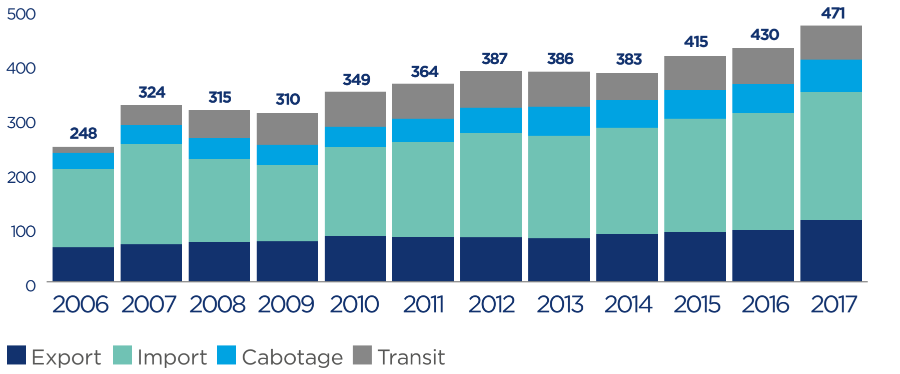
Indeed, between 2000-2017 Turkey saw a CAGR in container growth of 11.0 in contrast to the world average of 3.7%, fuelled by privatisation and general economic expansion. And there is more to come: Turkey was relatively late to the party in container operations, and there is considerable opportunity still to tap.

Two drivers of growth will continue to be exports of marble and agricultural produce. The country is rich in marble resources located on the Alpine-Himalayan belt, and China has been a keen customer: exports there grew by 62% between 2005 to 2017. In addition, Turkey's growing agricultural sector (already representing 7% of GDP) aims to rank among the top 5 producers globally by 2023. Exporters in this market are increasingly moving away from trucks to refrigerated containers as their transportation of choice.

Further demand is coming from the construction industry. Turkey has an abundance of the resources needed to manufacture cement and clinker, and the growing construction markets in China, the Middle East, North Africa, the western Mediterranean and the Black Sea all need to be served.

In addition, the global macro environment remains supportive with resilient and strong growth through our commercial ports. Given our geographic exposure to Turkish exports, notably in marble and cement, we would expect, all other things being equal, to benefit from the growing construction markets in MENA, Asia and the Western Mediterranean

CARGO HANDLING AT TURKISH PORTS



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

THE COMMERCIAL SECTOR OUTLOOK FOR GPH

GPH owns 2 commercial ports: the Port of Adria in Bar, Montenegro (please see page 110) and Port Akdeniz, Antalya, Turkey (page 112).

Together, they contributed more than half of the Company's revenues in 2017, and we are confident both about the growth of the sector in 2018 and our ability to maximise the opportunities it presents.

OUR FOCUS FOR 2018:

- Port Akdeniz: Following strong trading in Q4 2017, we expect resilient demand for exports from the port to continue into 2018, supporting continued growth in commercial revenues.
- Port of Adria: The completed CAPEX investment programme is expected to attract additional volumes and customers, driving potential double-digit growth in revenue.

Drama with strings attached

Catania

Opera dei Pupi

Perhaps the only puppet show that is listed by UNESCO for its cultural heritage, the Opera dei Pupi is ingrained in Sicilian history.

A traditional puppet theatre, its origins stretch back to the 19th century. It would entertain and enthral the working classes with tales of medieval chivalry, bandits, the lives of the saints and Italian renaissance poetry.

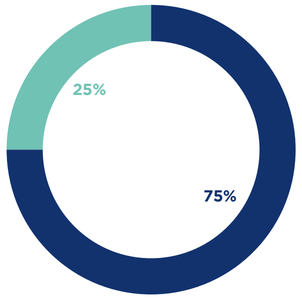
Its audiences could be profoundly influenced by these shows, with the vivid puppets brought to life by increasingly competitive craftsmen and puppeteers.

Its allure continues to this day, with shows aimed at visitors as well as locals.

Unlike the classic marionettes, traditional Sicilian puppetry uses rods as well as strings.

Cruise business model

GPH focuses on identifying strategically chosen ports and enabling them to realise their full potential. We take over their operations, and bring Group best practice and economies of scale to maximise efficiencies and combine fresh ideas with their local knowledge and expertise. We steer their services to meet more closely the needs of their stakeholders – cruise lines, passengers, regulators and local communities – while also generating ancillary revenues.



OUR CRUISE BUSINESS: REVENUE DISTRIBUTION

■ Core port services: 75% (derived mainly from concessions)
- Terminal services
- Marine services

■ Ancillary services 25%
- Vessel services' revenues
- Area management revenues

What we do and who we serve

We acquire and transform cruise ports, providing integrated services to the cruise industry. In 15 ports across 7 countries we serve:

- **Global cruise corporations and cruise lines**
- **Passengers**
- **Cruise ships and crew**
- **Destination stakeholders**
- **Tenants, partners and third-party providers**
- **Ferries, yachts and megayachts**
- **Cruise service providers**

Read more in GPH at a glance on page 2

We provide

STRONG LEADERSHIP
A versatile and experienced management team with an established international track record of operational excellence and effective strategy.

SKILLED LOCAL TEAMS
Highly experienced local teams with deep experience of their locality and the maritime sector.

SPECIALISED TEAMS
Sector-specific expertise in business and service development, innovation, partnership management, hospitality and terminal design.

BRAND LEVERAGE
GPH is the world's largest independent cruise port operator with a strong brand image, market position and collective marketing power.

FINANCIAL STRENGTH AND DISCIPLINED MANAGEMENT ACROSS MULTIPLE JURISDICTIONS
A strong track record of cash Conversion and financial performance, with high segmental ebitda margins and resilient and diversified cash flows.

Multiple revenue streams from guest and ancillary services and the ability to manage different systems across different jurisdictions.

INVESTMENT IN OPERATIONS
We invest in portfolio assets and state-of-the-art technologies to boost operational efficiency, modernisation and future readiness for the next generation of mega ships.

Read more in our Port reports, from page 58

Our USPs

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

Proven track record of transforming traditional cruise terminals and delivering excellent customer experience.

Operational excellence. We excel at operating our ports, and run them professionally and safely. We understand the needs of every vessel, from yachts to mega ships, and bring a mindful approach to developing destinations with due regard for their exceptional local environments.

Modern infrastructure. We are significant investors in optimising technology, including our proprietary GPH security code, cloud-based port operating systems, and state of the art terminal equipment.

An integrated cruise port network, presenting a superior branded value proposition for all stakeholders.

Marketing and influential strength, gained from our widespread network and partnerships. We are a natural partner for cruise lines due to our reputation as a leading and reliable port operator.

360° view of the sector and a sharp focus on the overall guest journey, positioning us to develop services for even better customer experiences at every GPH port, guest journey, developing guest services to further improve the customer experience at all our ports.

Read more about our key strengths on page 8

Sharing the value we create

In 2017, 43% of our revenue was generated by our cruise operations and 57% by our commercial port operations. Our cruise segment is contributing an increasing share year-on-year, and as we expand our network we will become even more diverse geographically.

The value we create is reinvested and redistributed as follows:

INFRASTRUCTURE
£30m
Invested in infrastructure enhancement

CRUISE INDUSTRY
100%
Introduced and implemented proprietary port operating system to all GPH ports

SHAREHOLDERS
USD35m
Dividend payments to our investors

GLOBAL PASSENGER & CREW SPENDING IN ECONOMY
USD927,857,440
(total at GPH ports)

Our mission and our values underpin our business.

Read more in What differentiates us on pages 8 and 9

OUR MISSION

OUR VALUES

Our strategy

Read more about our strategy overleaf

- Continued expansion
- Continued transformation
- Improved experiences
- Delivering growth and cash
- Continued diversification

OUR STRATEGY

Our strategy

STRATEGIC PILLARS	PROGRESS DURING THE YEAR	KEY PERFORMANCE INDICATORS	GOALS FOR 2018	PRINCIPAL RISKS
Continued expansion Continued cruise expansion through targeted, disciplined acquisitions in Europe, Caribbean and Asia **See case study on page 53**	• Integration, and increased passenger numbers and revenues, of 2016's acquisitions: Cagliari, Catania and Ravenna (Italy) • 12 projects in the advanced stages of the pipeline, at various stages • Some new projects to the pipeline one of which made important progress in the second half of the year	Actual 2017: 0 Target 2018: Minimum 2 ports in 2 regions Port acquisitions	• Closing up to 2 port acquisitions within 2018 • Expanding into Americas • Completing the induction of H1 acquisitions by 2018 year-end, and the rest in 2019	Legal and regulatory environment in respective countries Potential competition by private investors Conflicting agendas with major cruise lines in strategic ports
Continued transformation Continued transformation of the traditional cruise terminal and customer experience to deliver growth and higher yield **See case study on page 54**	• Establishment of an integrated proprietary cruise port operating platform • State of the art, €24 million Lisbon terminal inaugurated • GPH branded ports project • Key appointments to the management team	Actual 2017: 2 Target 2018: 3 Planned transformation investments into ports	• Implementation of GPH policies and guidelines; ie HSE policy and security code • Continuous best practice sharing and benchmarking • Planned infrastructure investment; ie terminal improvements • Strategic plans to improve EBITDA margins and traffic • Post IPO restructuring: LTIP, London office, recruitments	Macroeconomic conditions Resistance to change by the industry Push back from the authorities
Improved experience and B2B ancillary service opportunities that also improve passenger experience at GPH's cruise ports **See case study on page 55**	• A new concept of Guest Information Centers (GICs) established in 7 of our terminals • Complete redesign and refurbishment of the Scala Nouva retail village in Ege Port, Kuşadası* * For more information on each of our ports please see the Port reports on pages 58 to 113	Actual 2017: USD 16 million Target 2018: USD 17.8 million Ancillary revenue	• Develop our capabilities in providing destination services and strategic partnerships with cruise lines to offer value-added services to passengers • Enhanced retail experiences in terminals • Improved solutions for vessels e.g. water supply, equipment rentals etc	Changes in regulations Executional risks and lack of know how in new areas such as ship agency services Misalignment with cruise lines
Maintaining profitability, delivering cash Delivering growth and cash from pre-paid concessions, low CAPEX requirements and diversification of revenue streams **See case study on page 56**	• Carefully screened CAPEX investment programmes most of which have been completed. • Cost control programmes and efficiency initiatives based on best practices	Actual 2017: 81.6% Target 2018: 80% – 90% Cash conversion goal	• Integration of financial reporting; accounting systems, operating systems and Hyperion reporting tools • Financial and procedural integration of the new acquisitions • Restructuring under GPH PLC • Careful management for cash and profitability in commercial ports	Geopolitical events that effect demand A complex regulatory environment where changes may negatively affect our profitability
Continued diversification Continued diversification of the business via organic growth on the commercial side **See case study on page 57**	**Port of Adria, Bar:** • CAPEX programme triples container handling capabilities • Investment in state of the art mobile crane and container crane technologies. **Port Akdeniz, Antalya:** • 2017 was a very strong year with container volumes up 17%	Actual 2017: 10% Target 2018: 12% Improve Adria's share in commercial ports's EBITDA	**Port of Adria, Bar:** • Block train to Serbia and demand growth in Serbia due to new commercial office in Belgrade • Potential deal with a line for feeder ships from their base port • New RORO business **Port Akdeniz, Antalya:** • New warehouse • Set up a logistic centre in Burdur and Isparta regions • Growth-based incentive schemes for new trade through our port	Foreign trade volume, the liberalisation of trade, commodity and fuel prices Trade barriers, restrictions on imports or exports, or trade disputes

See Financial review on pages 20 to 21

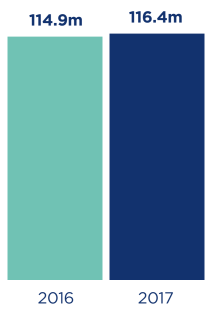
See KPIs on pages 38 to 39

See principal risks and uncertainties on pages 42 to 51

Key performance indicators

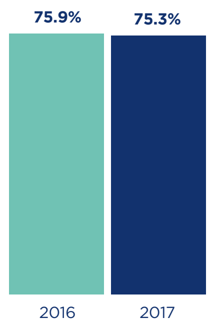
FINANCIAL KPIs

REVENUE GROWTH



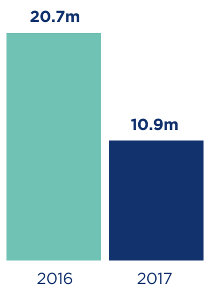
Overall revenues during the year increased slightly by 1.3% from USD 114.9 million in FY 2016 to USD 116.4 million in 2017.

ADJUSTED EBITDA



Adjusted EBITDA was flat as the ongoing weakness in Turkish Cruise ports has been offset by the strong performance of the Commercial business and non-Turkish cruise ports in the network.

OPERATING PROFIT



Group operating profit for the year was lower at USD 10.9 million, almost fully attributable to the one off costs associated with 2017 IPO as well increased amortisation expense in relation to Port Operating Rights.

IPO OVERSUBSCRIPTION

$200m

Base size IPO is USD 200 million USD +30 million greenshoe (floated on May 2017)

LOSS PER SHARE

(26.01)p

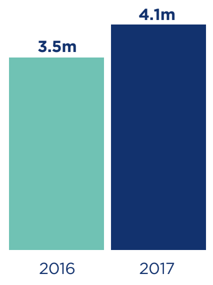
per share

ADJUSTED EARNINGS PER SHARE*

47.6p

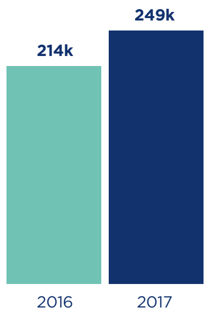
per share

NUMBER OF PASSENGERS



Strong passenger growth of 15.2% which includes the consolidation in our Italian ports. Passenger numbers refer to controlled operations, hence excluding equity pick-up entities Venice, Lisbon and Singapore.

CARGO/CONTAINER THROUGHPUT VOLUME



TEU throughput increased by 16.6% in FY 2017 YoY thanks to strong marble export at Port of Akdeniz. TEU yields softened slightly by 5.7% due to changes in TEU mix between full and empty.

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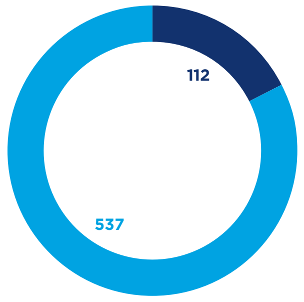
* Refer to the Glossary of Alternative Performance Measures on page 236 for the definition of this item

NON-FINANCIAL KPIs

GENDER

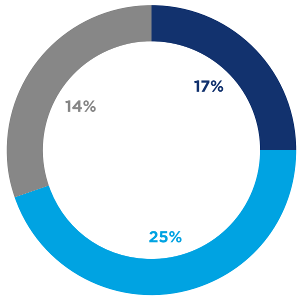


GROUP

As of December 2017 female employees accounted for 17% of the overall workforce.

■ Female
■ Male

FEMALE WORKFORCE



SENIOR MANAGER

As of December 2017 female employees accounted for 25% for C-Suite senior management and 14% for Board of Directors.

■ Full workforce
■ Senior Management
■ Board of Directors

READ MORE
Financial review page 20
Financial statements page 165

ACCIDENT REDUCTION

We have reduced injuries at work by 45% in Port of Adria and 70% in Port of Akdeniz since 2015. Factors in this change are: safety culture awareness and buy in; an emphasis on 'toolbox' training, techniques and procedures; and robust and constant reinforcement of the need for safety in everything we do.

70%

Port of Akdeniz

45%

Port of Adria

GLOBAL RUN

Global Run is held in a different GPH port every year to promote people travelling to different countries and getting to know new cultures, surroundings, and a variety of local flavours.

8,000

Number of participants in the Global Run Ravenna, Global Ports Maratona di Ravenna Città D'Arte'.

43

Number of countries covered in the Global Run Ravenna, Global Ports Maratona di Ravenna Città D'Arte'.

The gastro heart of the city

Barcelona

Mercat de la Boqueria: a feast for the senses

It was back in the 1200s that the first market stalls appeared on the Boqueria site, on the famous la Rambla in Barcelona. Today, this magnificent market is a central part of the city's life, where the locals come together to eat, drink and shop.

It can be slightly surreal: there you are, enjoying pizza fresh from a wood oven, when a butcher walks by with a beef carcass over his shoulder. But this reflects the sheer scale of the Boqueria, a cornucopia of produce.

From pungent cheeses and giant 'jamon' hams to local tapas, arrays of vegetables, riotous flowers and fresh fish, the sights and scents are a delicious assault on your senses.

Bring large bags and strong arms.

Locals eating freshly prepared seafood at one of the many bars amongst the stalls in La Boqueria.

Risk management framework

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

RISK APPETITE

The level of risk considered appropriate to achieve the Company's strategic objectives is regularly monitored by the Audit and Risk Committee and reviewed and validated by the Board on an annual basis. The appropriateness of the mitigating actions is determined in accordance with the Board-approved risk appetite for the relevant area.

RISK MANAGEMENT PROCESS

The risk management process begins with the identification of significant risks by each function. These are then assessed by taking into account the potential impact and likelihood of the risks occurring, and the mitigations identified.

Each level of risk is cross-referred with the Board's risk appetite to determine whether further mitigations are required. Risks that are specific to a function's activities are managed within the function on an ongoing basis with regular follow-up by the internal audit function. The most significant risks from each function (based on materiality or those which have common themes across the business) will be reviewed by the Audit and Risk Committee. This Committee also supports senior management and the Board in the management of risks relating to key projects, third parties, countries and bases.

The Group's principal business risks are monitored and managed throughout the year by senior management, the internal audit function and the Audit and Risk Committee, which reports to the Board. The Audit and Risk Committee typically provides risk reports to the Board on a quarterly basis at least.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties described over the following pages are considered to have the greatest potential effect on GPH's strategic objectives at this point in time. This list is not intended to be exhaustive. The order in which risks are presented is not necessarily an indication of the likelihood of the risks materialising, nor of their significance or scope for potential harm to the Group's business, prospects, results of operation and financial position.

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

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

THE GROUP IS EXPOSED TO FOUR CATEGORIES OF RISK

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

1. General risks

↔ Steady
↓ Decreased

The rights allowing the Group to operate its ports may not be extended, and could be terminated before they expire ↔

The Group operates each of its ports under long-term concession agreements, including Build Operate Transfer agreements, with the state owner of the port. The length of the concessions varies and the Group's agreements are granted for a fixed term. The Group's current agreements have remaining terms averaging 17 years (excluding potential extension periods).

The concession terms of the Group's main ports, which collectively generated 96.1% of the Group's revenue in 2017, are:

- Creuers Barcelona, Adossat Wharf: expires in 2030 with ongoing extension to 2053;
- Creuers Barcelona, WTC Wharf: 2026 with ongoing extension to 2050;
- Creuers Málaga, Levante Terminal: 2038 with ongoing extension to 2058;
- Creuers Málaga, El Palmeral Terminal: 2041 with ongoing extension to 2054;
- Ege Port, Kuşadası: 2033 with potential extension to 2052;
- Port of Adria, Bar: 2043;
- Valletta Cruise Port: 2066; and
- Port Akdeniz, Antalya, 2028 with potential extension to 2047.

For the ports where the Group does not have the contractual right to extend these fixed-term agreements, it would need to apply for an extension before they expire. Granting these applications would be at the discretion of the state owner of the relevant port, and there can be no certainty that any of the Group's concession agreements will be extended. Although the expiration of concession agreements does not affect the Group in the near-term, this may affect its longer-term business, financial condition, results of operations or prospects.

Even if the Group maintains full compliance, its concessions can be terminated before they expire in certain exceptional circumstances. These include national emergencies, such as natural disasters, pandemics, economic crisis, disruptions of public order or other governmental actions that curtail fundamental rights and obligations.

MITIGATION

The Group has in the past taken, and may continue to take, formal legal processes relating to the extension of concession processes. For example, the Group is legally engaged over the renewal of the concession terms for Port Akdeniz, Antalya, Ege Port, Kuşadası and Bodrum Cruise Port, as well as formal legal processes relating to the privatisation of Ege Port, Kuşadası and the award of land to Port Akdeniz, Antalya.

As another example, in Spain, according to State Harbours and Merchant Marine Law approved by Royal Legislative Decree 2/2011, on 1 July 2015, (the 'Spanish Ports Law') ('Article 82'), Creuers is entitled to apply for the extension of the Adossat agreement period on the basis that such extension does not exceed half (1/2) of the original concession term (prorroga) 8. In addition to the prorroga extension under Article 82, according to the Transitory Provision 10 of the Spanish Ports Law 9 ('DT 10'), Creuers applied to extend the Adossat agreement period for 10 years (ampliation), in return for a commitment to contribute economically to a port infrastructure investment project planned by Barcelona Port Authority (in the event of the extension of the concession) 10. The application is subject to a prior favourable report from the state port authority (Puertos del Estado). Creuers is currently awaiting the outcome of its application.

1. General risks continued

↔ Steady
↓ Decreased

The Group is subject to an increasingly complex regulatory environment, and changes may negatively affect its business ↔

In addition to complying with the terms of its concession agreements and related licences and permits, the Group must satisfy a range of legal requirements, including corporate, maritime, customs, antitrust, administrative, property and environmental laws and regulations, under the jurisdiction of many regulators. The Group continues to expand internationally, most recently into Italy, Malta, Montenegro, Portugal, Spain and Singapore, which increases the Group's regulatory compliance burden.

Although the Group seeks to continue to comply with all relevant laws, regulations and the terms of its concession agreements, licences and permits, failure to do so could result in significant administrative or civil penalties, including:

- fines, penalties and criminal sanctions for wilful violations;
- increased regulatory scrutiny;
- suspension of activities at a port;
- reputational damage to GPH's brand;
- default under financing agreements, including the Group's outstanding USD 250 mllion bond issuance;
- judgements for damages, which may not be covered by insurance or are in excess of insurance cover;
- termination of, or increased premiums on, insurance policies;
- difficulty in recruiting and retaining personnel, particularly where any non-compliance relates to matters affecting its employees; and
- the representatives, Directors or Managers of the relevant Group Company being subject to a fine or imprisonment.

MITIGATION
The management teams of the Group's ports are local people, fully conversant with their country and language, and have a detailed knowledge of applicable local regulations through regular contact with regulatory authorities. Through our internal audit practices, we review if our obligations are being met. The Group enjoys a high staff retention rate, gained through continuous staff development, training programmes and career opportunities.

Reputation risk due to fraud and bribery ↓

GPH has a zero-tolerance policy on corruption of any sort. In addition to being illegal, it has the potential to bring harm to our business and reputation; for example, by excluding the Group from PPP tenders.

MITIGATION
Our Anti-Bribery and Corruption Policy is an integral part of the Company's directives and/or policies that have been approved by the Board of Directors. At the outset of any business relationship, we provide our staff and business partners with our Anti-Bribery and Corruption Policy and other regulations, guidelines and/or policies, and to ensure the timely delivery of any updates. The Group has also adopted a Code of Ethics that is intended to improve service quality, the effective use of resources, prevent unfair competition, organise relationships among employees, and set standards for fraud prevention.

In addition to the Company's standards and policies, the Audit and Risk Committee advises the Board on, and reviews, the Company's procedures for detecting fraud and the prevention of bribery and corruption.

Port operations carry inherent risks, and the Group may not be fully covered by its insurance ↔

Cruise port and commercial port operations carry inherent risks, which can include the possibility of:

- marine accidents, including ships grounding, or colliding with piers;
- damage resulting from adverse weather conditions or natural disasters, such as earthquakes and flash floods, or from other causes such as the failure or improper operation of machinery and equipment;
- security breaches and other criminal or malicious acts; and
- business interruptions caused by mechanical failure, human error, war, terrorist attacks, political action in various countries and labour strikes.

Travel disruptions affecting cruise lines may reduce the number of passengers travelling through the Group's cruise ports. The volume of cargo may also be reduced by disruptions in rail, trucking and other methods of transporting goods. The Group also has to make occasional interruptions to port operations for routine maintenance, refurbishment or construction, and such downtime may take longer than anticipated.

MITIGATION
The Group has actively studied actions that are within its control to pre-empt and mitigate these types of operational risks. We have formalised these actions and principles into the GPH Security Code and GPH Health, Safety & Environment policy. Both were published in 2017. In addition, we carry out a security audit through our internal audit department.

2. Risks relating to cruise port demand

↔ Steady
↓ Decreased

Demand for cruise port services is sensitive to macroeconomic conditions

↓

The Group's cruise port operations depend on consumer demand from cruise passengers. They mainly originate from developed countries: in particular, the United States, the United Kingdom and Germany. Economic uncertainty and the spending power of these passengers are influenced by factors beyond the Group's control, including local and global economic conditions, employment and discretionary income, and tax or interest rate fluctuations.

Any or all of these factors may have an impact on the demand for cruises and cruise passengers' spending, and may negatively affect the Group's revenue and profitability. The continuing challenges of economic conditions in Europe may also affect the Group's revenues, and long lead-times for cruise programmes means there may be a lag before a general recovery translates into additional passengers at our ports.

MITIGATION
Experience has shown that even in the financial crisis in 2007/2008, cruise bookings remained resilient. Holidays are high-priority for many people, and when spending is tight, cruising delivers vacations within a pre-defined budget. Also, cruise lines will go to great lengths to fill their ships, from aggressive price reductions to re-deploying vessels to other regions.

Even in a price reduction climate, full-capacity ships mean that ports are scarcely affected.

GPH diversifying geographically, commercially, new regions, new ports, new revenue streams increase the resilliance of the Group.

Duty-free and ancillary revenues may be affected by economic or regulatory changes

↔

The Group's cruise port revenues rely, in part, on duty-free and other sales to passengers. In 2017, 6.5% of revenues at Creuers (Barcelona), 34.9% of revenues at Ege Liman and 53.2% of revenues at Valletta Cruise Port were from retail concession arrangements. The Group's performance is therefore influenced by passenger spending habits and traffic. Both are sensitive to general economic trends, consumer confidence, and credit, interest and exchange rates.

MITIGATION
GPH management actively tracks duty-free operations, including those operated by third parties, and focuses on increasing passenger satisfaction inside the terminals. Refurbishing and refreshing duty-free and other retail areas is a priority. GPH also protects against the effects of decreasing passenger numbers on revenues by agreeing minimum guaranteed rents with third-party retail tenants.

Diverse new products and services are inspired by passenger feedback, and detailed surveys are carried out at each GPH port.

Demand for cruise port services can be influenced by trends and perceptions beyond the Group's control

↔

Passenger demand for cruise holidays may also be negatively affected by factors such as:

- events that cause consumers to perceive that cruise travel is unsafe or undesirable, including political or social unrest, terrorist incidents or the spread of contagious diseases;
- the availability and pricing of other forms of travel;
- changes in visa or other requirements making travel more difficult or expensive;
- factors affecting the cost of cruise travel, including fuel and currency fluctuations; and
- a perception that cruise travel impacts on the environment.

The Board believes that the demand for cruising, and indeed other forms of leisure travel, is increasingly affected by passenger perceptions about safety. Accordingly, actual or perceived security issues, political or economic instability, terrorism, war and similar events may decrease demand for the Group's cruise ports, particularly if they affect:

- the countries where the Group operates its ports (primarily Spain, Italy and Turkey);
- countries of destination ports in cruise itineraries that include the Group's ports; or
- the major source markets (primarily the United States, the United Kingdom and Germany).

The Group mainly operates in the Mediterranean region, which has been affected by geopolitical crises.

MITIGATION
In order to diversify risks, GPH's expansion strategy includes acquiring marquee ports in other important cruise areas such as the Americas including the Caribbean.

As cruise lines diversify into areas with a good safety perception, the Group's aim is that if we lose business in one place, we can regain it in another. This is exactly what happened following turmoil in the Eastern Mediterranean: our ports in the Western Mediterranean gained instead.

For any ports that have a negative safety perception, GPH has direct contact with cruise lines to show the security measures applied, both in the port and the wider destinations.

The Group's cruise ports could face competition, primarily within the Mediterranean

↔

Management believes that ports compete primarily on the basis of their proximity to popular tourist sites, operational efficiency, shopping and amenities, and the perceived security of the port. There can be no assurance that long-term changes in cruise itineraries will not result in increased competition in the future, or that the Group's existing ports will continue to compete effectively.

Existing or future competition could result in a reduction in cruise ship traffic, putting pressure on fee levels and, in turn, have a material adverse effect on the Group's business.

MITIGATION
GPH's acquisition strategy has been selective, choosing 'marquee' ports (such as Barcelona, Venice, Lisbon, Kuşadası, and Valletta) which are less susceptible to being replaced by others. These are complemented by our other ports, which enable GPH to offer commercial incentives to cruise lines when they include several GPH ports in the same itinerary.

GPH is also a strong competitor through its service excellence, delivered by a team with deep knowledge of the industry. This expertise is not easy to gain quickly and gives confidence to the cruise lines.

3. Risks relating to the Group's commercial port operations

↔ Steady
↓ Decreased

External factors may affect demand at the Group's commercial ports

↔

GPH owns 2 commercial ports. Maintaining demand depends on certain factors we cannot influence, including the level of foreign trade volumes, the liberalisation of trade, and commodity and fuel prices.

MITIGATION
Our central risk mitigation strategy is to diversify the types of cargo we handle and their destinations.

GPH's commercial ports are actively working to identify new cargo types (for example, fresh fruits and vegetables in Antalya) and new customers. Furthermore, our share of imports, particularly in Antalya, is low and the objective is to increase this share through marketing to local customers.

Another mitigating factor is that Antalya exports cargo volumes that are abundantly available. For example, marble extraction in Antalya's hinterland is straightforward and, in times of volatility in international markets, exporters could adjust prices and still trade profitably.

Barriers to trade may adversely affect the Group's commercial ports

↔

The normal free-flow of goods can be interrupted by external factors ranging from international trade disputes to restrictions on imports or exports.

MITIGATION
Again, mitigation of these risks lies in diversification. By broadening our base of the export markets we serve, we can avoid country- or region-specific trade restrictions.

In addition, some cargo types exported via Antalya include essential base materials for the construction industry. Their destination markets often don't have sufficient resources of their own, and so are unlikely to move to make local protection measures.

The Group's commercial ports may face increased competition

↔

The success of any operation inevitably attracts interest from others, and our commercial ports may face competition.

MITIGATION
For our port at Antalya, an external risk mitigation is geography. The nearest ports are Izmir and Mersin/Işkenderun, but they are too far away to compete with Antalya. There is limited leakage to these ports because of high land transportation costs.

The hinterland features the largest marble and mining reserves in Turkey. The port has consolidated its competitive edge with specialised customs' applications, heavy industrial investments and specialist sector services (including marble cutting, free storage, and cargo securing) to deter the risk of future competition in the marble and stone field.

Of course, Antalya is also a major tourism centre and gaining permission to develop a further commercial port there would be next to impossible. Nevertheless, the Group monitors any development in this area.

Our other commercial facility, the Port of Adria, is Montenegro's main seaport. We do not know of any new port developments, but again we monitor closely for proposed plans.

Safety and environmental risks specific to cargo handling

↔

Heavy industry such as cargo handling brings attendant risks of accidents, whether to people or to the environment.

MITIGATION
The safety of our people is non-negotiable, and we are also committed to act with the utmost care in our environments. GPH has been active in raising standards with the creation of a Group-wide HSE manual. Currently under consultation, this will come into force in 2018. It is based on the following international standards: ISO 9001:2015 – Quality Management System; ISO 14001:2015 – Environmental Management System; and ISO 45001:2016 – Occupational Health and Safety Management System.

The Group has also implemented a plan of environmental and social mitigation, prepared in line with EBRD's Environmental and Social Action Plan (ESAP). This ensures that the Group and every facet of its operations and assets are, in all material respects, in compliance with the provisions of all environmental and social laws.

4. Risks relating to the Group's investments and strategy

↔ Steady
↓ Decreased

The Group may not be able to achieve its growth strategy

↔

The Group's future growth is predicated on being able to identify, and successfully acquire, additional port operations.

MITIGATION
There are currently 750 cruise ports operated, inefficiently, under the authority of governmental organisations. The investment universe of GPH, with very limited competition from mainly local players, is extremely wide and diverse in terms of available ports in all regions. As GPH establishes itself in all the major cruise regions and with its name and brand being recognised by governments, cruise lines and the cruise industry in general, GPH is frequently approached by local authorities seeking to be part of GPH and benefit from its know-how, network and funding capabilities. GPH management believes that, with the number of disclosed and confidential projects in its pipeline and with new additions each day, it is capable of delivering the target growth rates.

The Group is exposed to risks related to integrating new ports

↓

Acquiring a new asset marks the beginning of a demanding journey. Integrating it into our new family, culture and methodology must be harmonious and complete in order to be commercially successful.

MITIGATION
GPH has been acquiring ports and integrating them into our network for the last 15 years, and has a pipeline of clear prospects. With 13 ports already welcomed into the family, our induction process is well established and based on solid experience. The target is to have clear plans on human resources, operations, financial reporting, policies and procedures before the takeover of a port. During the process, the finance, operations and business development departments of the Company work in harmony to transfer the best practices to the new business. But along the way, we also have much to learn from our local teams. We count on their local knowledge, value their local identity and expertise, and combine our respective strengths to create a sum that is greater than its parts.

The risks of additional indebtedness

↓

Group expansion requires increased funding, but this could have an adverse effect on the Group's operations and financial health.

MITIGATION
Management controls the Group's debt levels on a regular basis, using multiple/numerous financial ratios.

We foresee an average of 65-35% debt-to-equity ratio for non-recourse, asset level financing, to limit the effect of indebtedness on its current operations.

The Group does not have significant CAPEX requirements that would lead to increased indebtedness on its current financials.

A high cash conversion rate on operations, with low working capital requirements, has a positive impact on Group indebtedness levels.

A year of progressive performances from a diverse but centralised port network

Network expansion through carefully targeted acquisitions

Continued expansion

Onboarding of acquisitions

GPH may be the world's largest cruise port operator, but our network has grown at a measured pace through highly selective acquisitions.

Any possible addition must satisfy numerous criteria, ranging from the desirability of its location and region, to whether it will gel with our culture and standards. Although we made no further acquisitions in the reporting year we are, at the time of writing, in active discussions with 12 possible candidates.

Meanwhile, we have continued with the onboarding of 2016's acquisitions: the Italian ports of Catania, Cagliari and Ravenna. This involves a two-way process of GPH bringing the Group's knowledge, operating model, reporting systems and IT to each new port, while encouraging, and learning from, our local teams' expertise and relationships on the ground.

It has been a fruitful year. By integrating the 3 ports into the Group's marketing engine we drove a significant passenger volume increase of 37% in 2017, against the prior year. In turn this drove revenue growth by 68% as we identified quick-wins such as shuttle services, parking and outlets for local produce.

In 2018 we are targeting further growth, with a 43% rise in revenues across the three ports.

As for the wider network, we hope to add 2 new ports during 2018.

2017 results of Italian acqusitions

+37%
Increase in passengers

+68%
Rise in revenue

Improve the passenger experience and increase flow

Continued transformation

GPH's new Lisbon terminal

A cruise terminal has many roles to play and functions to perform.

For incoming travellers, it is their initial taste of a destination. It must provide a warm welcome, free-flowing spaces, efficient logistics and excellent knowledge to help visitors get straight to the best experiences.

We have therefore been proud to help Lisbon gain the spectacular new cruise port terminal that this major European capital deserves. Contributing our expertise in design and operation, we worked closely with Portuguese authorities and the renowned local architect João Luís Carrilho da Graça.

The result – a €24 million showpiece covering 13,800 square metres over 3 floors – was inaugurated on 10 November 2017. It features 2 fully-automated gangway systems, leading-edge cranes and forklifts, and 2 hold luggage lines with up to 7 X-ray channels.

There are fast-track registration options for VIPs and crew, and check-in facilities, water supplies and other provisions for vessels while in dock. For visitors, there's a superb range of shopping, delicious food and drink, and an inspirational terrace with a panoramic view of the city.

+20%

uplift in ships' calls
(Lisbon CAPEX Return)

For the cruise lines, the new terminal provides around 1,500 metres of pier, catering for a range of ship sizes and types. Outside, city connections await with capacity for 80 buses/coaches, 360 cars and fleets of taxis.

In additional to a new level of passenger experience, this significant investment is projected to encourage a 20% uplift in ships' calls in 2018 and increase in ancillary revenues.

Enhance the passenger experience and gain accretive revenues

Improved experiences

GPH's Guest Information Centers

In 2017, GPH introduced a new concept of Guest Information Centers (GICs) into 7 of our terminals.

GICs were born out of extensive research that we commissioned to help us improve the passenger experience. Time is precious for travellers – typically, they have around 6-8 hours ashore – and they want to gain a taste of the locality and its sites, specialities and atmosphere. So they need good information, as well as practical help to speed them on their way.

The GICs concept delivers that assistance. Working with local partners, they can arrange rental cars, e-bikes, hop-on-hop-off tour tickets, reserve an airport transfer, or simply provide an umbrella or a map. In this way GICs represent both a service for passengers and an ancillary income stream for GPH. And with typically 40-50% of a vessel's passengers having no pre-booked tours, the opportunity is significant.

In 2017 we introduced 3 GICs in Barcelona Cruise Port, and one each in Bodrum, Ege Kuşadası, Cagliari and Catania. By the end of 2018 we plan to have rolled out GICs to every location in our port network.

Maintain high margins and cash flow conversion

Delivering growth and cash
High margins

The Company's rate of growth, from a single port start-up in 2004 to the world's largest independent cruise port operator today, has been aided by a highly cash-generative business model.

Both in our cruise and commercial businesses, we enjoy the dual advantages of a low working capital requirement and low maintenance CAPEX.

Furthermore, our ports will only have modest CAPEX requirements in the near to medium term. We have recently completed investment programmes on both the commercial and cruise sides of our business, giving us ample capacity for sustained growth. These low requirements also extend to yearly maintenance: we have an asset-light business model compared to other sectors. The terms of our port concessions also mean that the port owners – typically, government or state agencies – are responsible for all maintenance tasks below the water line, including dredging.

The net effect of these positives is a high-margin model, with GPH enjoying a cash conversion rate of 80-90%.

+80-90%

Cash Conversion

Diversification and expansion of cargo volumes

Continued enhancement
Cargo volumes

From marble and MDF panels, more than 4,628 million tonnes of cargo were handled by GPH in 2017 at our commercial ports of Port Akdeniz, Antalya, Turkey, and the Port of Adria in Bar, Montenegro.

Our cargo operations represent an important diversity for GPH, employing our skills and infrastructure on behalf of wholly separate markets and revenues from our cruise business. Indeed, in the reporting year, cargo contributed USD 48.3 million to the business and 56.7% of Group turnover.

This measurable success has been the result of a commitment to look for organic growth in cargo by ramping up our investment in plant, new services and marketing activity to importers and exporters.

In 2017 Port Akdeniz recorded one of its most productive years to date. It moved more than 1.6 million tonnes of cargo (2016: 1.49 million). For the second year in a row, container volumes reached an all-time high, up 17% year on year.

As the largest and best-equipped cargo terminal on the Turkish-Aegean Mediterranean coast, the port is a key link in the import-export supply chain. Just one example is marble: Turkey is the world's largest exporter, and more of it passes though Port Akdeniz than any other Turkish port.

The Port of Adria also enjoyed a record-breaking year, with total cargo throughput up 47% year-on-year, containers up 18% and general cargo up 160%.

In keeping with our strategy, we also ramped up investment: in particular, we invested in state-of-the-art mobile crane and container crane technologies. This has now positioned the port to handle 2 container ships simultaneously, and has tripled our overall productivity.

For more on the Port of Adria please refer to page 110, and to page 113 for Port Akdeniz.

56.7%

Of Group turnover

$48.3m

Of contribution to the business

Antalya

ANTALYA
CRUISE PORT

Turkey's favourite destination has a cruise port to match

Some port cities are not only gateways but destinations in their own right. Antalya has become the most sought-after holiday destination in Turkey, attracting more than 11 million visitors each year.

With its sumptuous Turquoise Coast location – the focus of a million camera lenses every summer – our Antalya Cruise Port in Port Akdeniz delivers passengers from deck-to-beach with seamless ease.

Against the backdrop of the Taurus mountains, the Kaleiçi old town district of winding lanes and fine Ottoman residences recalls a proud and ancient past. Indeed, the port's origins as a naval base date back to the first century BC, and today the old city clusters around it.

GPH AND ANTALYA CRUISE PORT

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 has made significant investments in the capacity of the port.

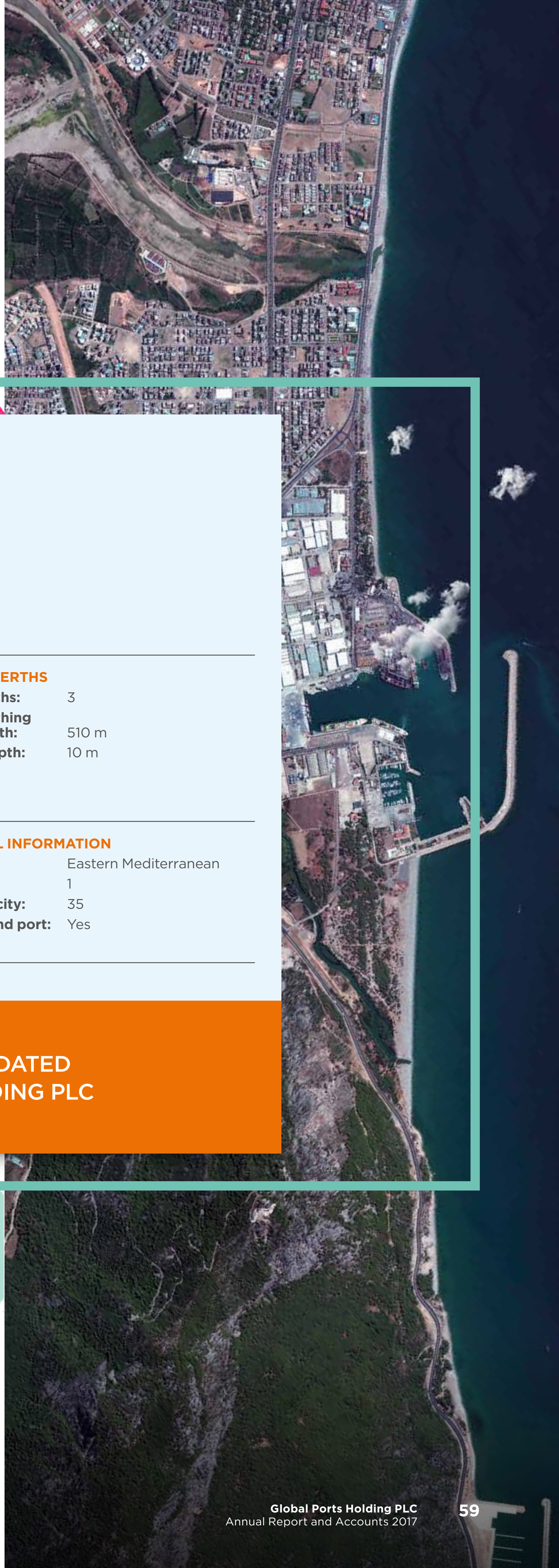
2017: A CHALLENGING TOURISM CLIMATE

The geopolitical issues affecting the Eastern Mediterranean have been well documented, and the adverse climate that affected our cruise business in 2016 continued into 2017.

The Company is working with our cruise line customers and local tourism to restore normal operations to this hugely desirable city and its surrounding locality. In readiness, we continued to invest and upgrade during the year, with improvements ranging from complimentary Wi-Fi for passengers to the construction of rest areas and accommodation for employees. We also improved the visual aesthetics of the port with landscaping projects, and installed road traffic signalling for better passenger and vehicle safety.

As passenger numbers return, they can look forward to excellent service. Surveys during the year showed that:

- 86% of passengers were satisfied with our baggage operations;
- 88% were positive about their interactions with our people; and
- 87% approved of the terminal's cleanliness.



40

2017 Total passengers
(Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length:	340 m
Width:	No restrictions
Draught:	9.5 m

QUAYS/BERTHS

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

DISTANCES/TRANSPORTATION

City centre:	20 km
Airport:	30 km

GENERAL INFORMATION

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

ANTALYA CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC

Cruise port report continued

Turkey's favourite holiday destination

With its sumptuous Turquoise coast, a backdrop of the Taurus mountains, a proud and ancient past alongside the incredible Mediterranean cuisine on offer and a bustling nightlife, it is no wonder that Antalya has become the most sought-after holiday destination in Turkey.

THE PORT'S KEY ASSETS

Antalya is a major Mediterranean homeport, with separate quays and terminals for cruise, container and bulk cargo operations, and a 250-berth yachting marina. The various activities cover a total marine area of approximately 215,420 square metres.

The cruise port offers 3 piers totalling 510 metres in length, and welcomes passengers into a 1,830 square metres passenger terminal. There is also 990 square metres luggage store at the terminal building. In recent years the port achieved considerable and rapid success as a turnaround hub, first with Aida Cruises and later with TUI, boosting passenger numbers from around 13,800 in 2010 to approximately 200,000 just 5 years later.

The cruise lines can rely on comprehensive port services including pilotage, tugging, mooring, sheltering, security, fresh water supply and waste collection, and luggage operations.

Located just 20 kilometres from the city centre, 30 kilometres from the airport and 3.2 kilometres from the nearest beach, Antalya Cruise Port is equipped to satisfy the head and the heart of cruise lines and passengers alike.

OUR FOCUS FOR 2018

As a previous nominee for 'Port of the Year', Antalya is one of the Mediterranean's finest facilities and does full justice to its spectacular surroundings. In September 2017, the state tourism ministry announced an incentive programme to attract cruise lines back to Turkey. Our priority in 2018 is to work with those customers and tourism agencies to restore confidence, and return to normal schedules and passenger volumes.

ANTALYA CRUISE PORT	
Acquisition Date	2006
End of Concession[1]	2028

[1] The necessary legal process is still ongoing for potential extension of the concession period for Port Akdeniz (Antalya Cruise Port) to 2047

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	55	168
2016	16	46
2017	**12**	**40**

Bar

A new cruise destination, starting to make waves

Bar Cruise Port, Montenegro, is an example of GPH's ability to think creatively and strategically. Through our experience of operating a major commercial port in Bar, we quickly appreciated that this beautiful location and surrounding region was also tailor-made for cruise business.

The city of Bar was built almost entirely after World War II in a contemporary architectural style featuring wide boulevards. It offers an array of varied shore excursions, and is close to main tourist attractions such as the fabulous beaches at Ulcinj, the Lake Skadar wine tours, the impressive Šipčanik cellar, and the Lovćen National Park. The old fortified coastal town of Kotor is just an hour's drive away, and with its panoramic route, it is an alluring tourist product.

With Bar's wealth of attractive features, GPH initiated a development project, working with local government, tourism agencies and the major cruise lines to lay the foundations of a new cruise destination. This demands both a seamless welcome at the port and an inspiring all-round experience in-land. We are continuing to work on new products and event concepts with existing and new partners, investing jointly to create a compelling tourist offering.

It is still early days, but we made good progress in 2017 in cultivating this fresh opportunity.

GPH AND BAR CRUISE PORT

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

2017: RAISING OUR CRUISE PROFILE

The first cruise ship arrived in 2014, marking the beginning of the development of Bar as a cruising destination in the Adriatic. Momentum started to grow: in 2016 we welcomed 7 ships of the British company Marella Cruises (formerly Thomson Cruises), while 2017 brought 9 cruise ships with around 11,500 passengers. Significantly, this included new ships and companies such as Croisi Mer, Phoenix Reisen, and Norwegian Cruise Line. In 2018, we expect more than 16 ships and a further growth in passenger numbers.

During 2017 we focused on business development, inviting the major cruise lines to visit Bar Cruise Port to see the infrastructure and region for themselves. Interest was high, with Pullmantur, Carnival, TUI and MSC each accepting our invitation. At the time of writing, Pullmantur had already committed to 11 calls for its 2018 programme. We also presented our case at the major cruise fairs and conferences worldwide, and continue to work with the city to develop the cruise product.

The year also saw progress in improving retailing, parking and shuttle bus transport to the city centre.

11.5

2017 Total passengers
(Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length:	330 m
Width:	No limit
Draught:	Max 12 m

QUAYS/BERTHS

Total:	2 for cruise ships
Total berthing lines length:	490 m
Quays depth:	10.5-12 m
Ship capacity:	2

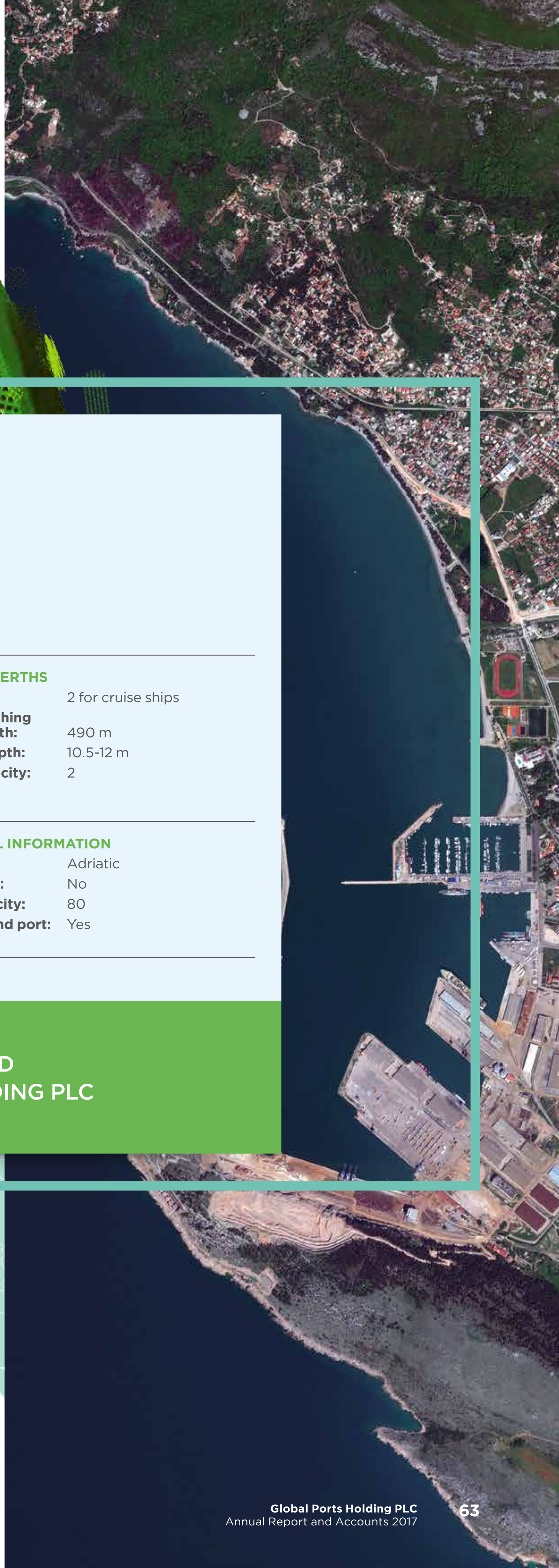
DISTANCES/TRANSPORTATION

City Centre:	1 km
Airport:	Podgorica 68 km/Tivat 56.9 km
Shuttle service:	Yes

GENERAL INFORMATION

Region:	Adriatic
Terminals:	No
Bus capacity:	80
Turnaround port:	Yes

BAR CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC



From beaches and parks to the ultimate wine cellar

The city of Bar was built almost entirely after World War II in a contemporary architectural style featuring wide boulevards. It offers an array of varied shore excursions, and is close to main tourist attractions such as the fabulous beaches at Ulcinj, the Lake Skadar wine tours, the impressive Šipčanik cellar, and the Lovćen National Park.

THE PORT'S KEY ASSETS

Located in the Port of Adria, Montenegro's main seaport, our relatively new cruise entrant is ideally located to support cruise lines in delivering the very best of the Adriatic to their customers.

Close to the existing major cruise destinations of Dubrovnik and Kotor, our multi-purpose port has separate harbours for container ships, general cargo vessels and cruise ships, and a pier length of 1,440 metres.

With 2 quays of 290 and 200 metres, the port can also accommodate cruise liners of over 300 metres.

OUR FOCUS FOR 2018

The active marketing programme of Bar's cruise offering will continue, alongside activity with government and tourism agencies to develop the city's offering for cruise passengers. The port has formed an operational team, monitoring every area from transportation and tourist guides to local produce and souvenirs, to continue to increase the attractiveness of Bar and increase revenue.

Early signs have been very encouraging. Our research found that passengers are keen to enjoy local food and drink, which we also offer on the promenade, and the average spend is €25 per person. They also gave positive feedback about the hospitality and welcome of the local people, with 86% saying they would recommend Montenegro and Bar to a friend.

Over the next 2 years we envisage a fully-developed new cruise terminal, with passengers disembarking directly into a full retail experience complete with the best in local produce and international duty-free merchandise.

We also aim to gain ISPS certification and to continue to invest in leading-edge security.

BAR CRUISE PORT	
GPH Acquisition Date	2013
End of Concession	2043

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2016	7	8.7
2017	**9**	**11.5**

Barcelona

BARCELONA
CRUISE PORT CREUERS TERMINALS

With turnaround passengers up 14%, Barcelona has become the No.1 Mediterranean homeport

As a repeated nominee, every year since 2006, for 'Europe's Best Destination' in the World Travel Awards, Barcelona needs little introduction.

Few cities on earth have such a concentration of beautiful answers to travellers' wish-lists: climate, art, gastronomy, architecture, culture, nightlife, sport, fashion, antiquity, contemporary style, beaches – and a football team with an almost religious following.

Combine all this with a superb cruising experience that delivers you to our modern, welcoming port and the centre of the action, and Spain's second city lacks for nothing.

GPH AND BARCELONA CRUISE PORT

Founded in 1999, Creuers del Port de Barcelona S.A. ('Creuers') operates 5 public cruise terminals at the Port of Barcelona.

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 4 cruise terminals at Barcelona Cruise Port; an annual operating licence contract for a fifth cruise terminal; an 80% stake in the port operating rights for Málaga Cruise Port; 10% in Lisbon Cruise Port; and a 40% stake in Singapore Cruise Port.

2017: BARCELONA CRUISE PORT EXCELS

The port enjoyed an excellent and productive year, and indeed climbed to the top of the Mediterranean's charts:

- **Barcelona became the No. 1 Mediterranean homeport**[1] with a 14% increase in its turnaround passenger base
- **Winner of Best Turnaround Port Operations 2017** (Cruise Insight awards)
- **Annual throughput rose to 2.8 million passengers** – a fivefold increase since the start of the millennium.

The port also introduced initiatives to give passengers the services they need to enjoy the city, as soon as they arrive. This includes new Guest Information Centers, sales of hop-on-hop-off tickets, a shuttle boat, and the installation of a multi-operator antenna system to deliver high-quality 4G mobile phone coverage for data and calls.

The port also took delivery of its first electric vehicle, to reduce CO_2 emissions within the port area.

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1. Medcruise statistics

1,888

2017 Total passengers
(Thousand)

23,604

2017 Total revenue
(USD Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length:	No limit
Width:	No limit
Draught:	Up to 8 m (Barcelona Pier) Up to 12 m (Adossat Pier)

QUAYS/BERTHS

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

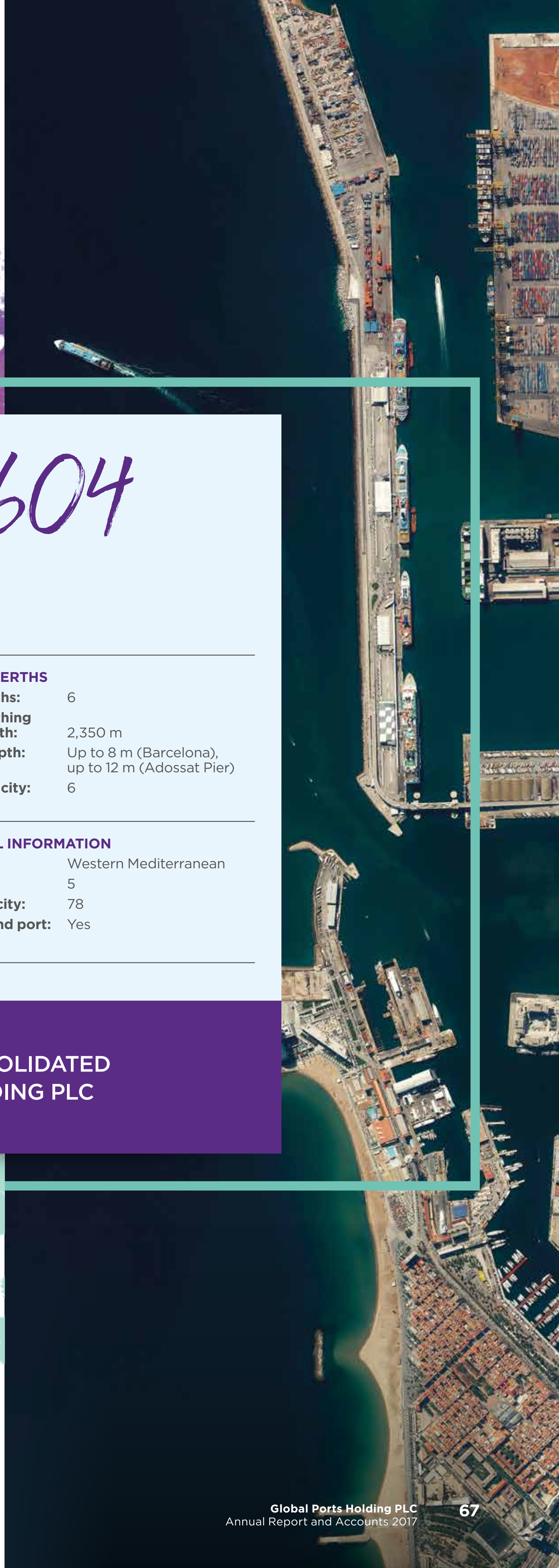
DISTANCES/TRANSPORTATION

City centre:	2.5 km
Airport:	12 km

GENERAL INFORMATION

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

BARCELONA CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC



Europe's favourite port of call

Few cities on earth have such a concentration of beautiful answers to travellers' wish-lists: climate, art, gastronomy, architecture, culture, nightlife, sport, fashion, antiquity, contemporary style, beaches – and a football team with an almost religious following.

THE PORT'S KEY ASSETS

Barcelona is Europe's largest cruise port, and the fourth largest in the world.

For cruise lines, the port means flexibility; thanks to upgrades we can accommodate the world's largest ships. For passengers, it means convenience and ease of access, with the city centre just 2.5 kilometres away, and the international airport 12 kilometres, from their terminal.

GPH's Creuers business operates 5 public cruise terminals: Terminals A, B, C at Adossat Pier, and Terminals North and South at the World Trade Centre. Across these 5 facilities we hosted 1.8 million passengers in 2017, comprising 1.2 million homeport passengers and 0.6 million in transit.

In recent times the port has received a series of accolades, including Best Turnaround Port Operations, Most Efficient Operator, Most Improved Port Facilities and Most Responsive Port awards. Underpinning its smooth running is a priority on highly-trained staff, excellent collaboration with the port authorities and security forces, and a strict adherence to both the International Ship and Port Facility Security (ISPS) Code, and EU regulations.

OUR FOCUS FOR 2018

In addition to the 'business as usual' demands, we will adapt to changing conditions in 2018. One example: during the coming year the largest cruise ship in the world, Symphony of the Seas, will homeport in Barcelona. This will bring the need to modify passenger flows in order to improve the guest experience.

We will also advance our environmental programme, switching entirely to all-electric port vehicles, installing photovoltaic technology to generate a proportion of our electricity, analysing cold ironing plant to provide shore connection to cruise ships and working closely with local authorities to introduce an LNG supply.

Commercially, we will move towards offering new services such as port and ground agency and stevedoring, rather than outsourcing them. We will also focus on realising the major potential our terminals offer for greater retail and advertising revenues.

For passengers, we will develop a new guest experience in all our terminals, with unique information points to attend to their needs and offer exclusive services.

BARCELONA CRUISE PORT	
GPH Acquisition Date	2013-2014
End of Concession	2026 (WTC wharf), 2030 (Adossat wharf)[2]

[2] The extension of the current concession is 2050 and 2053 respectively. The process is ongoing

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	523	1.779
2016	546	1.834
2017	**569**	**1.888**

KEY FINANCIALS (USD THOUSAND)	Revenue	EBITDA[3]
2017	**23,604**	**16,197**

[3] EBITDA figures indicate only operational results, excluded non-recurring, non-operational revenues and expenses

Bodrum

The gateway to one of the wonders of the ancient world

There is no mystery behind Bodrum's popularity as a destination: its proudly preserved history and old-world elegance becomes increasingly special in an age of change.

This heritage, together with a fabulous climate, shoreside restaurants and glorious beaches, attracts more than a million visitors every year to this Aegean idyll, including cruise visitors and Turkish residents alike.

Its credentials as a premier destination are further strengthened by an area rich in historical interest, including the site of King Mausolus' Mausoleum – one of the Seven Wonders of the Ancient World – a Roman amphitheatre and the Museum of Underwater Archaeology.

GPH AND BODRUM CRUISE PORT

Bodrum Cruise Port was originally tendered by the State Railways, Ports and Airports Construction Administration in September 2003 through a build-operate-transfer (BOT) agreement.

In April 2007, GPH acquired a 60% stake in the port's operator. The other shareholders in Bodrum Cruise Port are Setur Turistik Servis A.Ş., a duty-free operator owned by the Koç Group of Turkey (10%), and Yüksel Çağlar, a local entrepreneur (30%).

2017: CHALLENGING EXTERNAL CONDITIONS

In common with our other Eastern Mediterranean ports, the continuing instability and political climate in the region impacted passenger numbers passing through the port in 2017.

Regardless, good progress was made in a variety of operational improvements, including:

- **establishing the Guest Information Center** has improved the passenger experience through offering local insights, concierge services and a variety of rental and retail products;
- **a new ancillary revenue** potential has been realised (€20,000 in this first year) through monetising advertising space, indoors and outdoors;
- **the port retained its 'Green Port' status**, first awarded in 2015 and recertified in 2017 following a detailed renewal audit; and
- **ISO 9001 – 14001 – 18001 (45001)**: the port's compliance with the quality, environmental and occupational health/safety management standards, held continuously since 2015, was also successfully renewed in 2017.

30.8

2017 Total passengers
(Thousand)

2001

2017 Total revenue
(USD Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length:	350 m
Width:	No restrictions
Draught:	9 m

QUAYS/BERTHS

Total berths:	4
Total berthing lines length:	680 m
Quays depth:	8-22 m
Ship capacity:	4

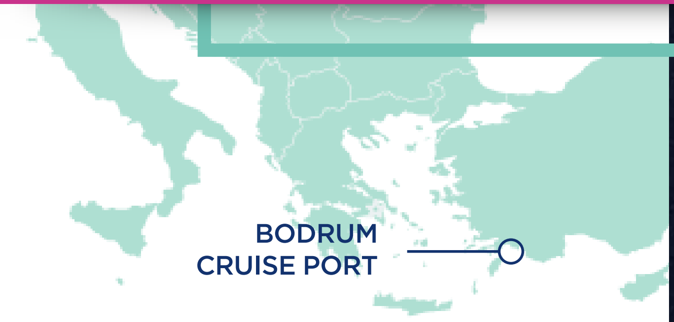
DISTANCES/TRANSPORTATION

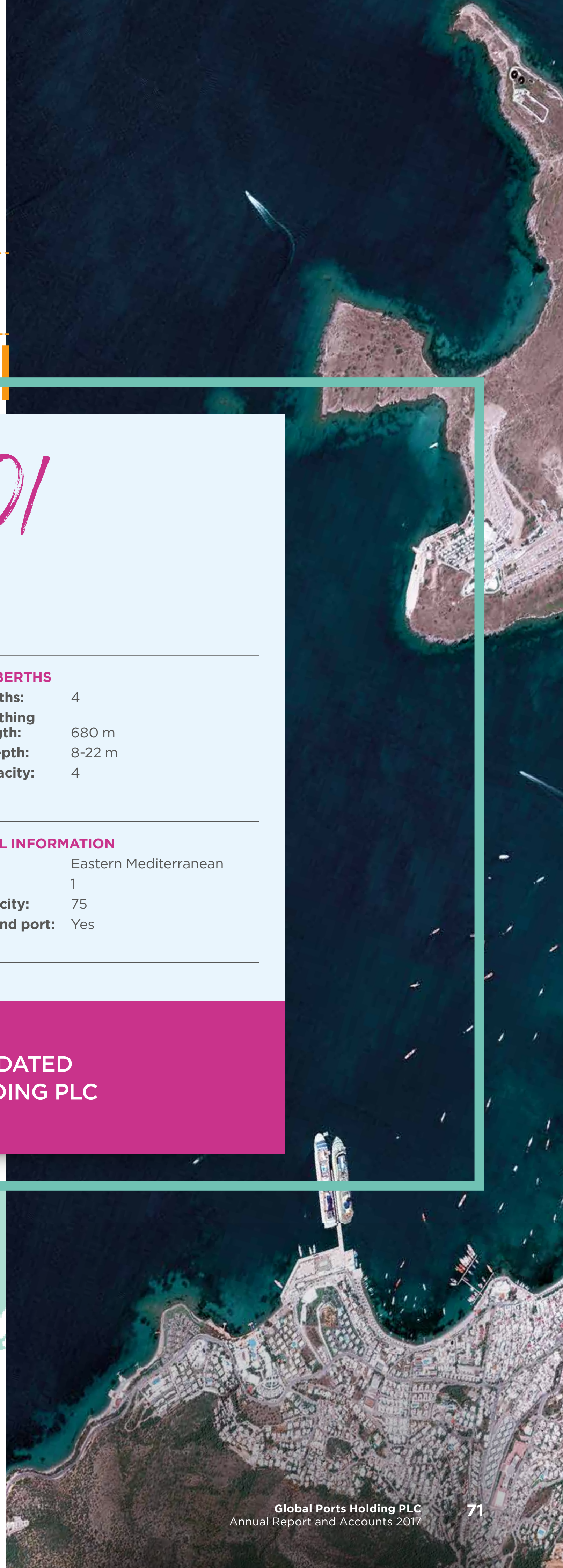
City centre:	2 km
Airport:	36 km

GENERAL INFORMATION

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

BODRUM CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC





Cruise port report continued

World-class elegance and ambience

Surrounded by the Aegean Sea, Bodrum is set on a peninsula off the sunny western coast of Muğla. Its blend of revered history, architecture and natural surroundings attracts visitors from all over the world and, for the same reasons, numerous Turkish holidaymakers in search of Bodrum's elegant ambience and welcome.

THE PORT'S KEY ASSETS

With its excellent port facilities – the result of a programme of significant CAPEX – Bodrum trebled the number of cruise lines it served between 2008 and 2017.

Today it meets the needs of cruise ships, ferries and megayachts, both around the Bodrum peninsula and between Turkey and the Greek island of Kos. Its finger pier, extended from 240 metres to 350 metres, means that even the largest ships in the market can berth here. The port's 24,000 square metres can accommodate 2 large (or 4 smaller) cruise ships simultaneously and, in addition to quays for smaller yachts, the port also offers 3 roll-on/roll-off ramps for ferries.

The terminal building houses a duty-free shopping area, an office, travel and ferry agencies, and a restaurant. Connections are also excellent: the port is a stroll from the city centre, and Milas International Airport is only 36 kilometres away.

OUR FOCUS FOR 2018

Bodrum Cruise Port continues to work closely with the cruise lines to return to business as usual and to understand any further steps we can take to help accelerate normal volumes.

Further work will also focus on boosting revenues and improving the passenger experience by reorganising the exit route to the city centre with kiosks featuring local produce, crafts and art.

The port will also be protecting, and building on, its environmental credentials with further employee training in pollution-avoidance techniques and drills in emergency response readiness.

BODRUM CRUISE PORT

GPH acquisition date	2007
End of concession[1]	2019

[1] 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 favour of Bodrum Cruise Port in a new decision

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	93	70.0
2016	44	61.3
2017	**24**	**30.8**

FERRY TRAFFIC	# of Calls	# of PAX (thousand)
2015	587	104
2016	522	67.5
2017	**668**	**92.2**

KEY FINANCIALS (USD THOUSAND)	Revenue	EBITDA
2017	**2,001**	**944**

Cagliari

CAGLIARI
CRUISE PORT

An 67% upturn in passengers, in the heart of the Western Mediterranean

Global Ports Holding was delighted to bring Cagliari Cruise Port into the GPH network in 2016.

Sardinia is the second largest island in the Mediterranean, and a strategic central point between the Iberian, Italian and North African coasts. For cruise lines, Cagliari means fuel efficiency because it is located in the middle of the Western Mediterranean and central to many routes, including:

- Marseille-Palermo-Malta-Trapani;
- Barcelona-Trapani-Malta;
- Palma De Mallorca-Palermo-Messina;
- Valencia-Palermo-Messina;
- Alicante-Naples;
- Málaga – Strait of Gibraltar-Civitavecchia-Naples; and
- Monte Carlo-Tunis.

In the meantime, for cruise passengers Cagliari is a feast of Italian culture, artefacts, parks, beaches, archaeology and, of course, food and wine.

The summer season is long there, stretching from May well into October.

GPH AND CAGLIARI CRUISE PORT

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

2017: A YEAR OF INTEGRATION

The year was the first full 12 months of Cagliari operating inside the GPH family, and it was a period of sharing knowledge, standards and ways of working.

During 2017, the port:

- **introduced GPH's signature Guest information Center** (GIC) concept, which has simplified passengers' visits by being able to discover and book the services that interest them. In turn, this maximises the time they have on the island;
- **received 430,000 passengers** – an increase of 67% compared to the previous year;
- **new openings of stores**, a pharmacy and outlets for carefully chosen local products have increased the time passengers spend in the terminal, and their spend;
- **visual merchandising**: The port has followed GPH's techniques and experience, attracting business and helping passengers to navigate retail choices; and
- **new baggage-handling** conveyors, tractors and carts have created a better experience for both passengers and staff.

434

2017 Total passengers
(Thousand)

1,899

2017 Total revenue
(USD Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: No limit
Width: No limit
Draught: 10 m

QUAYS/BERTHS

Total berths: 2
Total berthing lines length: 1,000 m
Quays depth: 10 m
Ship capacity: 4

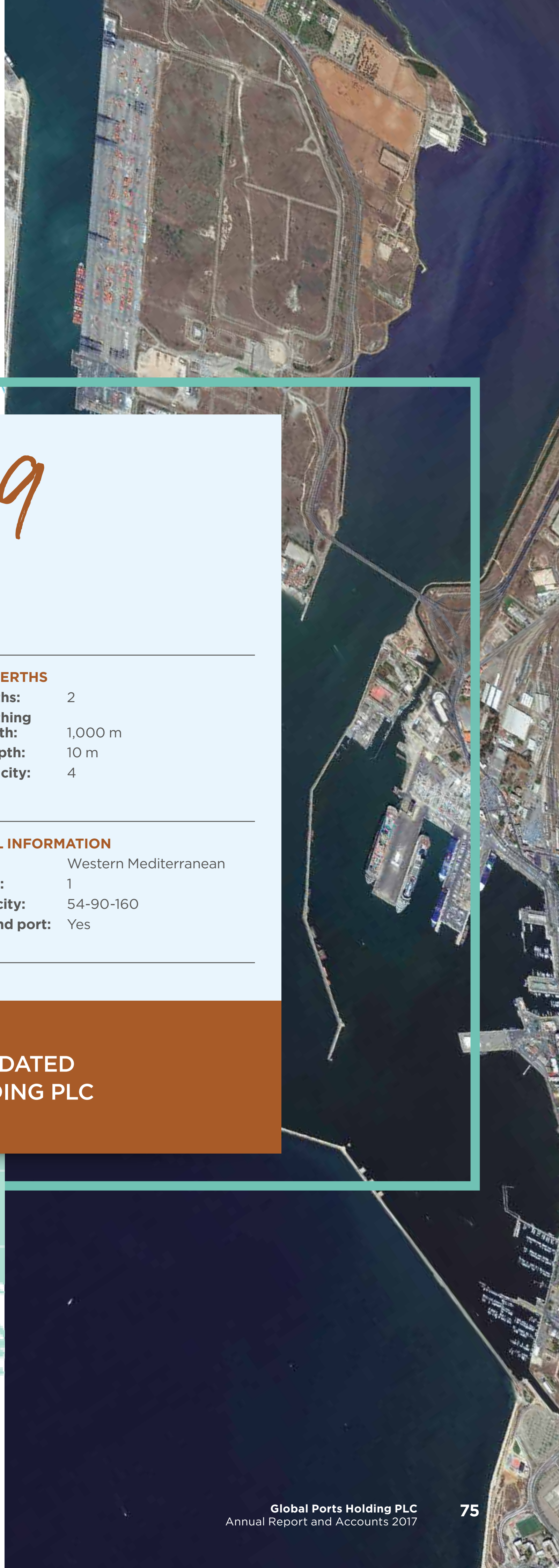
DISTANCES/TRANSPORTATION

City centre: 500 m
Airport: 7 km

GENERAL INFORMATION

Region: Western Mediterranean
Terminals: 1
Bus capacity: 54-90-160
Turnaround port: Yes

CAGLIARI CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC



Cruise port report continued

Strategic magic

Cagliari is a feast of Italian culture, artefacts, parks, beaches, archaeology and, of course, food and wine. Its strategic position in the mid-Mediterranean has contributed to its place in many historic events with the still-standing castles, fortifications and towers bringing the city's past to life.

THE PORT'S KEY ASSETS

The Port of Cagliari sits at the heart of cruising in the Western Mediterranean, and within easy striking distance of key destinations including Tunis (145 nautical miles), Trapani (175), Palermo (205), Civitavecchia (225), Port Mahon (250), Naples (260) and Livorno (300).

With its 2 berths of 480 and 450 metres in length, and a depth of 10 metres, the port offers one of the best cruise facilities in the Mediterranean and can welcome cruise ships of every size.

The port also boasts a new 1,000 square metres cruise terminal, opened in 2016, welcoming passengers in spacious surroundings and with full baggage handling and retail options. Together with the port's proximity to Elmas International Airport (7 kilometres), and the city centre just a 500 metre stroll away, Cagliari's position as the homeport of South Sardinia is assured.

OUR FOCUS FOR 2018

The port will continue to combine its unique local knowledge with learning and experiences gained from other GPH assets.

We are discussing with the port authority how to improve embarking passengers' experience of security checks, and will be reflecting feedback by extending the range of services we offer in the GIC.

Environmentally, we will install solar panels on the car parking shelters, and extend existing green measures, including electric car transportation for staff and an electric bike rental outlet.

CAGLIARI CRUISE PORT	
GPH Acquisition Date	2016
End of Concession	2027[1]

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

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	97	263
2016	108	258
2017	**163**	**434**

KEY FINANCIALS (USD THOUSAND)	Revenue	EBITDA
2017	**3,772**	**1,361**

Catania

CATANIA
CRUISE PORT

The gateway to Sicily

Sicily and cruising are perfect partners.

Sail into Catania and you're at the gateway of a vibrant city, as well as 6 former island provinces and a host of daytrip choices. And passengers embarking have all the options of the main cruise network of the Med, with destinations including Malta, Napoli and the Piraeus area. Even the weather is on your side: this far south, passengers cruise all year. It seldom rains for more than 45 days each year, and sizzling summers give way to mild months between October and March.

Presiding over the region, just an hour from the city and 3,350 metres into the sky, is the awe-inspiring presence of Mount Etna, the highest active volcano in Europe. Thousands of tourists visit it safely every year.

GPH AND CATANIA CRUISE PORT

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.

JOINING THE GPH NETWORK

The year continued a period of transition as the Port of Catania shared learning, ideas and working practices with GPH. Main activities included:

- arranging exclusive discounts for passengers who show the GPH brand at local shops and attractions; and
- implementing a Guest Information Center (GIC) with guidance, help and booking arrangements to help passengers maximise their stay.

68

2017 Total passengers
(Thousand)

260k

2017 Total revenue
(USD Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length:	No limit
Width:	No limit
Draught:	10 m

QUAYS/BERTHS

Total berths:	3+2
Total berthing lines length:	1,600 m
Quays depth:	10 m

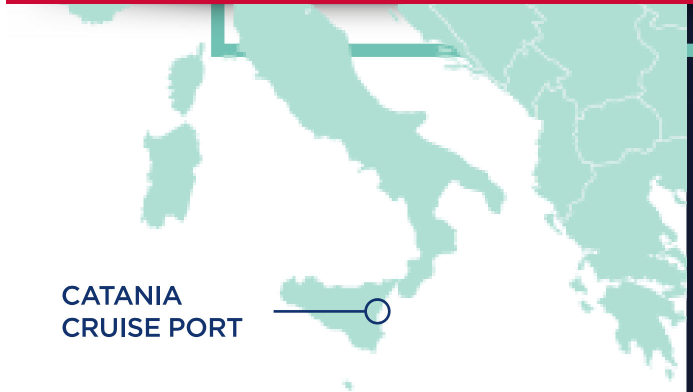
DISTANCES/TRANSPORTATION

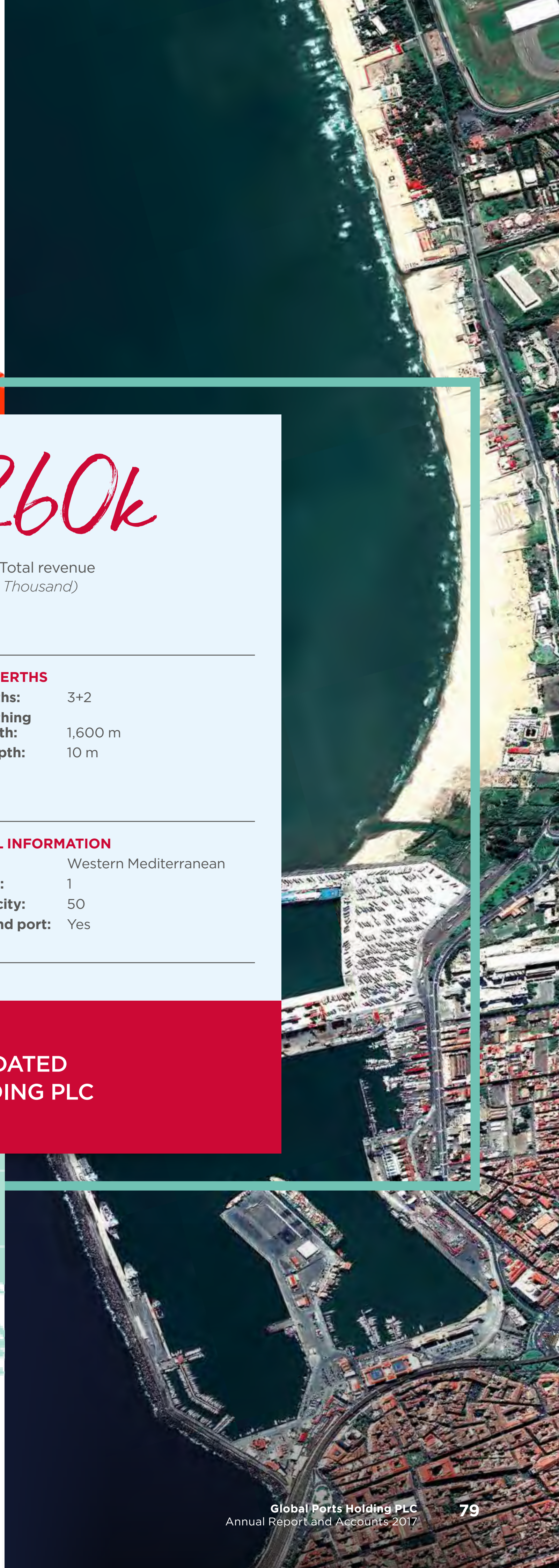
City centre:	500 m
Airport:	5.3 km

GENERAL INFORMATION

Region:	Western Mediterranean
Terminals:	1
Bus capacity:	50
Turnaround port:	Yes

CATANIA CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC





All-year cruising

Sail into Catania and you're at the gateway of a vibrant city, as well as the awe-inspiring Mount Etna, the highest active volcano in Europe. The city dates back to 800BC and has a unique mix of heritage from its Greek, Roman, Byzantine, Arab, Norman, Aragon and Spanish rulers. This far south, people cruise all year. It seldom rains for more than 45 days each year, and sizzling summers give way to mild months between October and March.

THE PORT'S KEY ASSETS

The Port of Catania boasts capacity, convenience and an historic area that is dedicated to yachts, cruise ships and fishing boats. (Containers, ferries and cargo are handled at a separate terminal.)

The port is directly integrated into the city of Catania, with its population of nearly one million, and is a key point of the waterfront area.

It has 3 main cruise docks and 2 further optional accommodations with a berthing capacity of up to 5 ships. It offers quays of up to 1,600 metres (main and optional) with a minimum depth of 10 metres, positioning it to accommodate even the latest generation of cruise liners.

Shore logistics are also excellent: the cruise terminal is located on Sporgente Centrale quay, a short stroll from the city centre and railway station, and a 10-minute drive to the Vincenzo Bellini Airport (9 million passengers in 2017). This proximity, as well as the wealth of historic attractions, nightlife and hotels, opens up numerous options for pre- and post-cruise packages throughout the year.

The port also offers a large area for transportation, with a designated shore excursion location and parking for coaches and taxis.

OUR FOCUS FOR 2018

The port will continue to develop new revenue streams that are derived from passenger feedback; for example, the GIC has identified a clear demand for more transport options when passengers come ashore.

Packages under development range from rentals of pocket Wi-Fi to photographic and food and wine experiences.

During 2018 we will also improve the retail area inside our terminal; create closer logistical links with the airport; and install solar panels to generate our own electricity.

CATANIA CRUISE PORT	
GPH Acquisition Date	2016
End of Concession	2026

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	64	81.9
2016	69	99.8
2017	**44**	**68**

KEY FINANCIALS (USD THOUSAND)	Revenue	EBITDA
2017	**260**	**(49)**

Kuşadası

EGE PORT
KUŞADASI

Investing and upgrading, ready for the upturn

Global Ports Holding's first cruise port acquisition, in 2003, is also Turkey's busiest.

After more than 14 years in our care, the thriving port of Kuşadası provides full services for cruise ships, ferries and superyachts. This beach resort town on the Western Aegean is also the gateway to numerous historic sites; not least, the ruins of the ancient city of Ephesus and the house of the Blessed Virgin Mary.

GPH AND EGE PORT, KUŞADASI

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

A CHALLENGING YEAR FOR THE EASTERN MEDITERRANEAN

Geopolitical issues in 2017 continued to impact cruise tourism in the Eastern Mediterranean, and at Ege Port, Kuşadası passenger numbers were inevitably depressed. The overall decline of 53% across GPH's Turkish ports was in line with the country's ports as a whole.

More positively, there is no doubt that the cruise lines are committed to restoring business as usual, due to the attractiveness of Kuşadası as the gateway to Ephesus. Meanwhile, we continued to invest in, upgrade and refresh this flagship port during the year.

Activities included:

- **a complete refurbishment of the port's Scala Nuova Village**. Its 39 retail outlets, across a total leasable area of nearly 3000 square metres, has the atmosphere of a quaint Aegean village and offers authentic local shopping and warm Turkish hospitality. A concert to mark the opening attracted 5,000 people;
- **establishing the Guest Information Center**, which has improved the passenger experience with easy access to information, local insights, bookings and related services;
- **generating ancillary revenues** from display advertising space of €32,500;
- **renewal of our 'Green Port' status**, following a fresh environmental audit in 2017. In 2015, the port was the first in Turkey to achieve the required standard; and
- **successful annual survey of our ISO 9001-14001-18001 (45001)** standards, held continuously since 2005.

118.9

2017 Total passengers
(Thousand)

4,819

2017 Total revenue
(USD Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length:	370 m
Width:	No restrictions
Draught:	10 m

QUAYS/BERTHS

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

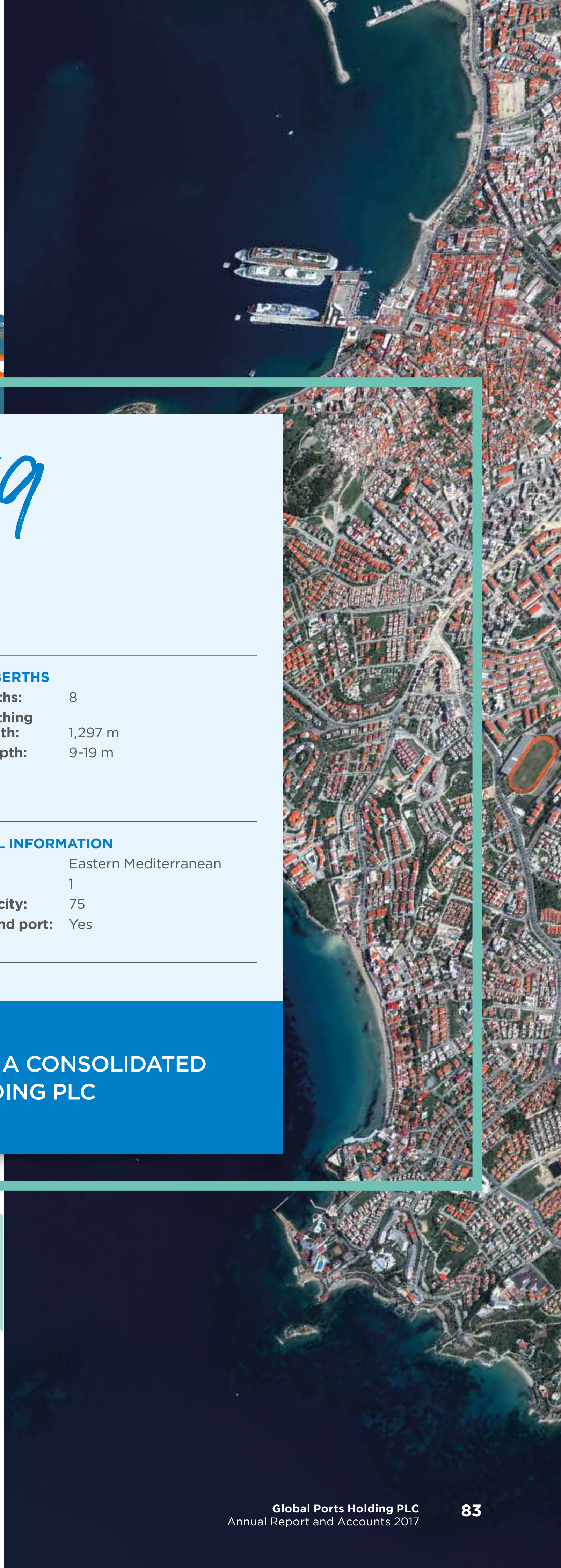
DISTANCES/TRANSPORTATION

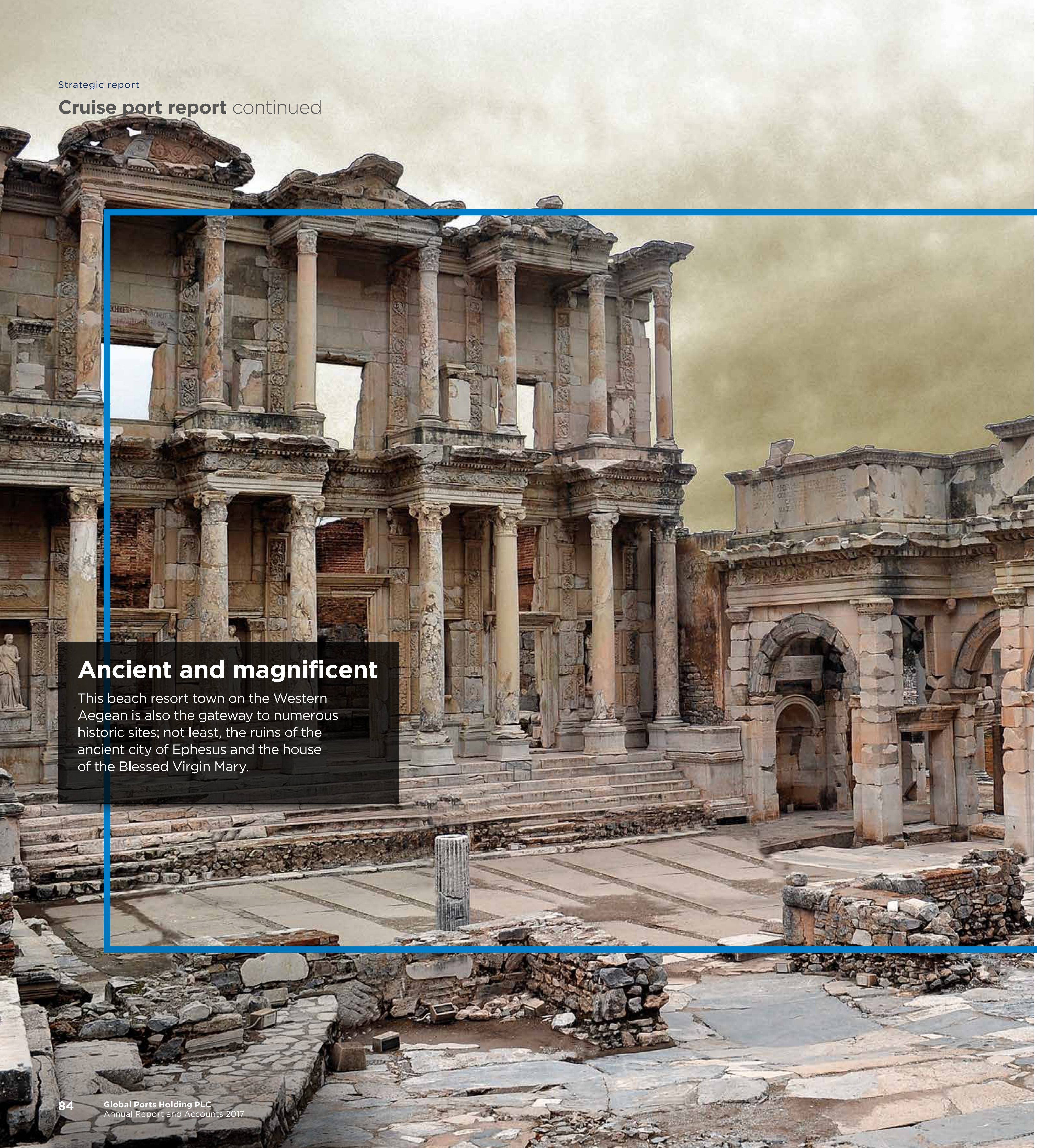
City centre:	50 m
Airport:	80 km

GENERAL INFORMATION

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

EGE PORT KUŞADASI CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC





Ancient and magnificent

This beach resort town on the Western Aegean is also the gateway to numerous historic sites; not least, the ruins of the ancient city of Ephesus and the house of the Blessed Virgin Mary.

THE PORT'S KEY ASSETS

Ege Port, Kuşadası attracts more cruise traffic than any other in Turkey; a testament to the investment, design and know-how that has created this major port.

Its comprehensive services to cruise ships, ferries and superyachts include pilotage, tugging, line-handling, berthing, security, fresh water supply, waste collection, passenger terminal services, and diving and bunkering services. The port is also unique among the GPH portfolio in offering marine services, which make a significant contribution to revenues.

In 2011, the port's 2 piers were extended to a total pier length of 1,297 metres, making the port large enough to welcome Oasis-class ships. With these 2 finger-piers, the port can berth up to 4 large vessels (or indeed 4 smaller and 2 large vessels) simultaneously. It features 2 roll-on/roll-off (Ro-Ro) ramps, as well as a quay to service ferries and superyachts.

Ege Port, Kuşadası was the first cruise port in Turkey to qualify as compliant with the International Ship and Port Facility Security (ISPS) Code in 2004. The port has also held ISO 9001 Quality Management, 14001 Environmental Management and 18001 (45001) OHSAS certificates since 2005, in addition to a 'Green Port' accreditation gained in 2015.

OUR FOCUS FOR 2018

In September 2017, the state tourism ministry announced an incentive programme to attract cruise lines back to Turkey, and our priority is to work with those customers to restore normal schedules and passenger volumes.

In addition, the GIC will continue to expand its range of products and services, with an emphasis on local authenticity. We will also look to optimise revenues in the Scala Nuova village with 8 new outlets; introduce major food and beverage brands; and launch a joint venture to enlarge the duty free operation in the Arrival Hall.

EGE PORT – KUŞADASI	
GPH acquisition date	2003
End of concession[1]	2033

1. 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)**
2015	513	567.3
2016	278	374.5
2017	**130**	**118.9**

FERRY TRAFFIC	**# of Calls**	**# of PAX (thousand)**
2015	608	70.4
2016	607	57.8
2017	**477**	**69.9**

KEY FINANCIALS (USD THOUSAND)	**Cruise Revenue**	**Cruise EBITDA**[2]
2017	**4,819**	**2,954**

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

Málaga

Record traffic and excellent revenues at the gateway to Andalusia

As your cruise liner approaches our 3,000-year-old port of Málaga, you are greeted by 2 mighty hilltop forts that preside over the city: the Alcazaba and Gibralfaro, dating back to Moorish rule. They are a beautiful and inspiring reminder that Málaga is one of Spain's jewels: a city rich in history, legend, architecture and, more recently, chic contemporary style.

GPH AND MÁLAGA CRUISE PORT

Established in 2008 as part of Creuers del Port de Barcelona, Málaga Cruise Port manages all 3 cruise terminals of the Port of Málaga.

When Global Ports Holding acquired Creuers del Port de Barcelona in 2014, we acquired a controlling 80% stake in Málaga Cruise Port, the operating concession.

2017: A RECORD YEAR FOR THE PORT

A buoyant cruise line market, coupled with our own increasing efficiencies and improvements, led to unprecedented success during the reporting year:

- turnaround traffic was up 52% year-on-year; and
- total traffic was up 16%.

Our continuous quest to improve the customer experience included establishing Guest Information Centers in our terminals. These provide local insights and recommendations, given by local people, to help travellers really make the most of their time in Málaga.

We improved connectivity, introducing free Wi-Fi and boosting mobile phone coverage. We also enhanced our welcome, recognising that we are not just a transportation hub; for arriving passengers, we are their first experience of Málaga.

509

2017 Total passengers
(Thousand)

3,772

2017 Total revenue
(USD Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length: No limit
Width: No limit
Draught: Max 17 m

QUAYS/BERTHS

Total berths: 5
Total berthing lines length: 1,350 m
Quays depth: 10-17 m
Ship capacity: 6-7

DISTANCES/TRANSPORTATION

City centre: 3 km
Airport: 13 km

GENERAL INFORMATION

Region: Western Mediterranean
Terminals: 3
Bus capacity: 78
Turnaround port: Yes

MÁLAGA CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC

A jewel in the sunshine

As you approach our 3,000-year-old port of Málaga, you are greeted by 2 mighty hilltop forts that preside over the city: the Alcazaba and Gibralfaro, dating back to Moorish rule. They are a beautiful and inspiring reminder that Málaga is one of Spain's jewels: a city rich in history, legend, architecture and, more recently, chic contemporary style.

THE PORT'S KEY ASSETS

Málaga Cruise Port has the strategic location that cruise lines and their passengers need. It connects with routes to the Atlantic and the Mediterranean and is only 15 minutes from Málaga International Airport.

The City of Málaga is fully attuned to the importance of its ports and has invested heavily in infrastructure across its 3 terminals, including state-of-the-art baggage-handling and passenger services.

With cruise piers totalling 1,350 metres, the port can welcome cruise ships of any size, from anywhere, with full turnaround and transit services at each terminal. There is also a retail shopping centre for duty free goods and souvenirs.

Unique in the Mediterranean, Terminal A has 2 boarding bridges designed for the new generation of ships. All 3 terminals also meet the latest requirements of safety and security, and each fully complies with the International Ship and Port Facility Security Code (ISPS Code).

OUR FOCUS FOR 2018

We will target another record-breaking year in Málaga in 2018, as well as making further improvements in:

- retail, either through running the operation directly, or by outsourcing through carefully chosen partners to enhance the offering of local products and services;
- developing parking upgrade plans to submit to the Port Authority;
- generating more homeport traffic, targeting the UK and German markets; and
- building on our ISO 14001 environmental certification, awarded in 2012.

MÁLAGA CRUISE PORT	
GPH Acquisition Date	2013-2014
End of Concession	2050 (Levante), 2054 (Palmeral)[1]

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

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	234	418
2016	250	443
2017	**299**	**509**

KEY FINANCIALS (USD THOUSAND)	Revenue	EBITDA
2017	**3,772**	**1,361**

Ravenna

A secret no more.
Italy's North-Eastern cruise port

At GPH we are proud of our continuing ability to spot nascent ports that show potential, develop them with the local authorities, and then market them successfully to major cruise lines looking for fresh and interesting ports of call.

Ravenna, on Italy's North-East coast, is one example, standing as the only cruise and commercial port in the Emilia-Romagna region. The location is a perfect coming-together of the head and the heart: sound logistics, excellent access, and a city steeped in history, art, mosaics and no less than 8 UNESCO World Heritage sites.

Since its debut as a cruise terminal in 2011, the port has welcomed more than 300 cruise ships and 350,000 passengers over the last 6 years. As we generate mounting awareness and industry interest, we see this as just the beginning.

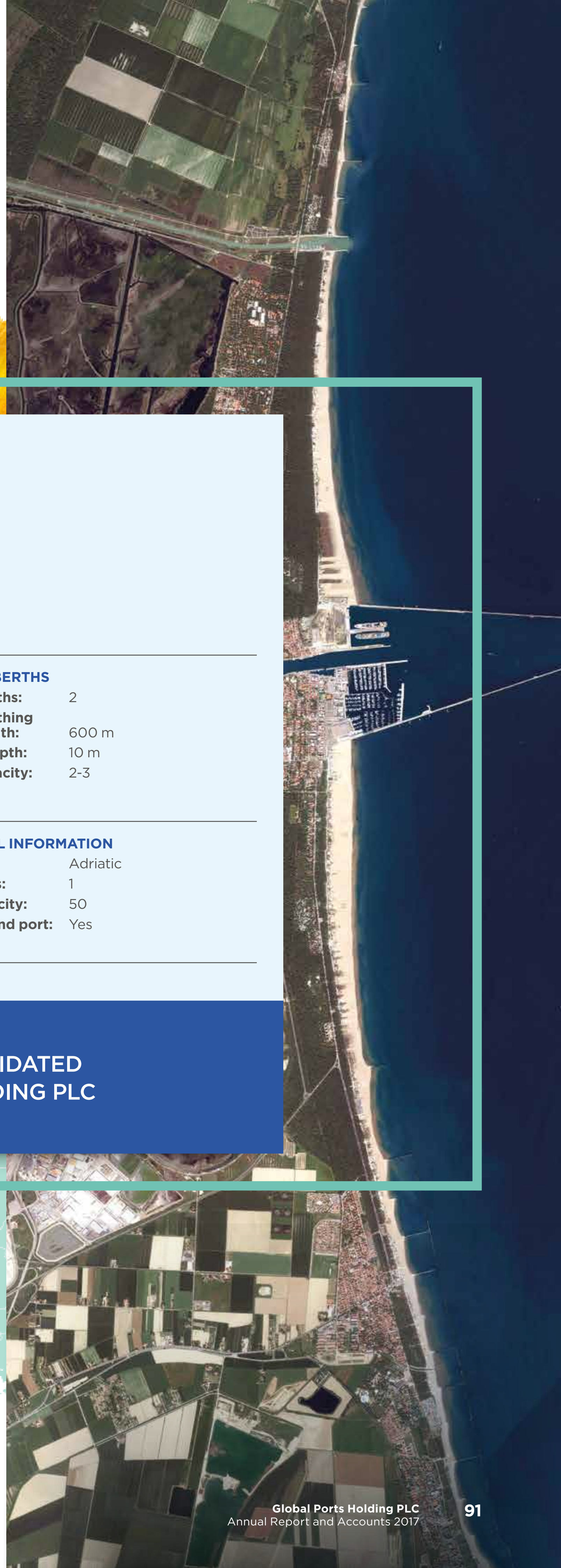
GPH AND RAVENNA CRUISE PORT

GPH welcomed Ravenna into our portfolio in 2016, when we acquired a majority holding in Ravenna Terminal Passeggeri.

2017: BUILDING THE PROFILE

During the reporting year, Ravenna generated increased calls and passenger traffic for the third year in a row. Cruise ship visits climbed from 44 to 52 year-on-year, with passenger numbers hitting the 50,000-mark for the first time.

Meanwhile, the port continued to market itself successfully; this included a familiarisation visit by TUI that resulted in a commitment for a series of calls during its 2019 programme. Excellent relationships with the local authorities led to several projects to improve security, information services and sustainable transportation in the form of a fleet of bicycles.



49

2017 Total passengers
(Thousand)

366

2017 Total revenue
(USD Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length:	330 m
Width:	42 m
Draught:	8.80 m

QUAYS/BERTHS

Total berths:	2
Total berthing lines length:	600 m
Quays depth:	10 m
Ship capacity:	2-3

DISTANCES/TRANSPORTATION

City centre:	14 km
Airports:	90 km (Bologna); 80 km (Rimini)

GENERAL INFORMATION

Region:	Adriatic
Terminals:	1
Bus capacity:	50
Turnaround port:	Yes

RAVENNA CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC

A perfect combination of head and heart

Ravenna, on Italy’s North-East coast, is the only cruise and commercial port in the Emilia-Romagna region. The location is a perfect coming-together of the head and the heart: sound logistics, excellent access, and a city steeped in history, art, mosaics and no less than 8 UNESCO world heritage sites.

THE PORT’S KEY STRENGTHS

Visiting ships are now greeted at the port’s entrance by a new 300 metre pier, with 2 berths able to accommodate liners of up to 330 metres long, with a draft of 8.8 metres.

On shore, a 600 square metre terminal houses customs and immigration for in-transit ships.

Connections and amenities are excellent. The terminal itself neighbours a yacht marina, beaches and a pine forest on the lovely Porto Corsini waterfront, and the ancient city itself is only 14 kilometre away. Ravenna is also the only port in the Mediterranean that gives easy access to the prized destinations of both Florence and Venice.

For the cruise lines, Ravenna means a host of destination possibilities, and the most fuel-efficient routes including Italy, Slovenia, Croatia, Montenegro, Albania and Greece.

OUR FOCUS FOR 2018

The capital of the Emilia-Romagna region is no longer a well-kept secret. Ravenna’s allure as a cruise destination is on the ascendancy, and new attractions such as the FICO Eataly World – the world’s largest agri-food park, and just an hour away – will fuel that popularity.

Ravenna Cruise Port will continue be intensively marketed to the major cruise lines during 2018.

The coordination and cooperation of the Airport of Bologna, fellow Group member Venice Terminal Passeggeri, and the strong partnership we have formed with the City of Ravenna, the Chamber of Commerce and the Port Authority, augurs well as we work together to make Ravenna a major player in the Mediterranean cruise network.

RAVENNA CRUISE PORT	
GPH Acquisition Date	2016
End of Concession	2020

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	35	40.0
2016	44	45.6
2017	**47**	**49**

KEY FINANCIALS (USD THOUSAND)	Revenue	EBITDA
2017	**366**	**195**

Valletta

A record-breaking year for the ‘Top-Rated Med Port 2017’

With one of the most scenic backdrops of any European port, our Valletta Cruise Port (VCP) ushers passengers into Malta’s historical and cultural experience from the moment they dock.

They are greeted by the award-winning Valletta Waterfront, originally built by the Knights of Malta in the 16th century. Its array of beautiful old maritime structures have been regenerated to offer fabulous eating, drinking, shopping and duty-free merchandise.

With its Western Mediterranean location, VCP is the only licensed cruise and ferry port in Malta, a major port of call and a growing homeport.

GPH AND VALLETTA CRUISE PORT

In 2015, Global Ports Holding completed the acquisition of a 55.6% stake in Valletta Cruise Port (VCP).

VCP took over the cruise and ferry terminal in 2001 after winning a 65-year concession from the Government of Malta, and is engaged in port operations and the leasing of office, catering and retail outlets.

The concession includes a 65-year lease of 48,000 square metres of land and buildings adjacent to the quays. VCP, through its 90% subsidiary Travel Shopping, also runs the port’s duty-free operations. The Company is currently assessing a second-phase investment to develop the remaining pockets of land, which will add an additional 12,000 square metres office and retail development within the concession territory.

2017: A RECORD YEAR FOR THE PORT

2017 was a year of progress, innovations – and a record number of around 780,000 passenger movements. During the year VCP:

- broke through the 700,000 passenger-mark for the first time;
- was awarded ‘Top-rated Mediterranean Cruise Destination 2017’ by Cruise Critic;
- was awarded the ‘Best Terminal Operator’ Award by Cruise Insight for the second consecutive year;
- became a signatory to the UNWTO Private Sector Commitment to the Global Code of Ethics for Tourism, a frame of reference for responsible and sustainable tourism development as endorsed by the United Nations General Assembly in 2001;
- enhanced the passenger experience by introducing customer care executives and additional security personnel and screening technology;
- generated valuable new revenues from advertising space and better utilisation of unexploited areas within the concession area; and
- completed Phase 1 of a new environmental risk management system, following ISO14001:2015 standards.

778

2017 Total passengers
(Thousand)

12,916

2017 Total revenue
(USD Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length:	360 m
Width:	No limit
Draught:	12 m

QUAYS/BERTHS

Total berths:	6
Total berthing lines length:	1,327 m
Quays depth:	11 m

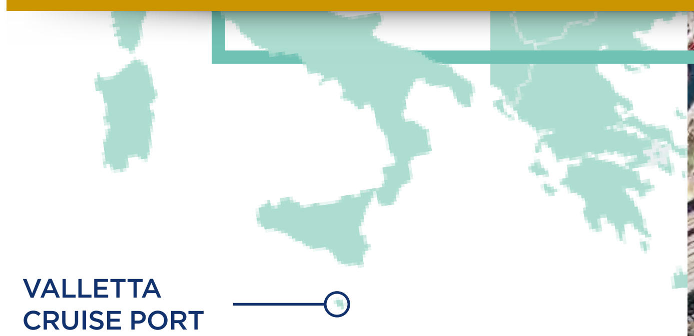
DISTANCES/TRANSPORTATION

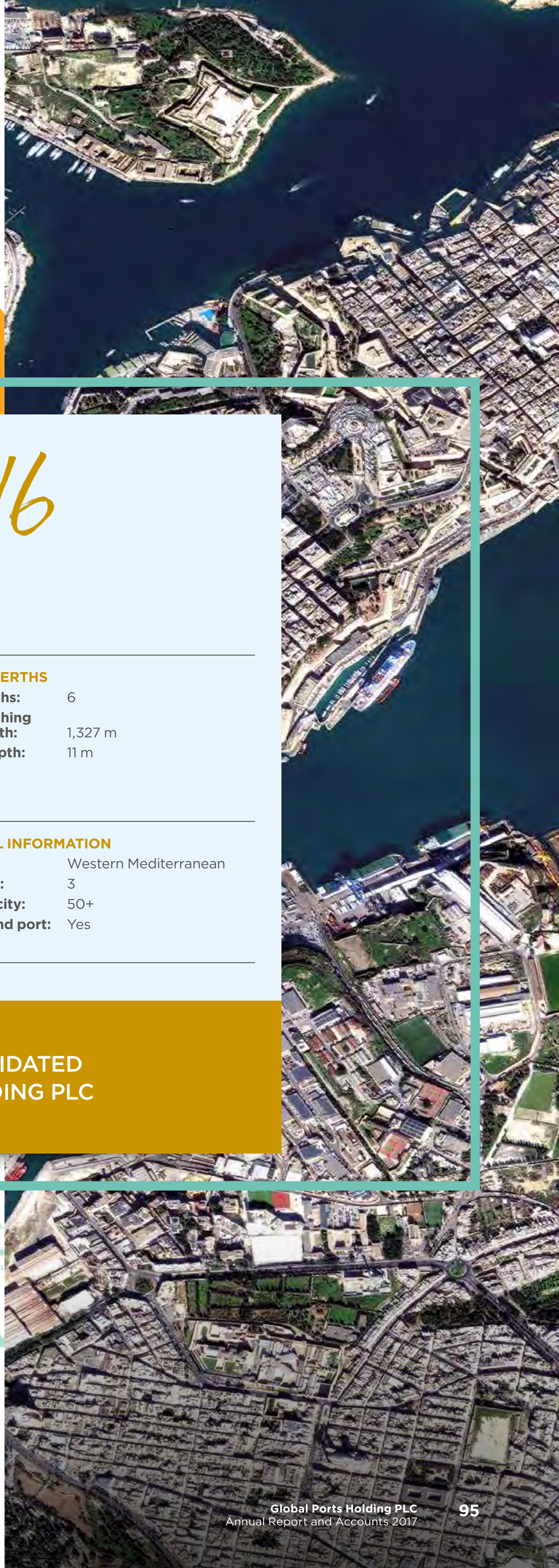
City centre:	1.5 km
Airport:	6 km

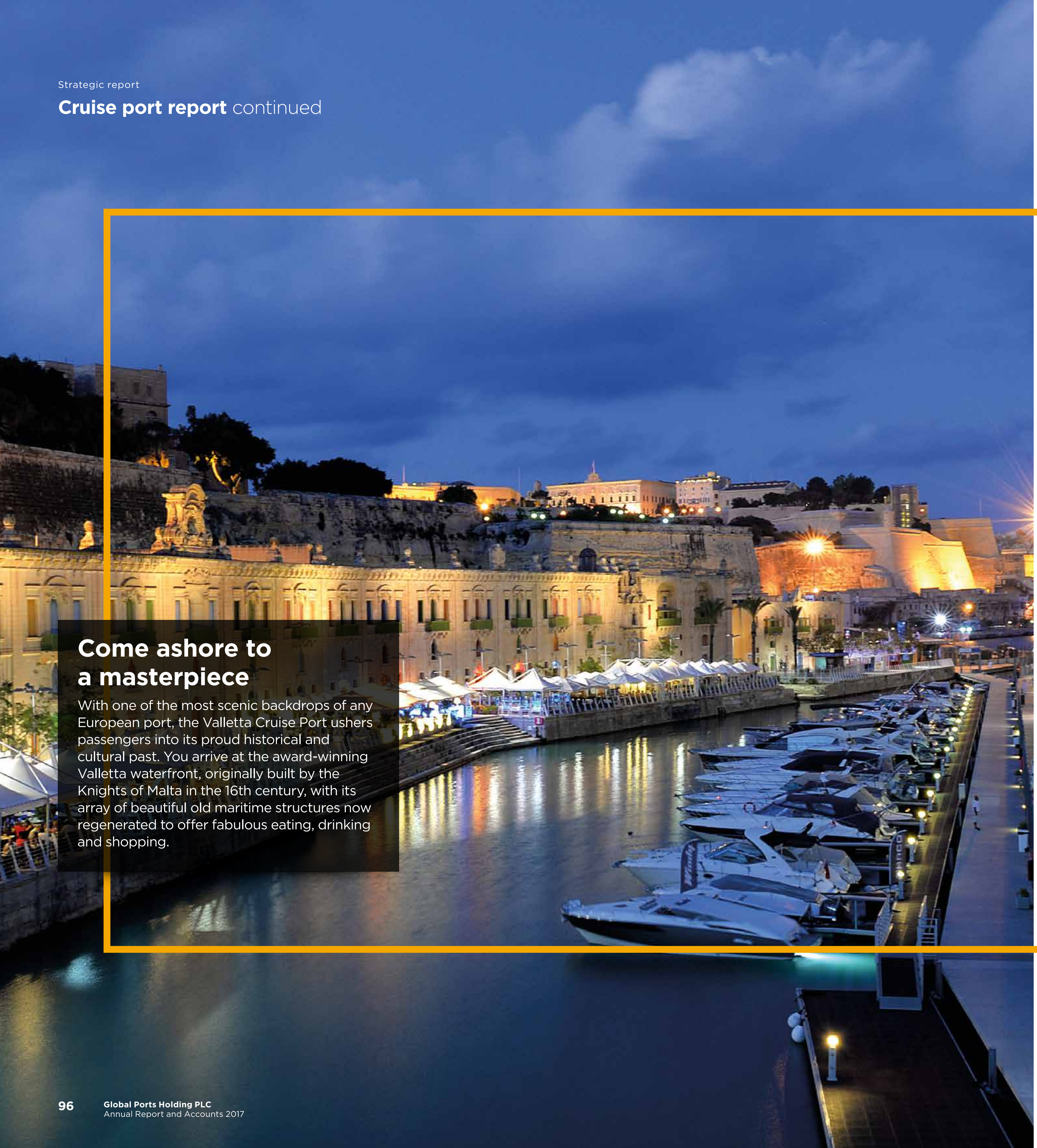
GENERAL INFORMATION

Region:	Western Mediterranean
Terminals:	3
Bus capacity:	50+
Turnaround port:	Yes

VALLETTA CRUISE PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC







Come ashore to a masterpiece

With one of the most scenic backdrops of any European port, the Valletta Cruise Port ushers passengers into its proud historical and cultural past. You arrive at the award-winning Valletta waterfront, originally built by the Knights of Malta in the 16th century, with its array of beautiful old maritime structures now regenerated to offer fabulous eating, drinking and shopping.

KEY STRENGTHS OF THE PORT

VCP offers a compelling combination of location, practicality and versatility.

Malta sits at the heart of European cruising, offering cruise lines and their passengers multiple options for almost any itinerary in the Eastern or Western Mediterranean. Of course, Malta itself is reason enough for a visit, with this compact island's history and culture easily accessible for either a brief day or an extended stopover.

The port is built around a natural deep-water harbour, and can accommodate the cruise industry's largest ships and support them with 24/7 services. Its quays are ISPS-compliant, and can handle 3 vessels simultaneously.

The main terminal is housed in the historic Magazino Hall and, together with 2 further facilities can process several hundred passengers an hour with simultaneous onboard registration and check-in. VCP is also perfectly set up for turnaround operations, with Malta International Airport just 10 minutes away.

Valletta Cruise Port is within walking proximity from the UNESCO World Heritage City of Valletta, which boasts a myriad of attractions: palaces, churches, theatres, gardens and more.

OUR FOCUS FOR 2018

Following on from its award in 2017, VCP will maintain its high profile in the industry by hosting the prestigious MedCruise General Assembly in May 2018. This is also the year when Valletta itself enters the international spotlight as the European Capital of Culture.

Meanwhile, we will continue to elevate the passenger experience by establishing a Guest Information Center, and to work with local businesses to create enticing ideas that benefit both our passengers and the port.

VCP will also continue to draw on, and contribute to, knowledge with the wider GPH port family. Just one example is an investment in a reverse osmosis system, inspired by the revenues being generated by GPH's Lisbon Cruise Port and Ege Port, Kuşadası in providing potable water to cruise ships.

We will also continue to work with the Government of Malta on a joint investment to extend and improve berths for larger cruise ships.

VALLETTA CRUISE PORT	
GPH Acquisition Date	2015
End of Concession	2066

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	307	668
2016	317	683
2017	**342**	**778**

KEY FINANCIALS (USD THOUSAND)	Revenue	EBITDA[1]
2017	**12,916**	**6,826**

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

Lisbon

LISBON
CRUISE PORT

Voted Europe's Leading Cruise Port, 2017

Winning awards even before it had opened, our new cutting-edge Jardim do Tabaco Cruise Terminal at Lisbon crowned an excellent year for the Port of Lisbon.

This contemporary and vibrant new facility ensures that Portugal's capital city boasts the port it deserves, and that the 500,000 passengers who visit each year enjoy an unrivalled introduction and welcome.

The port and the destination have won numerous awards. In 2017 alone, the World Travel Awards honoured Lisbon with Europe's Leading Cruise Port; Europe's Leading Cruise Destination; World Best City Break Destination; and Portugal as Best World Destination 2017.

GPH AND LISBON CRUISE PORT

Lisbon Cruise Port (LCP) is a privately-owned company that holds exclusive operational rights for 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, LCP commenced operations in August 2014.

GPH holds a 46.2% stake in Lisbon Cruise Port, of which 40% is held directly and 6.2% indirectly through GPH's 62% stake in BPI's 100% holding in Creuers Del Port de Barcelona.

2017: A CONSTRUCTIVE YEAR

The reporting year was a landmark in the evolution of the Port of Lisbon.

- **The new €24 million passenger terminal inaugurated.** From the earliest stages of the two-year project, GPH contributed operational knowledge and advice, working closely with one of Portugal's most eminent architects. The terminal was inaugurated in November 2017.
- **Uninterrupted business as usual.** The project was accomplished on-time and on-budget, while operating the existing facilities with no compromise in standards to our cruise line customers or passengers.
- **Strong EBITDA margins.** A combination of a balanced increase in rates, providing a value-for-money experience to the cruise lines, as well as ancillary revenue (advertising media space, equipment rental, ships' supplies, and berthing of commercial vessels) increased 2017's EBITDA margins by 57% compared with 2015, and 8% over 2016.

521

2017 Total passengers
(Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

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

QUAYS/BERTHS

Total number of berths:	3-5
Total berthing lines length:	1,425 m (with a possible further 900 m)
Quay depths:	(-8.3) Zh to (-12) Zh

DISTANCES/TRANSPORTATION

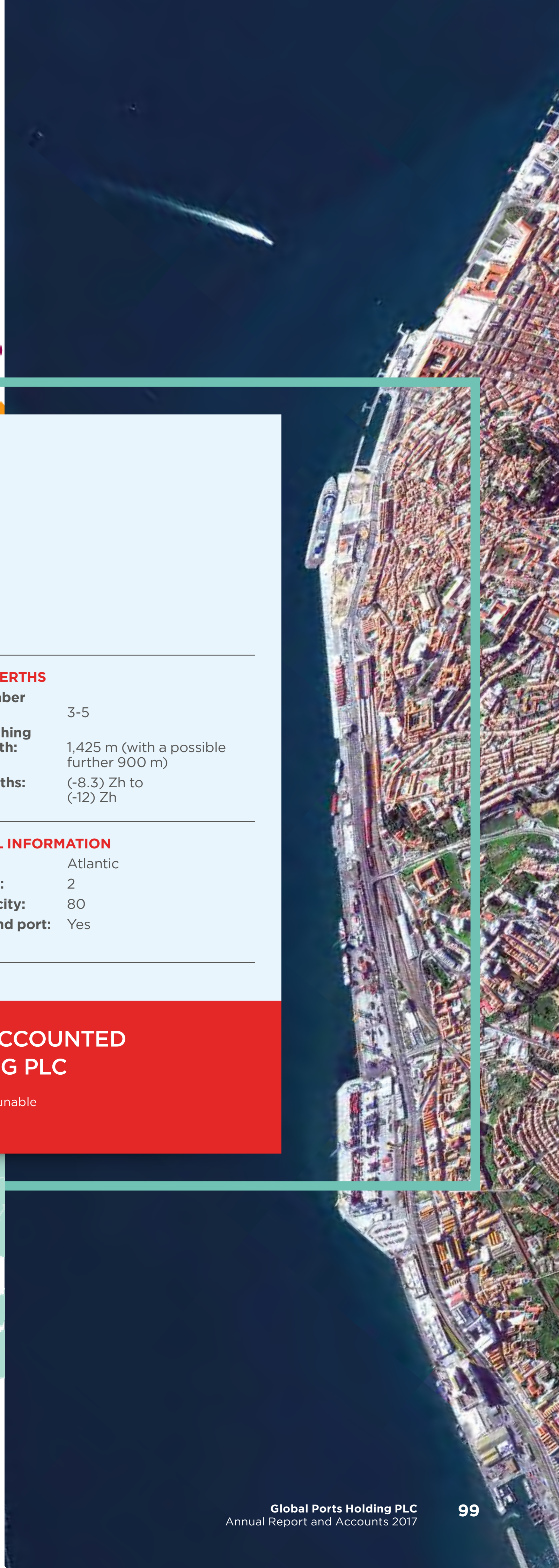
City centre:	500 m
Airport:	11 km

GENERAL INFORMATION

Region:	Atlantic
Terminals:	2
Bus capacity:	80
Turnaround port:	Yes

LISBON CRUISE PORT IS AN EQUITY-ACCOUNTED INVESTEE OF GLOBAL PORTS HOLDING PLC

Since Lisbon Cruise Port port is an Equity Accounted Investee, we are unable to disclose separate numbers for this port.



Old-world charm with a contemporary vibe

Lisbon has a long and illustrious history, serving as Portugal's capital since 1260. Tile-covered buildings, exquisite architecture and cobblestone streets, coupled with Lisbon's impassioned Fado music and warm hospitality, make the city a feast for the senses.

THE PORT'S KEY ASSETS

The port has long been a prime port of call for cruise ships, for the rich experience on shore and the sheer ease of logistics. There are 1,490 metres of quay dedicated to cruise ships, depths of up to 15.5 metres, and 2 passenger terminals to welcome them.

The magnificent new terminal comprises 13,800 square metres of space, operated over 3 storeys. At its heart is the concept that the terminal is a seamless extension of the cruise ships berthed outside, with easy embarking/disembarking and free-flowing movement. Its terrace is a panoramic celebration of the city.

Connections are excellent: 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, together with transatlantic voyages.

Lisbon International Airport is a 15-minute drive from the port, with its 500 direct weekly flights used by 22 million passengers annually.

OUR FOCUS FOR 2018

The Port of Lisbon has been awarded the honour of hosting the prestigious Seatrade Cruise Med event in 2018, an excellent showcase of our assets and abilities to key industry stakeholders.

In addition, the port aims to address a range of projects, to:
- achieve Green Port and ISO 14001 certification;
- implement environmentally-friendly LNG bunkering for cruise ships (expected by the end of 2019);
- assist cruise ships to operate casinos during overnight stays;
- develop a new retail area of over 3,000 square metres;
- launch a new Guest Information Center; and
- construct a helipad, and a 150 metre-high static balloon to provide 360° views of the magnificent old city of Lisbon.

LISBON CRUISE PORT	
GPH Acquisition Date	2014
End of Concession	2049

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	306	512.128
2016	311	522.497
2017	**330**	**521.041**

Singapore

Space, comfort and waterfront chic

It was in 1819 that Sir Stamford Raffles set up a tax-free trading port that would be instrumental in building the prosperity of Singapore. Today, the cruise port continues to play a key role in the economy.

GPH is proud to have an interest in Singapore, which is currently our sole non-Mediterranean port. In the Asia-Pacific region, Singapore is second only to Bangkok in terms of tourist visits, and ranks No. 1 when it comes to visitors' spending.

The city is an alluring cocktail of chic shopping, the arts, extraordinary plant-clad 'green' skyscrapers, street food and a melting pot of Malay, Chinese and Indian influences.

We are delighted to help the world enjoy it.

GPH AND MARINA BAY CRUISE CENTRE SINGAPORE

Singapore's cruise port is the Marina Bay Cruise Centre Singapore (MBCCS).

As part of GPH's acquisition of Creuers del Port de Barcelona in 2014, we hold a 40% stake in SATS Creuers, the terminal operator for MBCCS. The remaining 60% stake is held by SATS Ltd., Asia's leading service provider to the aviation industry, and a supplier of non-aviation catering.

SATS Creuers holds a 10-year concession, with the option to renew the agreement for an additional term of 5 years at the discretion of the Singapore Tourism Board.

MAXIMUM SHIP DIMENSIONS FOR BERTHING

Length:	Max 360 m at berth 2
Width:	N/A
Draught:	11.5 m at berth 2

QUAYS/BERTHS

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

DISTANCES/TRANSPORTATION

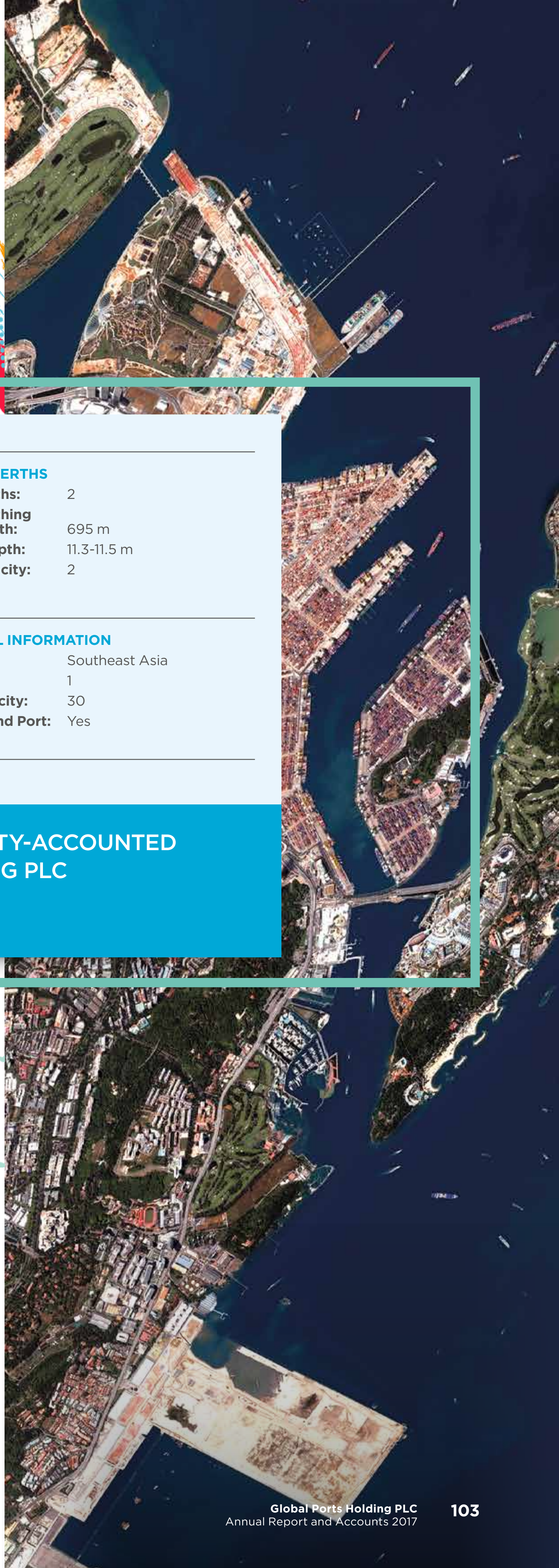
City centre:	2 km
Airport:	15 km
Shuttle service:	No

GENERAL INFORMATION

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

SINGAPORE CRUISE PORT IS AN EQUITY-ACCOUNTED INVESTEE OF GLOBAL PORTS HOLDING PLC

Since Singapore Cruise Port port is an Equity Accounted Investee, we are unable to disclose separate numbers for this port.



A colonial and contemporary cocktail

Known as the Lion city, Singapore is a thriving cosmopolitan island-state with a colourful diverse culture, an alluring cocktail of shopping, arts and extraordinary plant-clad 'green' skyscrapers. The Garden City offers a magnificent range of food and shops, making it one of Southeast Asia's best shopping and dining destinations. Enjoy the city's rich history, from its colonial beginnings to its development into a modern metropolis.

THE PORT'S KEY STRENGTHS

The MBCCS provides a magnificent introduction to the city: passengers disembark at Marina South, straight into the heart of Singapore's premier waterfront and lifestyle district.

Indeed, the MBCCS terminal is itself an architectural icon, designed to complement other landmark projects such as the Marina Bay Integrated Resort, the Singapore Flyer, and the Gardens by the Bay.

The terminal's 28,000 square metre covered area (the size of 3 football fields) can handle up to 6,800 passengers at once, with space and comfort.

Even the world's largest ships of 220,000 GRT or more can navigate the port with ease, thanks to its deep waters, large turning basin and no height restrictions. Its 2 piers reach up to 360 metres, and as one of the largest cruise terminals in Asia, MBCCS can accommodate the turnaround operations of 2 megaships simultaneously.

For passengers making a flying visit or return home, the terminal is just 20 minutes' drive from the ultra-modern Changi International Airport, which also links directly with the highway and is 5 kilometres from midtown. MBCCS also features the world's first seamless Cruise-Fly service, where passengers can check in for their flights at the terminal and leave their luggage before taking in the sights of the city.

MARINA BAY CRUISE CENTRE, SINGAPORE

GPH Acquisition Date	2014
End of Concession	2022

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

Venice

One of the world's great homeports, in one of Europe's finest cities

In keeping with our strategy of building a presence in the major cruise destinations of the world, GPH has a financial interest in the port of Venice.

One of Europe's most vibrant homeports, Venezia Terminal Passeggeri S.p.A (VTP) has been the focus of constant investment and improvement since it was founded by the Venice Port Authority in 1997.

In the ensuing 20 years, nearly €70 million has been invested in infrastructure.

GPH AND VENICE CRUISE PORT

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

2017: ANOTHER BUSY YEAR

In 2017, the port recorded 466 calls and 1,428,000 cruise passengers, thanks to the deployment of over 70 cruise ships from the major cruise lines.

1,428

2017 Total passengers
(Thousand)

MAXIMUM SHIP DIMENSIONS FOR BERTHING

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

QUAYS/BERTHS

Total berths:	7 (6 for cruise ships)
Total berthing lines length:	3,450 m
Ship capacity:	12

DISTANCES/TRANSPORTATION

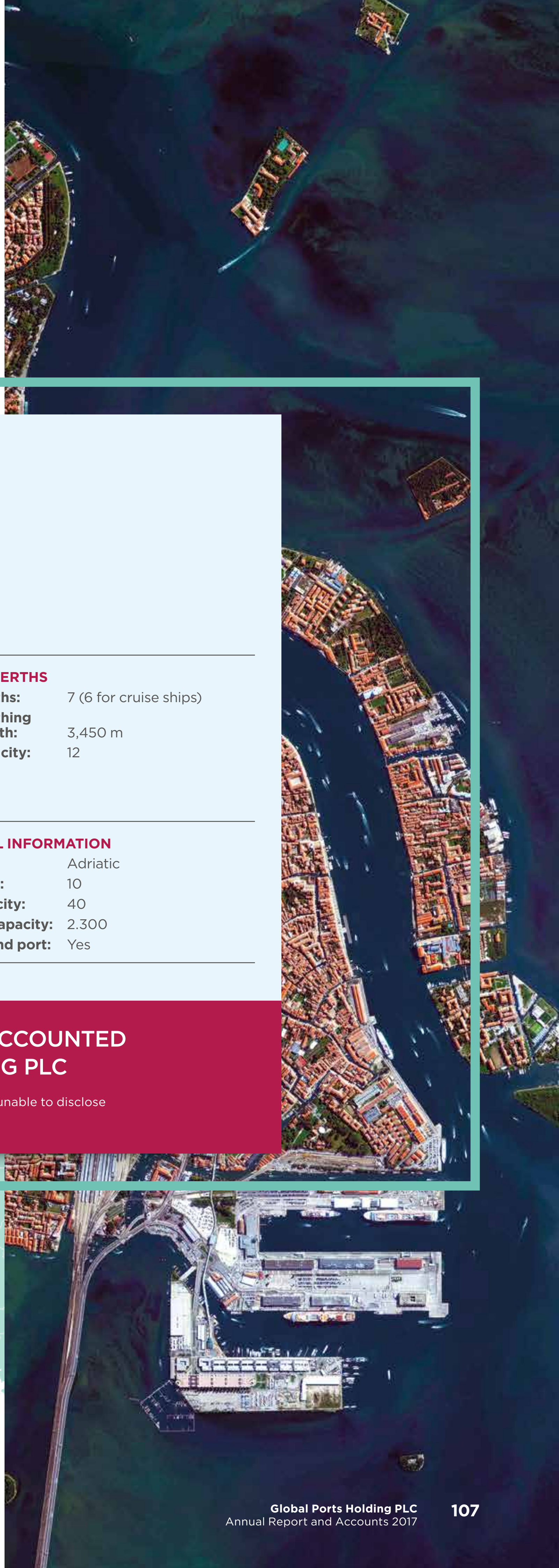
City centre:	1 km from P. le Roma
Airport:	13 km

GENERAL INFORMATION

Region:	Adriatic
Terminals:	10
Bus capacity:	40
Parking capacity:	2.300
Turnaround port:	Yes

VENICE CRUISE PORT IS AN EQUITY-ACCOUNTED INVESTEE OF GLOBAL PORTS HOLDING PLC

Since Venice Cruise Port port is an Equity Accounted Investee, we are unable to disclose separate numbers for this port.



Where dreams float

With vistas that are impossible to take in without a Vivaldi soundtrack springing into your mind, Venice is a series of sumptuous surprises. The Palazzo Ducale, the Basilica di San Marco, the majesty of the Canal Grande; both in its monumental architecture and tucked away canal-side secrets, Venice stands alone in Europe as a city like no other.

THE PORT'S KEY ASSETS

Venice can fairly claim to be unique – there is nowhere quite like it – and this old city's network of canals has been casting its spell over travellers for centuries.

Every year, the port facility managed by VTP attracts over 40 cruise brands. Thanks to its infrastructure capacity, the non-stop improvement of operating efficiency, and the steady innovation in safety and security. Cruise ships up to 340 metres LOA are welcomed by no less than 10 multifunctional terminals and 6 dedicated quays across Marittima, Santa Marta and St. Basilio.

The emphasis is on services and amenities that give an excellent experience to both homeport and in-transit passengers, together with the convenience of having everything close at hand: the terminal is located near a 4 kilometre causeway that links the city with the mainland. There are excellent road, rail and air connections, and the riches of the city are just a short stroll, or boat/taxi ride, away.

Aside from cruises, other leisure vessels enjoy VTP's facilities: river cruise ships, yearly deployed on the route Venice lagoon-Po River, hydrofoils with seasonal connections to/from Istrian Peninsula, and superyachts.

OUR FOCUS FOR 2018

The 2018 season is expected to be consistent with 2017, with 466 calls already scheduled and an estimated 1,428,000 cruisers expected to pass through the port.

VENICE CRUISE PORT	
GPH Acquisition Date	2016
End of Concession	2024

CRUISE TRAFFIC	# of Calls	# of PAX (thousand)
2015	521	1,582
2016	529	1,606
2017	**466**	**1,546**

Port of Adria

Investment up, volumes up, capabilities up

GPH is proud to operate the commercial business of the Port of Adria, alongside a separate cruise facility (see page 62) that we have pioneered in recent years.

At one time the port was the key maritime asset of the former Yugoslavia, and today it continues to be the principal port and a vital node for trade serving Serbia, as well as neighbouring countries.

This non-EU port is strategically located in the Adriatic region. In this area of exceptional charm and tourist appeal, GPH operates both commercial and cruise terminals with efficiency and sensitivity.

GPH AND THE PORT OF ADRIA

The port was privatised in 2013, opening the door to participation by outside interests. The opportunity marked Global Ports Holding's first overseas investment, and indeed the first-ever Turkish acquisition of a controlling stake in an overseas port operation. GPH owns 63.79% of shares of JSC 'Port of Adria' Bar, which operates as a cargo and cruise terminal.

2017: INVESTMENTS ENABLE RECORD PRODUCTIVITY

The reporting year marked the completion of significant investments in our infrastructure and capabilities. In particular, we added a universal mobile crane and a container crane (Liebherr P137 WS L – Super). This has made our port capable of accepting and operating on 2 container ships, while tripling overall productivity.

In accordance with our business strategy, the Company also opened a branch office in Belgrade, Serbia, at the beginning of the year. This has raised our profile in the market, attracting new partners and encouraging the routing of cargo through Bar. These actions have led to a greatly-improved perception of the port and a major uplift in cargo throughput.

During the year we achieved:

- total cargo throughput +47% year on year;
- throughput of containers in TEU units +18%;
- throughput of general cargo +160%; and
- a TEU throughput record set in October 2017, with 5059 TEU.

Financially, effective cost control measures achieved a USD 200,000 saving, with spend falling to USD 5.8 million.

THE PORT'S KEY ASSETS

This multi-purpose port offers a quay length of 1,440 metres, with dedicated terminals for container ships, general cargo ships and cruise ships. The port covers a total area of 518,790 square metres and has the flexibility of 9 berths. It is capable of serving the global maritime transportation industry with an annual capacity of 750,000 TEU and 6 million tonnes of general cargo.

The port is excellently connected, integrated into the Belgrade-Bar railway and the road traffic network. The entire port area also comes under the Free Zone regime, making it exempt from customs duties, taxes and other charges.

The vision of the port is to play an expanding and critical role in the region's trade, becoming a key gateway for Serbian, Bosnian, Kosovo and Macedonian cargo. A new highway project, with connections to key corridors, is now being constructed and will pave the way for growing volumes in the next few years.

Meanwhile, a continuous programme of investment in IT, safety and security and training is ensuring that customers of the port receive the quality of service they deserve.

OUR FOCUS FOR 2018

With a major programme of CAPEX now completed, and associated bank loans repaid, we look forward to reaping the benefits in 2018.

We anticipate a significant increase in EBITDA (of over 100%) through increased volumes, efficiencies and cost controls. In particular, we are looking forward to:

- new container line arrivals: Cosco, Medkont and Arkas;
- RO-RO terminal investment;
- a block container train to Sremska Mitrovica;
- serving diverse projects including a windmill project and a sugar distribution centre; and
- handling more cement and minerals' cargoes.

We will also intensify activities in the areas of quality management, OHS (occupational health and safety) and environmental management in order to apply for IMS (Integrated Management System) Certification in 2018.

2,013

2017 Cargo
(Thousand tonnes)

7,649

2017 Total revenue
(USD Thousand)

PORT OF ADRIA, BAR OPERATIONAL FIGURES (THOUSAND)	**2015**	**2016**	**2017**
Container (TEU)	39	41	**50**
General Cargo	365	82	**214**

KEY FINANCIALS (USD THOUSAND)	**2017**
Revenue	**7,541**
EBITDA[1]	**1,855**

[1] EBITDA figures indicate only operational results, excluded non-recurring, non-operational revenues and expenses

PORT OF ADRIA COMMERCIAL PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC

Port Akdeniz

Moving minerals on an industrial scale

There are ports around the world that are characterised by the natural resources around them, and Port Akdeniz, Antalya, is certainly one.

With the area's wealth of minerals – chromium ore, marble, barite and aluminium – the region surrounding Antalya has given rise to 2 large cement factories and more than 500 marble quarries (around Burdur, Isparta, Afyon, Denizli, Konya and Muğla). In turn, Port Akdeniz has become a strategic gateway to diverse global markets for exporters of cement, clinker, aluminium, marble and chromium.

A thriving agricultural sector, enabled by the area's highly fertile soil and temperate climate, also exports via the port.

Alongside this vibrant mix of dry bulk and general cargo, GPH operates Antalya Cruise Port. This is profiled on page 58.

GPH AND PORT AKDENIZ

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

We hold a 30-year operating concession that terminates in 2028.

2017: A THIRD YEAR AT NO. 1

Despite the market contracting significantly in recent years due to geopolitical issues, Port Akdeniz has been successful in growing its cargo tonnage by offering supportive actions, in particular for exporters. As a result, we have led the market for 3 consecutive years.

Port Akdeniz moved more than 1.6 million tonnes of cargo in 2017, compared with 1.49 million the previous year.

Highlights included:

- container volumes up 17%, driven by a 19% increase (TEU) in block marble;
- a significant increase in containerised exports of MDF panels, PVC profile, barite and fertilizer exports;
- general bulk and bulk cargo: a significant increase of 49.2% in sling cement exports;
- the highest wheat imports in the port's history;
- forage imports received by the port for the first time;
- first-time white goods imports from Samsung; and
- the restarting of manganese exports.

The year also saw: investment of more than €500,000 in forklift and stacker equipment; a new warehousing agreement with one of the major fertiliser companies; the launch of new on-site storage and marble cutting services; and the launch of marketing campaigns to drive container volumes and raise the profile of the port to forwarders.

THE PORT'S KEY ASSETS

Port Akdeniz is a major force in the import/export of seaborne cargo in its region. Indeed, it is the largest and best-equipped port along the 700 kilometre Turkish Aegean Mediterranean coast that stretches from İzmir in the west to Mersin in the east.

The port has a 1,600 metre main breakwater and a 650 metre side breakwater, and offers the flexibility of 8 active piers, ranging from 140 to 290 metres. Covering a total area of 215,420 square metre, the infrastructure has the capacity to handle 5 million tonnes of dry bulk and general cargo, and 500,000 TEU per year. It is also ready to benefit from the sustained rise in containerisation at Turkish ports, where there is significant room for future growth.

On shore, its operations are supported by a 1,260 square metres indoor facility for temporary storage service in the bonded area.

The port also sits on the doorstep of many of its customers: just 25 kilometres away is an Organised Industrial Zone, which hosts multiple exporting companies in sectors such as PVC, wood and plastic manufacturing, machinery and heavy manufacturing, cement, mining and food production.

Further afield, upgraded national connections will also provide further opportunities, following the government's announcement to link Antalya with the country's high-speed rail network. This is scheduled to be complete in 2023, coinciding with the 100th anniversary of the Turkish Republic.

OUR FOCUS FOR 2018

After very strong exports of block marble in recent years, which have accounted for up to 84% of our container export traffic, we anticipate an easing in demand in 2018.

Offsetting this may be an increase in exports in bulk cement, as well as imports in coal to serve the energy needs of the cement production industry. We also expect to see increased imports required by a major fertiliser company, as well as higher forage imports for a feed manufacturer.

The port's agenda for 2018 includes:

- the launch of warehouse rental services (occupying 6,729 square metres) and increasing fertilizer imports;
- feasibility studies to restart perishable exports;
- increase the number of container lines
- new logistic services;
- encouraging mineral loads; and
- An alternative development project for cruise piers, areas and the terminal.

1,415

2017 Cargo
(Thousand tonnes)

59,200

2017 Total revenue
(USD Thousand)

OPERATIONAL FIGURES	**2015**	**2016**	**2017**
General Cargo (tonnes)	603,430	551,929	**743,630**
Dry Bulk Cargo (tonnes)	492,257	767,312	**672,104**
Container (TEU)	178,471	172,039	**200,115**

KEY FINANCIALS (USD THOUSAND)	**2017**
Revenue	**59,188**
EBITDA	**46,990**

PORT AKDENIZ COMMERCIAL PORT IS A CONSOLIDATED SUBSIDIARY OF GLOBAL PORTS HOLDING PLC

Corporate responsibility

Doing the right thing

SAFEGUARDING PEOPLE, AND PROTECTING OUR PORTS

As the world's largest port operator, we take our responsibilities towards safety and the environment seriously.

In keeping with the GPH business model of combining unified standards with the local knowledge of our ports, we launched a consultation draft of a new Group-wide HSE Manual during the reporting year.

The manual will be refined in the course of 2018 and is based on the following international standards:

- ISO 9001:2015 – Quality Management System;
- ISO 14001:2015 – Environmental Management System;
- ISO 45001:2016 – Occupational Health and Safety Management System;
- OHSAS 18001:2007 Occupational Health and Safety Management System;
- ISO 27001 Information Security Management System; and
- 10002 Customer Satisfaction Management System.

By seeking to attain and maintain international standards across our port network, we will comply with (and, often, exceed) the requirements of all local laws that apply to our operations.

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

SAFETY: OUR NON-NEGOTIABLE PRIORITY

There is no greater priority at Global Ports Holding than the safety of people.

Safety takes precedence over all other considerations, and no practical or commercial consideration is allowed to override it.

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

In the course of transiting more than 4 million people through our ports in 2017, there were no reportable incidents affecting their safety. Nor were there any injuries to employees during port operations that required any prolonged absence from work.

Additionally, we lift and move thousands of tonnes of cargo every week at our 2 commercial ports. To do this safely we set rigid processes and make significant investments in highly trained teams, and sound equipment and infrastructure.

At our Port of Adria commercial port, we have systematically reduced injuries at work by over 45% (2017 vs. 2015). Similarly, at Port Akdeniz, the reduction over the same time frame has been 70%. Many factors have brought about this continuously improving picture, including a much greater awareness and buy-in to our safety culture; an emphasis on 'toolbox' training, techniques and procedures; and a more robust and constant reinforcement of the need for safety in everything we do.

EHS

GPH has launched its Health, Safety and Environment Manual end 2017 which sets the standard and helps improve Health Safety and Environment in our Cruise and Commercial ports.

The aim of our Health and Safety management is to minimise injury or illness, reduce losses and to ensure that there is a demonstrated commitment to the personal safety of employees, contractors, the public and our community.

Furthermore, it allows our organisation to comply with legislation and to prioritise health and safety activities to prevent the recurrence of the same or similar incidents.

Our commitment is to improve the accuracy of incident reporting across our ports.

However, we regard these as minimum standards only and will strive to improve on every aspect of our HSE performance every year. With this in mind every GPH port will conduct a gap analysis during the course of 2018 to identify, and then address, any areas where further improvement is needed.

OUR ENVIRONMENTS

We seek to tread as lightly as we can, minimising our impact on the planet and protecting the environments in which we work. This is our policy, regardless of where we might operate, but there is a double imperative at our cruise destinations; it is the beauty of our port regions' surroundings that attracts tourism, and this is the lifeblood of our local municipalities and our business.

This means, for example, making sure we play our part in managing sustainable tourism. We work closely with local government and agencies with the aim of making sure that our passenger numbers benefit the local economy, without putting undue pressure on the local environment and its services.

Operating a port also brings many duties of care to protect the environment, and our HSE Manual lays down recognised procedures for diverse demands including waste handling and effluents, noise, dredging, construction, emissions, handling dangerous substances, underwater noise and vibration, and spill prevention and control.

In addition, some of our ports are actively involved in reducing CO_2 emissions by generating their own renewable power, and by deploying electric vehicles. Our goal is that every one of our ports will be showing measurable reductions in emissions by the close of 2018.

8,000

Runners, 43 nationalities.

The start of the 2017 Global Run in Ravenna

CRUISE PORTS SUMMARY

TYPE OF INCIDENT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
LOST TIME													
Total # of cases	0	0	0	1	0	1	0	0	0	0	0	0	2
Total # of days	0	0	0	12	0	19	30	30	30	30	6	0	157
DEATH													
(Total # of cases)	0	0	0	0	0	0	0	0	0	0	0	0	0

COMMERCIAL PORTS SUMMARY

TYPE OF INCIDENT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
LOST TIME													
Total # of cases	2	1	1	1	0	0	0	3	0	2	1	0	11
Total # of days	89	82	56	43	46	16	6	108	7	84	130	115	782
DEATH													
(Total # of cases)	0	0	0	0	0	0	0	0	0	0	0	0	0

In 2017 we had 13 cases of lost time incidents. Basically out of 13, 2 we observed in Cruise Ports with 157 days and 11 were observed in Commercial Ports with 782 days. There have been zero fatalities to date

3 of our ports now have 'Green Port' certification, and 5 have been accredited with at least one of the ISO standards mentioned above. We are also targeting that all ports achieve the ISO 14001:2015 Environmental Management System by 2018. For more information on our environmental responsibility please see page 118.

DOING THE RIGHT THING FOR COMMUNITIES

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

Its benefits are wide-ranging, delivering not only measurable gains such as revenues and employment in local economies, but also the wider benefits of discovering rich experiences and extending the hand of friendship to other cultures. Indeed, in their report Tourism as a Driver of Peace[1], the World Travel & Tourism Council shows direct correlations between countries that embrace tourism and greater levels of peace.

It was in this spirit that GPH inaugurated the Global Run. It is an annual celebration of community and harmony, attracting people from across boundaries and cultures to come together. The Global Run is hosted at a different GPH port city each year, with the aim of this 'world tour' touching each of our 13 locations in the coming years.

Previous years' events have taken place at Bodrum, Turkey (2014-2017 inclusive), Valletta, Malta (2015), and Bar/Kotor, Montenegro (2016).

2017: RAVENNA, ITALY

Our Global Run 2017 was hosted in Ravenna, with our title sponsorship of the 'Global Ports Maratona di Ravenna Città D'Arte'. This ancient city provided an inspiring and picturesque backdrop – and many UNESCO World Heritage sites – along the route of the course.

In keeping with our aim to celebrate cultural tolerance we were delighted that the race attracted no less than 43 different nationalities among the 8,000 competitors. This was also a natural opportunity to raise money for a local charity, and the runners' entry fees supported Project Margherita, an initiative of the Institute of Oncology Romagnolo (IOR). The project provides vital help in improving the quality of life of cancer patients in therapy.

OTHER INCENTIVES

Throughout the year, GPH ports were also proud participants in local community activities, ranging from fundraising for people with cerebral palsy to supporting orphanages for children without families or homes.

Valletta Cruise Port also signed the UNWTO Private Sector Commitment to the Global Code of Ethics for Tourism. This Code is a frame of reference for responsible and sustainable tourism development as endorsed by the United Nations General Assembly in 2001. In the same spirit, the other ports in the GPH network have their own focus on tourism ethics and raising standards.

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1. WTTC 2016

1. Source: https://sp.wttc.org/media-centre/press-releases/press-releases/2016/tourism-can-be-a-driver-of-peace/

Corporate responsibility continued

THE RIGHT THING FOR OUR PEOPLE

We believe that the true worth and standing of any company is measured by the way it treats people, both inside and outside of the organisation.

At Global Ports Holding we are committed to treating people equally, fairly and respectfully, applying both the letter but also the spirit of the law.

With this in mind we are signatories to the human rights defined in the United National Global Compact, the Universal Declaration of Human Rights, and the Declaration on Fundamental Principles and Rights at Work by the International Labour Organisation (ILO).

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

GPH commits to provide our people with a safe place to work, and one that is free of any kind of mistreatment, discrimination, harassment, exploitation, abuse and violence. We also compensate employees fairly and in line with market conditions.

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

We are aware of our responsibilities and obligations under the Modern Slavery Act and we work to ensure that we are in compliance across the Group. GPH has a performance management system that guides how we engage with employees.

The first component of this process, planning, is completed in 4 phases, as follows:

1. determining GPH targets: targets are defined by the CEO and approved by the Board of Directors;
2. determining Company targets: annual targets are defined by the Board of Directors for affiliated companies in line with GPH Holding's targets, and shared with the management team of each company;
3. determining department/branch targets: these are defined according to the targets determined and shared by the management team of each affiliate company; and
4. determining individual targets: these are defined following the communication of department targets to employees in their respective functions.

EMPLOYEE RIGHTS

We seek to ensure that our employees' rights are protected and that they have a harmonious and agreeable working environment. This is protected either by law or through the Company's code of conduct.

Rights

At GPH, we seek to ensure every employee has the right to employment with the Company that is free from discrimination and harassment.

Discrimination

Discrimination is prohibited at GPH in accordance with the principle that everyone has the right to equal treatment and respect. Discrimination can take both direct or indirect forms:

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

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

GENDER

GPH Overall full workforce composition	17%
GPH Senior Management gender composition C- level Only	25%
GPH Board gender composition	14%

As of December 2017 female employees accounted for 17% of the overall workforce. 25% for C-Suite senior management and 14% for Board of Directors.

GPH PLC will continue to focus on actions which will improve the diversity of our workforce. We are committed to better gender balance in senior management of the organisation and actively support the development of our high potential female talent.

We acknowledge that due to the nature of our business comparing with average our gender balance our ratio is quite low in our operations. We also aware that there are some opportunities across some parts of our business to achieve more balanced gender representation. In 2018 we will continue with our commitments to increase gender representation especially in our senior management.

THE RIGHT THING IN BUSINESS

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

The Group upholds all applicable local laws and the best practices of international ethical standards, and publishes an Anti-Bribery & Corruption Policy to which every employee and supplier is required to comply.

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

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

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

PRIZES, APPEARANCES AND HEADLINES IN 2017

"And the winner is…."

It is always a pleasure to win awards from our peers in the cruise industry, and over the last 13 years Global Ports Holding has received numerous accolades.

This reporting year brought more success, and in particular we were proud to gain 4 awards at the 'Oscars' of our industry, given by Cruise Insight at the prestigious Seatrade Cruise Global event. They were:

- Barcelona Cruise Port – 'Best Turnaround Port Operations 2017';
- Valletta Cruise Port – 'Best Terminal Operator 2017';
- Singapore Cruise Port – 'Best Turnaround Destination2017'; and
- Venice Cruise Port – 'Best Turnaround Destination 2017'.

In addition, our Lisbon port was named 'Europe's Leading Cruise Port' at the World Travel Awards, in the year that we also inaugurated our state-of-the-art Lisbon terminal. Venice was crowned Europe's leading Cruise Destination 2017.

Each award recognises the expertise, creativity and pride that our local teams bring to their particular ports. Externally, the awards also raise the profile of GPH and are a continuing validation as we discuss new plans with cruise lines, authorities and other stakeholders.

Seatrade Cruise Global 2017

GPH is an active participant in industry events that raise our profile among the sector's key decision-makers. In recent years we have been sponsors, speakers and exhibitors at all of the 'marquee' gatherings including Seatrade Cruise Global, Seatrade Europe, Italian Cruise Day, Cruise Lines International Association (CLIA) events, Posidonia Sea Tourism, Adriatic Sea Forum and Cruise Summit.

The global industry's flagship event is Seatrade Cruise Global, which in 2017 was held in Fort Lauderdale, Florida. GPH was a leading sponsor of the event, which attracted quality, in quantity: attending were more than 10,000 registered delegates, 700 exhibiting companies and 300 international journalists, drawn from 93 countries.

We exhibited to this highly targeted audience under our banner as 'The World's Largest Cruise Port Operator', and were invited to speak at the event's 'The Future of Cruising in Europe' session. It was a productive 4 days, as we held over 50 meetings with 26 different cruise lines, and indeed brought home the 4 awards mentioned above.

Seatrade Europe 2017

GPH took a similar message to Seatrade Europe 2017, a biennial event held in September, in Hamburg.

Again, an excellent audience of Europe's top cruise lines joined suppliers in every sphere, from cruise ports and shipyards to ship brokers and food and beverage producers. Our new Lisbon terminal was a hot topic during more than 40 meetings with 19 cruise lines.

Lisbon's award-winning new terminal

Lisbon, named as Best City in the Wallpaper Design awards, now has a cruise port to match. Our all-new €24 million facility was inaugurated in November 2017, having won a number of design awards even before it opened.

The project was the result of close collaboration between GPH, the terminal's renowned architect João Luís Carrilho da Graça, the Portuguese Government and local authorities. The new terminal takes the passenger experience to new heights while providing around 1,500 metres of pier for all kinds and sizes of vessel. For more details, please turn to page 54.

2018: We take centre stage

Having benefited from the exposure we gain at the industry's most prestigious event, we are doubly excited to have been selected as its host in 2018, and again for 2020. Our Lisbon Cruise Port has been chosen as the venue for Seatrade Med 2018, to bring together the major players, trends and innovations for the world's second largest cruise region and its adjoining seas. Another of our ports, Málaga, will perform the same role for this biennial event in 2020.

It means that at these particular events, GPH's showcase won't just be an exhibitor stand but an entire terminal, and we look forward to making a major impression on the Med's cruise industry.

This Strategic Report as set out on pages 2 to 119 was approved by the Board of Directors on 11 March 2018 and signed on its behalf by

EMRE SAYIN
CEO

MEHMET KUTMAN
Chairman

Corporate responsibility continued

Non-financial reporting area	Description of established policy	Monitoring and reporting of compliance	Associated KPIs	Associated principal risks
Environmental matters (including the impact of the Company's business on the environment)	Our environment; Safety: Our non-negotiable priority	GPH has integrated the Environment in one integrated policy for Health, Safety and the Environment. This policy has just been launched with the first phase of the project to be completed by the 3rd quarter of the year. This will be the Gap Analysis. GPH is conscious of the impact that maritime vessels have on the environment and is working closely with authorities in order to mitigate this in the ports in which we operate. These relate to carbon emissions, with GPH exploring the possibility of having onshore power provisioning in ports. Other environmental impacts such as congestion in historical sights are mitigated through our discussions with cruise lines in order to stagger visits to such sites as well as promoting new areas of interests for visitors	Greenhouse gas emissions	Safety and environmental risks specific to cargo handling. Port operations carrying inherent risks, and the Group may not be fully covered by its insurance
The Company's employees	Doing the right thing for people; Safety: Our non-negotiable priority	We are committed to conducting our business with an approach that respects human rights and advances them based on our values and principles. We support human rights consistently and in all locations, regardless of local commercial traditions. Our employees are expected to read, understand, and apply the Group's 'Human Rights Policy' and the Code of Ethics. We expect our suppliers, business partners and employees to adhere to the following conduct related to human rights: • strictly prohibiting child labour, and reporting abuses to the relevant authorities; • strictly prohibiting forced labour and abuse of employees; • prohibiting and preventing discrimination; • complying with laws on working hours, wages and rights; • ensuring safe and secure conditions for employees; • protecting the environment; • prohibiting and preventing bribery and corruption; and • respecting constitutional associations and collective bargaining rights.	Diversity matrix	Safety and environmental risks specific to cargo handling.
Social matters	Doing the right thing for communities	We attach importance to working in close cooperation with the communities in our areas of operation, and with our public stakeholders. Our Group implements processes that consider social, environmental, ethical and humanitarian issues. We expect our employees to contribute to these processes, and act in accordance with them.	Not applicable	Reputation risk due to fraud and bribery
Respect for human rights;	Doing the right thing for people; Safety: Our non-negotiable priority	The Code of Ethics Policy and Human Rights Policy apply to the Group employees all around the world and also apply to members of the Group's Board of Directors. Both policies are reviewed by the Remuneration Committee at least once a year in certain intervals and the practices are regularly monitored. Matters related to ethics and human rights are included in the general risk evaluation processes and risk evaluations are conducted annually. Policies are part of the Compliance and Internal Audit Department's annual programmes. The Compliance and Internal Audit Department presents a sample report of the audit results to the Corporate Governance Committee and contributes to the activities of the Remuneration Committee upon its request. In case there are any gaps and/or risks that arise from the ethical or human rights risk and impact evaluations, internal monitoring/control processes or from the stakeholder feedbacks, including the international and local non-governmental organisations, received through open stakeholder dialogue, the Remuneration Committee is responsible for improving the process and reviewing the policies.	Not applicable	Reputation risk due to fraud and bribery
Anti-corruption and anti-bribery matters	Doing the right thing for business	The Company expects all its subsidiaries and joint ventures to act in accordance with Anti-Bribery and Corruption Policy which covers our fundamental principles regarding Bribery and Corruption. Anti Bribery and Corruption Policy is reviewed by the Remuneration Committee at regular intervals, with continuous monitoring of practices, and annual reporting of relevant assessments. We aim to include bribery and corruption matters in the overall risk-based assessment processes, and conduct regular risk assessments annually. In accordance with risk assessment results, the Company will conduct checks designed to eliminate bribery and corruption risks in relevant areas and processes. The Remuneration Committee reports to the Board of Directors on a regular basis, with regard to the effectiveness of the anti-Corruption programme.	Not applicable	Reputation risk due to fraud and bribery

Corporate governance report

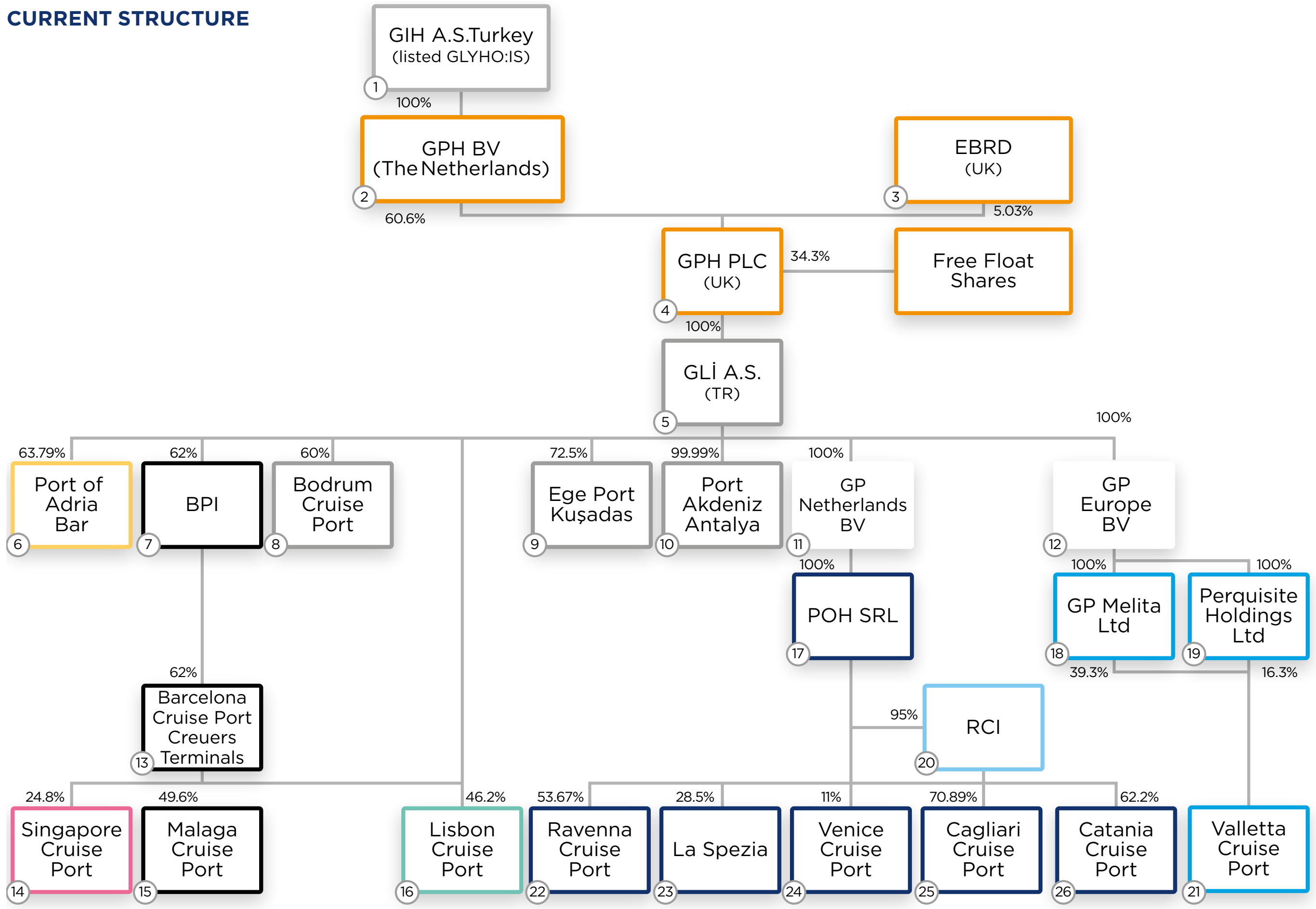
Organisational background and structure

Immediately before the Company's admission to the London Stock Exchange on 17 May 2017 (Admission), the Group was restructured by way of a share reorganisation for the purposes of the Admission. Pursuant to the reorganisation, GIH, being the principal shareholder of Global Liman İşletmeleri A.Ş. (GLI), transferred and assigned all of its shares in GLI to Global Ports Holding B.V. (GPH BV). Following this transfer, the shareholders of GLI became its other existing shareholder, European Bank for Reconstruction and Development (EBRD), and GPH BV. For the purposes of the Group restructuring, the shareholders of GLI then transferred all their shares to Global Ports Holding PLC (the Company) such that the Company became the sole shareholder of GLI. As a result, the Company now owns 100% of the operating group comprising GLI and its subsidiaries, while its ultimate parent has remained GIH.

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

For ease of reference please see the chart below showing the Group's current structure.

CURRENT STRUCTURE



KEY

— Turkey
— Spain
— Italy
— Malta
— Portugal
— Montenegro
— Singapore
— Cyprus
— Other

1. Global Yatırım Holding Anonim Şirketi
2. Global Ports Holding BV
3. European Bank of Reconstruction and Development
4. Global Ports Holding PLC
5. Global Liman İşletmeleri A.Ş.
6. Akcionarsko Društvo "Port Of Adria" Bar
7. Barcelona Port Investment SA
8. Bodrum Yolcu Limanı İşletmeleri Anonim Şirketi
9. Ege Liman İşletmerleri Anonim Şirketi
10. Ortadoğu Antalya Liman İşletmeleri Anonim Şirketi
11. Global Ports Netherlands BV
12. Global Ports Europe BV
13. Creuers Del Port de Barcelona SA
14. SATS Creuers Cruise Services
15. Cruceros Malaga SA
16. Lisbon Cruise Terminals LD
17. Port Operation Holding SRL
18. Global Port Melita LTD
19. Perquisite Holdings LTD
20. Royal Caribbean Investments LTD
21. Valletta Cruise Port PLC
22. Ravenna Terminal Passegeri SRL
23. La Spezia Cruise Facility SCRL
24. Venezia Terminal Passegeri SPA
25. Cagliari Cruise Port SRL
26. Catania Cruise Terminal SRL

Corporate governance statement

Chairman's introduction

Governing a successful business

Historically, the Group has been committed to increasing shareholder value and stakeholder satisfaction by adopting and adhering to world-class corporate governance guidelines, a commitment which was strengthened through its partnership with the European Bank for Reconstruction and Development commencing in 2015.

With the reorganisation of Group businesses under the Company early in 2017 and the subsequent admission on 17 May 2017 of the Company's share capital to the standard listing segment of the Official List and to trading on the London Stock Exchange PLC, our commitment to corporate governance gained further momentum.

The Company has publicly confirmed its intention to continue enhancing its corporate governance. As a standard listed company, the Company is not required to comply with the UK Corporate Governance Code (the 'Governance Code') published by the Financial Reporting Council. The Directors recognise the importance of good governance and consider the principles and recommendations contained therein and look to the Governance Code for guidance, continuing to put in place internal systems and processes with a view to achieving compliance with the Governance Code in the future. Although the decision has been made to fully focus management resources during 2018 on enhancing Company value, the Company intends to seek a premium listing in the short to medium term.

The Directors are acutely aware of their pivotal role in enhancing corporate governance, and the Board has adopted a number of policies, including a code of ethics which is substantially in line with best international practices (Code of Ethics). The Code of Ethics sets out guidelines for actions and decisions within the Company and towards its stakeholders. It drives the day-to-day actions of all employees, guides their behaviour toward internal and external stakeholders, is the basis for decisions made by the Company, and defines how the Company and its employees interact and respond to ethical issues facing the Company.

2017 has been a milestone year for the Group, during which much of the groundwork has been laid for its continued success in the future. We consider strong corporate governance to be central to that success and will continue our pursuit of best practice in that regard.

Mehmet Kutman
Chairman

Board of directors




	Mehmet Kutman	Ayşegül Bensel	The Rt. Hon. Peter Benjamin Mandelson	Thierry Déau
	Executive Chairman and Co-Founder	**Vice Chairperson, Non-Executive**	**Senior Independent Director (SID)**	**Independent Non-Executive Director**
Date of appointment:	11 April 2017	12 April 2017	12 April 2017	12 April 2017
Skills and experience:	Mr. Kutman has been Chairman of the Company since April 2017 and of GLI since April 2012 and is a founding shareholder of GIH. In addition to his active involvement in business development and project management for the Group on a transaction-by-transaction basis, Mr. Kutman is chairman of the boards of Directors of GIH, Port Akdeniz – Antalya and Bodrum Cruise Port. Mr. Kutman was formerly a director of Alarko REIT, a BIST-listed real estate investment trust. He is a member of TUSIAD (Turkish Industry & Business Association) and DEIK (Foreign Economic Relations Board). Prior to founding GMD in 1990, Mr. Kutman had been Project Manager at 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 endows Yale University's brain tumour research program through the Gregory M. Kiez and Mehmet Kutman Foundation.	Mrs. Bensel was appointed to the Board on 12 April 2017 and to the board of GLI in April 2004. Mrs. Bensel also is a member of the boards of Directors of GIH, Barcelona Cruise Port Creuers Terminals, Valetta Cruise Port, Port Akdeniz – Antalya, EgePort – Kuşadası and Bodrum Cruise Port. She has previously been a member of the board of Directors of Dağören Enerji, Global Enerji, Global Insurance, Mavi Bayrak and Torba, and chairperson of the board of Directors of Salıpazarı İnşaat. Mrs. Bensel is currently Managing Director of the Real Estate Division of GIH and CEO of Pera REIT Company. Until the sale of Global Hayat in 2005, Mrs. Bensel was chairperson of its board of Directors and was its CEO from its formation in 2003. Mrs. Bensel has also been a member of the board of Directors of GMD since its formation in 2004. Between 1993 and 1999, Mrs. Bensel was Assistant Director and then Co-Director of Research within GMD. Prior to joining GMD as an equity research analyst in 1991, Mrs. Bensel was a manager in foreign exchange dealings in the Turkish banking sector.	Lord Mandelson was appointed to the Board on 12 April 2017 and is a member of the board of GLI. Lord Mandelson is Co-founder and Chairman of Global Counsel, a regulatory, political risk and public policy advisory business based in London, Brussels and Singapore. He is a former European Trade Commissioner and British First Secretary of State. Previously, he was Minister without Portfolio, Secretary of State for Trade and Industry, Northern Ireland Secretary and Secretary of State for Business, Innovation and Skills in the British government between 1997 and 2010. He was MP for Hartlepool from 1992 until 2004 and Director of Campaigns and Communications for the Labour Party between 1985 and 1990. Lord Mandelson is President of the Great Britain China Centre, which encourages dialogue and collaboration between Britain and China and of the German British Forum, a bilateral forum promoting dialogue on German-British business, social and political issues. He is Chancellor of Manchester Metropolitan University and President of the Policy Network think tank and Senior Adviser to Lazard.	Mr. Déau was appointed to the Board on 12 April 2017 and is a member of the board of GLI. Mr. Déau began his career in Malaysia with the construction firm GTM International. He then joined France's Caisse des Dépôts et Consignations where he held several positions with its engineering subsidiary Egis Projects, moving up from project manager to Director of Concession Projects through to his appointment as Chief Executive Officer of Egis in 2001. In addition to being in charge of international operations for the Egis Group Executive Committee and serving on its Risk Management Committee, Mr. Déau was a member and/or Chairman of the boards of several subsidiaries. Mr. Déau founded Meridiam in 2005 with the support of the Crédit Agricole group. He is currently Meridiam's Chairman and Chief Executive Officer, as well as its main shareholder, along with several members of the team.
Other roles:	Chairman of the boards of Directors of GIH, Port Akdeniz – Antalya and Bodrum Cruise Port.	Vice Chairperson of GLI, member of the boards of Directors of GIH, GMD and several Group subsidiaries, Managing Director of the Real Estate Division of GIH and CEO of Pera REIT Company.	Co-founder and Chairman of Global Counsel, President of the Great Britain China Centre, President of the German British Forum, Chancellor of Manchester Metropolitan University, President of the Policy Network think tank and Senior Adviser to Lazard.	Chairman and Chief Executive Officer of Meridiam.
Education:	Mr. Kutman holds a BA (Hons.) degree from Boğaziçi University and an MBA from the University of Texas.	Mrs. Bensel holds a BA in Business Administration and Finance from Hacettepe University, Ankara.	Lord Mandelson studied Philosophy, Politics and Economics at St. Catherine's College, Oxford.	Mr. Déau graduated from Ecole Nationale des Ponts et Chaussées' engineering school in Paris.



	Jérôme Bernard Jean Auguste Bayle	Thomas Josef Maier	Ercan Nuri Ergül
	Independent Non-Executive Director	**Non-Executive Director**	**Non-Executive Director**
Date of appointment:	12 April 2017	12 April 2017	11 April 2017
Skills and experience:	Mr. Bayle was appointed to the Board on 12 April 2017. Mr. Bayle has held top executive positions in various countries for Tetra Pak over 32 years. Amongst 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, organisational processes and development. He has garnered numerous awards during his professional career and has been recognised for his many contributions to business and social organisations.	Mr. Maier was appointed to the Board on 12 April 2017 and is a member of the board of GLI. Since August 2017, he has also been a regional non-executive director of Meridiam funds that cover Central and Eastern European countries. Mr. Maier was, until 30 April 2017, the Managing Director for Infrastructure at the European Bank for Reconstruction and Development. As such, he oversaw EBRD's operations in the Municipal and Environmental Infrastructure and Transport sectors. Previously, Mr. Maier worked at NatWest Markets engaged in acquisitions, management buy-outs and highly leveraged transactions in the UK and Western Europe.	Mr. Ergül was appointed to the Board on 11 April 2017 and is a member of the boards of Directors of GLI, Port Akdeniz – Antalya and Bodrum Cruise Port. Mr. Ergül is also a manager of SEEF, a USD 320 million private equity fund with investments in Turkey, Albania and Kosovo. He has spent his career as a private equity and investment banking professional, beginning in the corporate credit group of Citibank in Turkey.
Other roles:	None.	Regional non-executive director of Meridiam funds that cover Central and Eastern European countries.	Manager of SEEF and member of the boards of Directors of Port Akdeniz – Antalya and Bodrum Cruise Port.
Education:	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.	Mr. Maier holds a degree in Public Management and an MA in Development Economics.	Mr Ergül received his undergraduate degree from Middle East Technical University in Ankara, Turkey, and holds a Master's of Business Administration with a concentration in Finance from the University of Florida.

Senior management





Emre Sayın

CEO

Stephen Xuereb

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

Ferdağ Ildır

Chief Financial Officer (CFO)

Arpak Demircan

Chief Business Development Officer (CBDO)

Dr. Ece Gürsoy

Chief Legal Officer (CLO)

Date of appointment:

16 May 2016

01 June 2002

10 May 2005

07 June 2004

15 January 2018

Skills and experience:

Mr. Sayın has been CEO of GLI since 2016 and was appointed CEO of the Company on 12 April 2017. Mr. Sayın started his carrier as Management Expert at Merrill Lynch, Princeton in 1992. In 1993 he joined Unilever and worked at high-level positions for 7 years at various departments including Marketing and Management of chain stores. Following Unilever he moved to Microsoft where he became Marketing Deputy General Manager, for the following 3 years. He continued his career as the General Manager of Kodak until 2005. From 2005 to 2007, he worked as Marketing Deputy Director at Evyap. Mr. Sayın worked at high-level positions, such as Deputy Director of Retail Sales and Marketing Departments and Deputy General Director of Corporate Services in Turkcell reporting directly to the CEO, for 7 years. Prior to joining GLI, he worked as Deputy General Director of Business Development at Vimpelcom, Amsterdam, and Senior Advisor at Verizon, New York in the last 3 years.

Mr. Xuereb has been employed by GLI since its inception in 2002 and was appointed as Group Chief Financial Officer in 2009. He was responsible for establishing the finance and administration function, overseeing the financing of a €37 million capital intensive project in connection to the acquisition of GLI's shareholding in Valletta Cruise Port as well as playing an active role in developing the cruise line business and ancillary support services in Malta. Mr. Xuereb has also been General Manager of Valletta Cruise Port since June 2014. Mr. Xuereb has over 20 years of senior management experience, 13 of which in the cruise industry. He has previously held positions in the audit and financial advisory sectors, as well in the retail, property and hospitality industries.

Ms. Ildır was appointed Chief Financial Officer of GLI in 2010. Previously, she was the Chief Financial Officer of Ege Port-Kuşadası, Bodrum Cruise Port and Port Akdeniz – Antalya. She has been involved in all of the Group's past port projects, taking an active role in the formation of the current portfolio. Between 2010 and 2012, besides port operations, she was also responsible for the energy operations. Before joining GLI, Ms. Ildır was Accounting Division Manager at the Teba Group from 2004 to 2005. She held various positions at Arthur Andersen and Ernst & Young between 1993 and 2004.

Since 2007, Mr. Demircan had been the Vice President of Business Development at GIH. From 2004 to 2007, Mr. Demircan held a range of positions within the Business Development department of GIH. In this capacity, he assumed such key responsibilities as establishing the Group's portfolio of ports and leading a number of M&A and major privatisation transactions in the infrastructure and transportation sectors, both in Turkey and abroad. Mr. Demircan serves on the board of Directors of Ege Port – Kuşadası, Bodrum Cruise Port and Port Akdeniz – Antalya.

Dr. Gürsoy was appointed CLO as of 15 January 2018. Prior to joining the Company, Dr. Gürsoy served for 6 years as the Chief Legal Officer, Company Secretary and Executive Director of Lightsource Renewable Energy Holdings Limited. Before becoming an in-house lawyer, she spent over 8 years at international law firms Dentons and White & Case specialising in project finance, infrastructure, energy and private equity, working on a wide range of Public Private Partnerships, Private Finance Initiatives, infrastructure, concessions and renewable projects. Dr. Gürsoy is a member of the Law Society of England and Wales and the Istanbul Bar Association. She is also a member of the board of the Turkish British Chamber of Commerce and Industry where she served as Company Secretary between 2015 and 2017 and was recently appointed Vice-Chairman.

Education:

Mr. Sayın holds an Industrial Engineering degree at Boğaziçi University and postgraduate degrees in System Engineering at Rutgers and Princeton Universities.

Mr. Xuereb is a Fellow of the Chartered Institute of Accountants and a Henley MBA graduate.

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

Mr. Demircan holds a BSc 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.

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



Colin Murphy

Regional Coordinator – The Americas

Carla Salvado

Director of Cruise Marketing

Mark Robinson

Chief Commercial Officer

Alison Chilcott

Company Secretary

Date of appointment:

17 April 2017

15 February 2016

26 February 2018

20 October 2017

Skills and experience:

Mr. Murphy joined Global Ports Holding in April 2017 in the position of Regional Coordinator – The Americas. This followed a 19-year career with Norwegian Cruise Line, where he managed several operational divisions including the Shore Excursion and Onboard Revenue functions, which constituted c. 30% of company revenues.

More recently, he was Senior Vice President, Destination and Strategic Development, of Norwegian Cruise Line Holdings. He oversaw various port-related development projects, negotiated major port agreements and was responsible for government relations.

He has served as Chairman of the Operations Committee of the Florida Caribbean Cruise Association, and has been a member of CLIA's Global Ports Committee.

Ms. Salvado was appointed Director of Cruise Marketing at GLI 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 served on the boards of Directors of Barcelona Cruise Port Creuers Terminals, Malága Cruise Port and MedCruise. In September 2014, she was appointed President of MedCruise. She is also member of the Passenger Committee Network of European Sea Ports Association (ESPO).

Mr Robinson was appointed Chief Commercial Officer, effective 26 February 2018. Prior to joining the Company he held a similar role at PortAventura World Parks & Resorts from 2016-2017. He was instrumental in creating the commercial strategy implementation while leading all key corporate development initiatives for international growth.

Prior to this, in 2003, he established Intercruises Shoreside & Port Services as a start-up within the TUI Travel & Hotelbeds Group. Over 13 years he created a successful global enterprise, growing from a one-port operation into the world's number one global port services business with a turnover of over €350m euros, with EBITDA of 14m euros.

Prior to Intercruises he was Senior VP, On-board Revenue, Land Programmes & Commercial for Festival Cruises in Athens, Greece. He also held early roles with First Choice and Thomson Holidays.

Ms Chilcott has been Company Secretary since 20 October 2017. After training and working in Toronto with the firms of McCarthy Tétrault and Torys, Ms. Chilcott joined GMD and later GIH, where she worked as a legal advisor from July 1996 to September 2008. Ms. Chilcott then joined the BVI office of Conyers Dill & Pearman, where she practiced corporate law, specialising in investment funds and financing, between 2008 and June 2014 before moving to the UK. Prior to her appointment to the Company, Ms. Chilcott worked for a UK company secretarial firm from December 2015. Ms. Chilcott was admitted to the Ontario Bar in 1990, the Eastern Caribbean Supreme Court in 2011, and has been a solicitor in England and Wales (non-practising) since 2011. Ms. Chilcott replaced TMF Corporate Administration Services Limited, who were appointed as company secretary to the Company on 11 April 2017 and resigned with effect from 25 October 2017.

Education:

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

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

Mr Robinson holds a degree in International Travel & Tourism from the University of Manchester, UK, he has also attended and passed a 4 week senior advanced leadership and management course at INSEAD Paris Fontainebleau.

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

Port management

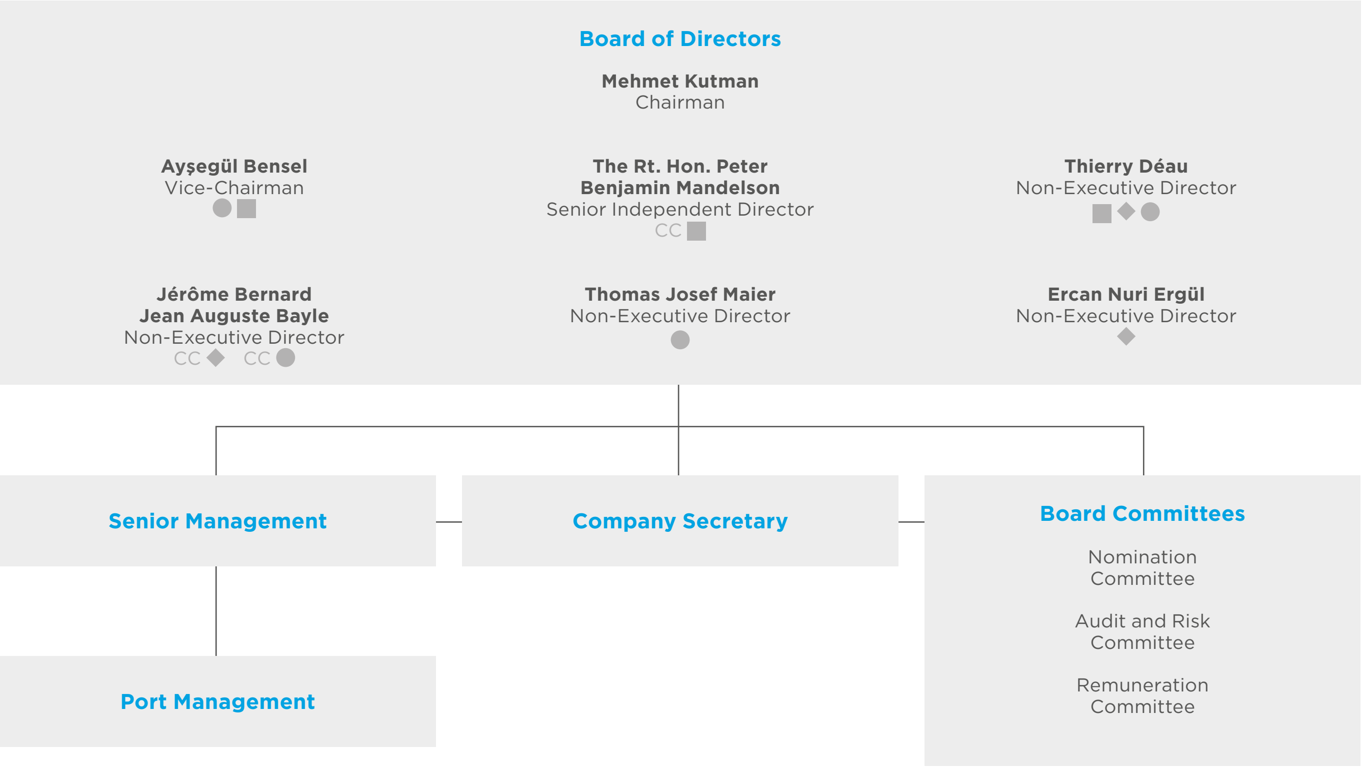
	Date of appointment:	Skills and experience:	Education:
Özgür Sert **General Manager Port Akdeniz – Antalya**	04 August 2011	Mr. Sert has served as the General Manager of Port Akdeniz - Antalya since 2011. He is also a part-time lecturer in the department of logistics at Akdeniz University & MAE University. Previously, Mr. Sert served as Business Development Manager of GIH from 2011 to 2012. He has held various executive positions in the shipping business, including operations manager and commercial manager in ship management companies. He has also worked in agencies and container terminals. Mr. Sert previously served as a captain in a Turkish merchant marine fleet between 2000 and 2007.	Mr. Sert holds a BSc in Maritime Management of Engineering Istanbul Technical University, an MSc in Occupational Health & Safety and an MBA from Antalya International University. He attended the Executive Maritime Management PgDip programme at World Maritime University and completed a MSc in Finance & Accounting at MAE University.
Sedat Kara **General Manager Port of Adria – Bar**	03 September 2012	Mr. Kara was appointed General Manager of Port of Adria - Bar in December 2015. Mr. Kara joined GLI at Port Akdeniz - Antalya in 2012 to take an active role managing commercial activities at the port. He was promoted to Commercial Coordinator of Port of Adria - Bar in November 2013. Mr. Kara made a detailed analysis of the port hinterland in the Balkans and examined the future commercial expectations of Port of Adria in the context of supply chain variables and competition in the region.	Mr. Kara graduated from Dokuz Eylül University, Izmir from the Department of Maritime Business and Management in 2009.
Aziz Güngör **General Manager Ege Port – Kuşadası and Bodrum Cruise Port**	01 March 2006	Mr. Güngör has been the General Manager of Ege Port – Kuşadası since 2006 and has also been the General Manager of Bodrum Cruise Port since 2008. Prior to joining GLI, Mr. Güngör served as both the Marina Manager of Setur Kuşadası Marina and the Sales and Marketing Director of Setur Marinas Group, a privately-operated marina chain company 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 the Turkish Marine Tourism Association between 2011 and 2013 and as a board member of MedCruise in 2014. Since 2014, he served as a board member of TÜRKLİM (the Port Operators Association of Turkey). Mr. Güngör began his career in the marine tourism sector in 1994 as a management trainee at the Tourism Division of Koç Holding and held variety of executive positions within the Koç Group until 2006.	Mr. Güngör holds a Bachelor's degree in Tourism Administration and Hospitality Management from Mediterranean University, Turkey.
Ricardo Ferreira **General Manager Lisbon Cruise Port**	02 June 2014	Mr. Ferreira has served as General Manager of Lisbon Cruise Port since 2014. Prior to his appointment, Mr. Ferreira worked as Hotel & Resort Operations Manager (Deputy GM) at Praia D'El Rey Marriott Golf & Beach Resort from November 2013 until June 2014, and as Operations Director of Sonae Turismo and Troia Resort Apartamentos Turisticos between January and October 2013.	Mr. Ferreira received a PGG from the General Management Program at the Lisbon School of Business & Economics in 2011 and a degree in Corporate Sciences from Universidade Fernando Pessoa in 2009.
Susana Gutierrez **General Manager Malága Cruise Port**	01 February 2008	Ms. Gutierrez has been the General Manager of Málaga Cruise Port since 2008. Prior to her appointment, Ms. Gutierrez worked for 3 years as planning and coordination manager at Malagaport and coordinated Malagaport Services' publicity and commercialisation activities.	Ms. Gutierrez graduated from University of Málaga with a degree in Translation and Interpretation and holds a Cruise Ship Industry Master's Degree from the University of Cambridge. She also holds an Executive Management Development Master's Degree from the International Business Institute of San Telmo. She has also completed Professional Cruise Ship Education at MedCruise and received Port Facility Security Certification from Universidad Politècnica de Catalunya.
Gonca Uygun **Manager Bodrum Cruise Port**	26 June 2013	Mrs. Uygun has served as Bodrum Cruise Port Manager since June 2013. Previously, after holding the position of Operations Manager of D-Marin Turgutreis Marina for 8 years, Mrs. Uygun was the Managing Director of several privately-owned marinas. She was also the Marina Manager at Kemer Turkiz Marina in the Antalya region, Aganlar Boat and Shipyard in Bodrum and Marinturk Pendik Marina in Istanbul before joining GLI. She is a Member of SKAL Turkey (the International Association of Travel and Tourism Professionals).	Mrs. Uygun holds a Bachelor's degree in Management from Middle East Technical University, Turkey.
Stephen Xuereb **General Manager Valletta Cruise Port**	01 June 2002	Mr. Xuereb has been employed by GLI since its inception in 2002 and was appointed as Group Chief Financial Officer in 2009. He was responsible for establishing the finance and administration function, overseeing the financing of a €37 million capital intensive project in connection to the acquisition of GLI's shareholding in Valletta Cruise Port as well as playing an active role in developing the cruise line business and ancillary support services in Malta. Mr. Xuereb has also been General Manager of Valletta Cruise Port since June 2014. Mr. Xuereb has over 20 years of senior management experience, 13 of which in the cruise industry. He has previously held positions in the audit and financial advisory sectors, as well as in the retail, property and hospitality industries.	Mr. Xuereb is a Fellow of the Chartered Institute of Accountants and a Henley MBA graduate
Javier Rodríguez Sánchez **General Manager Barcelona Cruise Port**	19 June 2017	Mr. Rodríguez Sánchez has been General Manager of Barcelona Cruise Port since June 2017. Prior to joining the Company, Mr. Rodríguez Sánchez served as Port, Ground, Shorex & Cruise Operations Director in Pullmantur Cruises from December 2010 until June 2017. He has also worked in many roles within the shipping industry, including for Maersk Line for over 3 years, the port agency business and as a deck officer on board ferries with Trasmediterranea.	Mr. Rodríguez Sánchez holds a Bachelor's Degree in Nautical Studies from the Nautical School of Santander and an E-MBA from EAE Business School.
Antonio Di Monte **General Manager Cagliari Cruise Port, Catania Cruise Port and Ravenna Cruise Port**	15 May 2012	Mr. Di Monte was appointed General Manager of Cagliari Cruise Port & Catania Cruise Port in 2016 and General Manager of Ravenna Cruise Port in 2017. He has served as the CEO of the Cagliari Cruise Company since its inception in August 2012. Previously, Mr. Di Monte worked for over 25 years in the field of marinas and yachting, occupying top management positions in various public and private companies and playing a key role in the planning, implementation and management of a number of major marinas in Italy. Mr. Di Monte has been a registered Statutory Auditor on the Italian Official Register of Auditors since 2005 and was certified as a Port Facility Security Officer by the Venice Maritime School in 2014.	

Corporate governance framework

THE ROLE OF THE BOARD AND ITS COMMITTEES

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

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



Board of Directors

Mehmet Kutman
Chairman

Ayşegül Bensel
Vice-Chairman
● ■

The Rt. Hon. Peter Benjamin Mandelson
Senior Independent Director
CC ■

Thierry Déau
Non-Executive Director
■ ◆ ●

Jérôme Bernard Jean Auguste Bayle
Non-Executive Director
CC ◆ CC ●

Thomas Josef Maier
Non-Executive Director
●

Ercan Nuri Ergül
Non-Executive Director
◆

Senior Management

Port Management

Company Secretary

Board Committees

Nomination Committee

Audit and Risk Committee

Remuneration Committee

CC Committee Chairman
■ Nomination Committee
◆ Audit and Risk Committee
● Remuneration Committee

The Board also considers legislative, environmental, health & safety, governance and employment issues and approves policies. The Board is also ultimately responsible for determining the nature and extent of significant risks and maintaining sound risk management and internal control procedures throughout the Group. The Board's specific responsibilities in that regard are: to ensure the design and implementation of appropriate risk management and internal control systems that identify the risks facing the Group and enable the Board to make a robust assessment of the principal risks; to determine the nature and extent of the principal risks faced and those risks which the Group is willing to take in achieving its strategic objectives (risk appetite); to ensure that appropriate culture and reward systems have been embedded throughout the Group; to agree how the principal risks should be managed or mitigated to reduce the likelihood of their incidence or their impact; to monitor and review the risk management and internal control systems, and management's process of monitoring and reviewing, and satisfying itself that they are functioning effectively and that corrective action is being taken where necessary; and to ensure sound internal and external information and communication processes and taking responsibility for external communication on risk management and internal control.

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

The Committees: On 12 April 2017, the Board constituted 3 committees, namely: the Nomination Committee, the Audit and Risk Committee and the Remuneration Committee.

The members of the committees were all appointed on 12 April 2017, except that Thierry Déau was appointed as a fourth member of the Remuneration Committee on 16 August 2017. A majority of the members of each of the committees are independent of the majority shareholder, GIH.

The Terms of Reference for each committee can be found on the website at www.globalportsholding.com under Investors – Corporate Governance.

Nomination Committee: The Nomination Committee reviews the balance of skills, knowledge and experience of the Board and its committees.

Audit and Risk Committee: The Audit and Risk Committee reviews the integrity of the financial information provided to shareholders, oversees the Company's system of internal controls and risk management, approves the internal and external audit process, and monitors the process for compliance with relevant laws, regulations and policies. An internal audit function is being put in place which will report initially to the Audit and Risk Committee. A new Head of Internal Audit, Seda Tunca, started on 1 March 2018.

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

OPERATION OF THE BOARD

MEETING ATTENDANCE

Since the Company's incorporation, the Board has held a number of meetings, including organisational meetings prior to Admission and quarterly meetings in June, August and December 2017. Going forward, the Board will meet regularly, at least once a quarter.

The table below and the attendance tables in the Committee reports show the number of meetings individual Directors could have attended and their actual attendance. Only the attendance of Directors is shown in the table below, although the CEO and other members of Senior Management have also attended at the invitation of the Chairman.

Director	Attendance	No. of Meetings
Mehmet Kutman[1]	8	8
Ayşegül Bensel	7	7
The Rt. Hon. Peter Benjamin Mandelson	7	7
Thierry Déau	6	7
Jérôme Bernard Jean Auguste Bayle	7	7
Thomas Josef Maier	7	7
Ercan Nuri Ergül[1]	8	8

1. Messrs. Kutman and Ergül were appointed on 11 April 2017; the other Directors were appointed by them on 12 April 2017

The Directors also approved 3 unanimous written resolutions.

RETIREMENT AND ELECTION

There were no retirements from the Board in 2017.

The Directors are subject to election by shareholders at the first Annual General Meeting (AGM) after their appointment and re-election at each AGM thereafter. All members of the Board will retire and seek election by shareholders at this year's AGM.

INDEPENDENCE

3 of the Board's 7 members were nominated by GIH, in accordance with a Relationship Deed (dated 2 May 2017) between the Company, GPH BV and GIH. The remainder of the Board members are independent of the controlling shareholder, GIH. However, pursuant to the Framework Deed (dated 2 May 2017) between the Company and EBRD, EBRD has the right, for so long as it continues to hold at least 5% of the voting shares in the Company, to nominate 1 member of the Board, provided that such Board member is independent of the controlling shareholder.

Although the Board acknowledges that Thomas Maier (as an ex-employee of EBRD) and, for that matter, any Director nominated by EBRD, would not be considered independent for the purposes of the Governance Code, the rest of the Board nonetheless consider his role to be akin to that of an Independent Director for 2 reasons:

- First, the unique nature of the EBRD, which is owned by 65 countries from 5 continents, as well as the European Union and the European Investment Bank and is therefore distinguishable from an ordinary private sector investor. The Board notes that the EBRD is committed to the highest standards of corporate governance and so views Thomas Maier's connection to the EBRD in a positive light.
- Secondly, the fact that Mr. Maier is in fact independent of the controlling shareholder, GIH, which the rest of the Board considers to be significant from a governance perspective.

As such, when Mr. Maier's Board seat is combined with those of Lord Mandelson, Thierry Déau and Jérôme Bernard Jean August Bayle, a majority of Directors are independent of the controlling shareholder, GIH.

CONFLICTS OF INTEREST

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

DIRECTORS' INDEMNITY AND INSURANCE

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

THE ROLE OF SENIOR MANAGEMENT

Day-to-day management of the Group is delegated to the CEO and his senior management team consisting of the COO, CFO, CBDO, CLO and the Director of Cruise Marketing, who are supported by finance, human resources, investor relations and other and administrative staff. The Board communicates with senior management primarily through the CEO, who normally attends Board and Committee meetings in whole or in part. An extensive update from the CEO has become a standard item on the agenda for all Board meetings since the Company's re-registration as a public company.

The CFO and other members of Senior Management also attend Board meetings at the Chairman's request, while the Company Secretary also acts as a liaison with Senior Management and cooperates closely with the CLO.

In turn, Senior Management oversee and interact with the individual port management teams.

The Company has a well-defined operating model that relies on 4 distinct pillars: organisation; governance; functions and technology. The Group's proprietary operating model centralises the senior management of the operations of each port within its enterprise and is based on operational and commercial synergies to promote maximum efficiency.

There are significant differences (from concessions to legislation) in the operations of each of the Group's ports, and as a result, there is no single operating model which covers all ports and headquarters. The operating model's pillars are defined in harmony within the Company's integration agenda: to identify and capitalise on potential synergies; service opportunities and operational efficiency. As such, the Company's headquarter operations and port operations are able to share and combine best practices.

DIVISION OF RESPONSIBILITIES

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

The Chairman is primarily responsible for leadership of the Board and has a pivotal role in creating the conditions for individual Director and Board effectiveness and ensuring a culture of openness and debate in the boardroom. The Chairman is responsible for setting the Board's agenda and works closely with the Company Secretary in this regard. He ensures that adequate time for discussion is afforded to all agenda items at meetings. It is also the responsibility of the Chairman to ensure effective communication with the shareholders.

The CEO and the Senior Management Team are responsible for satisfactory execution of the policies and strategy agreed by the Board.

The Chairman

The Chairman's role is to lead an effective Board, which provides direction to the Senior Management team.

Chief Executive Officer

The role of the CEO is to lead the executive management team. The CEO is not a member of the Board but he reports to the Board and is accountable to it.

Senior Independent Director

The role of the SID is to provide an alternative communication channel between the Chairman and the Board and to provide an alternative point of contact for shareholders to raise any issues and concerns.

DIVERSITY

The Company does not currently have a distinct, Group-wide diversity policy, but such a diversity policy is being prepared for review and adoption by the Board during 2018.

The principle of diversity is currently recognised in the Code of Ethics, which sets out the Group's commitment to maintaining a comprehensive and diverse workplace, and the separate Human Rights Policy, which mandates fair and equal processes in recruitment and employment. Consistent with our commitment to diversity, there is a mix of men and women and diverse ethnic backgrounds throughout the Group and on the Company's Board.

Corporate governance framework continued

AREAS OF FOCUS DURING THE YEAR

In addition to meetings in advance of Admission, the Board held quarterly meetings in June, August and December 2017.

The Board considered a range of governance matters during the year which included, but were not limited to, the constitution of its committees, and the adoption of numerous Group policies, including the Code of Ethics and human rights, securities dealing and inside information policies.

At each of its quarterly meetings, the Board received and discussed extensive updates from the CEO, including business performance and strategy, and engaged in extensive discussion regarding business development. The Board also received regular reports from the chairman of each of the Audit and Risk and Remuneration Committees and from the Company's auditors, and in August, it approved the Company's interim dividend (on the basis of interim accounts).

BOARD EVALUATION

In 2018, the Company plans to introduce the formal annual evaluation of the performances of the Committees, the Board, and the individual Board members. The evaluation will be undertaken annually as an internal assessment carried out by the Board's Chairman, and once every 3 years it will be carried out by an external consultant.

RISK AND INTERNAL CONTROL

The Board is responsible for the Group's systems of internal control and for reviewing its effectiveness, whilst the role of management is to implement Board policies on risk and control.

However, this system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and internal controls can only provide reasonable assurance against misstatement or loss. We note the Governance Code recommendation that the Board review the effectiveness of the Group's system of internal controls at least annually, including financial, operational and compliance controls, and risk management and it is intended that the Audit and Risk Committee will conduct such reviews going forward and report thereon to the Board.

Risk management: The Group's assessment of the principal risks and uncertainties is described within the Strategic Report on pages 42 to 51 and in the Risk Management Framework on pages 42 to 51, which outlines the ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

Internal control: The Group has an established framework of internal controls, which includes the following key elements:
- the Board reviews Group strategy, and Senior Management are accountable for performance within the agreed strategy;
- the Group ports operate control procedures designed to ensure complete and accurate accounting of financial transactions and to limit exposure to loss of assets or fraud;
- the Audit and Risk Committee meets regularly and its responsibilities are set out in the Audit and Risk Committee Report. It will receive reports from the Internal Audit function on the results of work carried out under an annually agreed audit programme, and also has full and unfettered access to the external auditors;
- the Internal Audit function will facilitate a process whereby operating entities provide certified statements of compliance with specified and appropriate key financial controls; those controls will be then cyclically tested by Internal Audit to ensure they remain effective and are being consistently applied; and
- the Audit Committee will annually assess the effectiveness of the assurance provided by the internal and external auditors.

SHARE CAPITAL AND SHAREHOLDERS

SHARE CAPITAL

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

The share capital of the Company consists of 1 class of ordinary shares.

On 12 July 2017, the nominal value of the ordinary shares was reduced by court order from £5.00 to £0.01 each. Each ordinary share carries the right to 1 vote at general meetings of the Company, to receive any dividends declared according to the amount paid up on the share, and under general law to participate proportionally in any surplus assets on winding up. The Directors are not aware of any agreements between holders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights.

At Admission, 50,000 redeemable non-voting preference shares (Redeemable Shares) with a nominal value of £1.00 each were in existence and were held by GPH BV. The Redeemable Shares were redeemed for their nominal value in accordance with their terms on 20 February 2018 and therefore have now been cancelled. The Company does not intend to issue any further redeemable preference shares.

There were no employee share schemes in place during 2017, however the Company intends to introduce a share-based incentive plan (LTIP) in 2018 for the benefit of senior managers and any future Executive Directors. Details of the LTIP, which is subject to shareholder approval at the upcoming AGM, are set out on page 148 of the Remuneration Committee Report (Remuneration Report).

No person has any special rights of control over the Company's share capital and all issued shares are fully paid. No shares were repurchased by the Company during 2017.

SUBSTANTIAL SHAREHOLDINGS

As at 29 December 2017, the Company had been notified in accordance with Rule 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company:

Substantial shareholder	% of total voting rights[1]	Date of last notification
Global Ports Holding B.V.	60.60%	9 June 2017
EBRD	5.03%	12 May 2017
GIC Private Limited	Above 5%	22 June 2017
Lansdowne Partners	5.08%	23 August 2017

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

The Company is 60.60% owned by GPH BV, which is a wholly-owned subsidiary of GIH, which itself is listed on Borsa Istanbul under the ticker 'GLYHO'. EBRD holds 5.03% of the total issued share capital of the Company and the remaining 34.37% represents free float.

The Directors and senior managers of the Company do not have any direct ownership of shares of the Company. However, as at the 2017 year-end, Mehmet Kutman owned, directly and indirectly, approximately 21.8% of GIH, representing approximately 13.2% in the Company.

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

RELATIONS WITH SHAREHOLDERS

The Company has updated its website and created a page dedicated to investor relations, which includes relevant contact details, the Company's annual reports and detailed corporate governance information for investors. Please see www.globalportsholding.com – Investors.

The Board considers its relationship with its shareholders to be important and readily enters into dialogue with them. On behalf of the Board, the Company has consulted extensively with its principal shareholders during the course of 2017 in relation to the ongoing progress of the Company and also in relation to identifying appropriate executive incentive arrangements. The Company is aware of the stewardship obligations of institutional investors as set out in the UK Stewardship Code and will work with its institutional investors to ensure that they are able to satisfy these requirements.

Senior Management met with shareholders during the year and all of the Directors have agreed to make themselves available for meetings with shareholders as required. The Company participated in the SMID and Travel & Leisure Conference in September 2017 and the J.P. Morgan Credit and Equities Emerging Markets Conference in October 2017. Also in September 2017, management held a non-deal roadshow in the UK and continental Europe, covering nearly 75% of the free float.

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

ANNUAL GENERAL MEETING

The Company's first AGM is to be held at The Westbury Hotel, 37 Conduit Street, London W1S 2YF, United Kingdom, on Tuesday, 8 May 2018 at 10.00 a.m.

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

Audit and risk committee report
Introduction by the committee chairman

Protecting our shareholder interests

The Audit and Risk Committee has a vital role in the financial probity of the business so that shareholder interests are properly protected. It does this primarily through a focus on financial controls and risk management, financial reporting and on the independent external audit of this annual report and accounts.

During 2017, the Committee has reviewed the Company's initial and interim accounts and this Annual Report and the Company's annual accounts, focusing on key judgements as well as the completeness and overall balance of reporting to shareholders. The external auditor, Deloitte LLP, appropriately challenged management's key judgements and estimates as part of their audit work and the Committee has reviewed their written reports provided.

Going forward, the Committee will play an expanded role in monitoring the Group's internal financial controls and reviewing its risk management processes, systems and reports.

Specifically, with respect to financial reporting and significant financial judgements for 2017, the Committee closely considered the following:

- whether the carrying value of goodwill, intangible assets and property, plant & equipment held by the Group should be impaired. In doing so, the Committee considered the report of the external auditor, which pinpointed risk to the recovery of the assets associated with Ege Port, and the impairment review of Ege Port performed by management which showed headroom of €52.2 million. Both concluded that no impairment was necessary, and on that basis the Committee was satisfied that the business was not impaired and approved the disclosure in the 2017 Financial Statements;
- accounting for the Group restructuring, IPO and capital reduction, which involved the application of complex accounting and legal requirements. It was noted that the external auditor had finalized its work and had no matters to draw to the attention of the Committee; and
- the 2017 Annual Report, being the Company's first annual report as a UK public company, to ensure that it complied with applicable legal and regulatory requirements. Noting that the Annual Report had been reviewed in its entirety by the external auditor and parts of it had been prepared and/or reviewed by the Company's external legal advisor and an independent remuneration adviser, the Committee was satisfied that the Annual Report, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The Committee will be supported in its review of financial controls by the new Head of Internal Audit and internal audit team who will examine and report on the adequacy of the Group's procedures from a risk-based perspective. The Committee will debate and approve their annual plan, as well as changes thereto, and receive regular reports on their work. Where appropriate the Committee will meet with relevant management to gain further assurance on implementation of key controls.

The members of the Audit and Risk Committee will continue to play an expanding role within the Company during 2018.

Jérôme Bernard Jean Auguste Bayle
Chairman of the Audit
and Risk Committee
11 March 2018

ROLE OF THE AUDIT AND RISK COMMITTEE

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

The Committee's key responsibilities include:

- **Financial reporting:** monitoring and ensuring the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor;
- **Internal Controls and Risk Management Systems:** keeping under review the effectiveness of the Company's internal financial controls and internal control and risk management systems, and reviewing and approving the statements to be included in the annual report concerning internal controls and risk management;
- **Internal Audit:** approving the appointment and removal of the head of the internal audit function; considering and approving the remit of the internal audit function and ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards and that it is free from management or other restrictions; and reviewing and assessing the annual internal audit plan;
- **External Audit:** considering and making recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment or removal of the Company's external auditor; overseeing all aspects of the relationship with the external auditor, including assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole; meeting regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage, and at least once a year without management being present; reviewing and approving the annual audit plan at the start of the audit cycle; monitoring the statutory audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority; reviewing the findings of the audit with the external auditor; and reviewing any representation letter(s) requested by the external auditor before they are signed by management; and The Committee on behalf of the Board will ensure that the relevant authorities are notified of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and the roles of the Committee and the Board in that process.
- **Compliance, whistleblowing and fraud:** reviewing the adequacy and security of the Group's arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, and ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; reviewing the Group's procedures for detecting fraud and systems and controls for ethical behaviour and the prevention of bribery (in accordance with the Ministry of Justice Bribery Act 2010 Guidance or other relevant guidance) and receiving reports on non-compliance; reviewing the adequacy and effectiveness of the Group's anti-money laundering systems and controls; and reviewing the adequacy and effectiveness of the Company's compliance function.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee are Jerome Bayle (Chairman), Thierry Déau and Ercan Ergül. Mr. Bayle and Mr. Déau are Independent Directors. All 3 members of the Committee have relevant educational backgrounds and professional experience in business and finance as set out on pages 122 to 123.

Audit and risk committee report continued

MEETINGS OF THE AUDIT AND RISK COMMITTEE AND REPORTS TO THE BOARD

The Committee met 3 times during 2017. Going forward, in accordance with its Terms of Reference, the Committee will meet at least four times annually and at such other times as the Board or the Committee Chairman may require.

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

MEETING ATTENDANCE

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

Only the attendance of members of the Committee is shown in the table below, although the CEO has often also attended at the invitation of the Committee Chairman. Senior representatives of the external auditor attended all meetings of the Committee in 2017.

Director	Attendance	No. of meetings
Jérôme Bernard Jean Auguste Bayle	3	3
Thierry Déau	3	3
Ercan Nuri Ergül	3	3

INTERNAL CONTROLS AND RISK MANAGEMENT

A key responsibility of the Committee is to keep under review the effectiveness of the Company's internal financial controls and internal control and risk management systems. The Committee will be supported by the internal audit function which is being put in place and will report initially to the Committee. A new Head of Internal Audit, Seda Tunca, started on 1 March 2018.

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

The risk management process will begin with the identification of significant risks by each function, and risks will be assessed by taking into account the potential impact and likelihood of the risks occurring and the mitigations identified. The current level of risk will be compared to the Board's appetite to determine whether further mitigations are required. Risks specifics to the function's activities will be managed within the function on an ongoing basis with regular follow-up by the internal audit function. The most significant risks from each function (based on materiality or those which have common themes across the business) are reviewed by the Committee, along with the principal risks and mitigations externally reported on pages 42 to 51 of this Annual Report. The Committee will also support Senior Management and the Board in the management of risks relating to key projects, third parties, countries and bases.

The Group's principal business risks will be monitored and managed throughout the year by Senior Management, the internal audit function and the Committee, which will report thereon to the Board. The Committee intends to provide risk reports to the Board at least on a quarterly basis. The Company's detailed risk management framework is set out later in this Report.

INDEPENDENCE AND NON-AUDIT SERVICES

The Committee regularly reviews the independence of the external auditor. Deloitte LLP has confirmed its independence as external auditor to the Company noting that certain previously agreed tax services were performed by Deloitte in Malta which had been approved and were allowable prior to the IPO, but ceased to be permitted following the listing when the group become a public interest entity under the European Union rules. These services totalled USD 3.9 thousand. In addition, in 2016 approved and allowable services were performed by Deloitte in Spain in relation to the identification of tax incentives on a contingent fee basis. All services were completed in 2016 but the final contingent fee element was invoiced in 2017 with a value of USD 161.0 thousand. Deloitte performed total non-audit services in 2017 of USD 810.5 thousand, of which USD 644.4 thousand related to their role as reporting accountants during the listing and the remainder substantially all related to their review of the half year financial information.

REAPPOINTMENT OF EXTERNAL AUDITOR AND RE-TENDER

The Committee has considered and recommends that Deloitte LLP be reappointed as the external auditor of the Company under the current external auditor contract. Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming AGM. The Group will carry out an annual review of external auditors to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor.

The Committee has a duty to ensure that at least once every 10 years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms.

Nomination committee report

Introduction by the committee chairman

The right people, the right place

Whereas the Board and its other Committees' primary focus is often on strategy and operation of the business, the main function of the Nomination Committee is to ensure that the right people are in the right place across the Group. This is particularly true in relation to the make-up of the Board itself and its ability to deliver shareholder value and safeguard the interests of other stakeholders.

The members of the Nomination Committee were active at the Board's meeting of 12 April 2017, when the majority of the Board was appointed. In the succeeding months of 2017, there was no particular cause for the Committee to meet as there were no changes to the newly-appointed Board, which was focused on organisational matters, the IPO and post-IPO implementation of business strategy.

However, as the Company enters its second year, the Committee is poised to assume an increasingly important role. The inaugural meeting of the Committee was held on 20 February 2018, in the lead up to the Company's first AGM in May 2018. All members of the Board will retire and seek election by shareholders at the AGM, a process which was reviewed by the Committee. In particular, the Committee considered the contribution and commitment of the Directors who are seeking election and made a recommendation to the Chairman that the Company should support their re-election.

During 2018, the Committee expects to focus on succession planning generally, with a view to following a programme of reviewing and refreshing the future membership of the Board to ensure there is sufficient balance between the introduction of fresh perspectives and the maintenance of continuity and stability. The Committee also expects to play an important part in reviewing and implementing the planned diversity policy as well as in monitoring the ongoing effectiveness of the Board by participating in the formal annual evaluation of the performances of the Committees, the Board, and the individual Board members.

Following on from the Group's milestone year, the members of the Nomination Committee stand ready to assume a key role in its future governance.

Peter Mandelson,
Chairman of the Nomination Committee
11 March 2018

Nomination committee report continued

ROLE OF THE NOMINATION COMMITTEE

The Committee reviews the balance of skills, knowledge and experience of the Board and its committees.

The Committee's key responsibilities include:

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

MEMBERS OF THE NOMINATION COMMITTEE

The members of the Committee are Lord Mandelson (Chairman), Thierry Déau and Ayşegül Bensel. Lord Mandelson and Mr. Déau are Independent Directors.

MEETINGS OF THE NOMINATION COMMITTEE AND REPORTS TO THE BOARD

Commencing in 2018, the Committee plans to meet at least twice annually in accordance with its Terms of Reference. The first meeting of the Committee was held on 20 February 2018 and a second meeting is being scheduled for later in the year.

Reports from the Chairman of the Nomination Committee on the Committee's activities and its recommendations will be included in the regular Committee Reports presented at meetings of the full Board.

Remuneration committee report

Introduction by the committee chairman

Ensuring best practice

As Chairman of the Remuneration Committee for Global Ports Holding PLC, I am pleased to present our first Remuneration Report as a FTSE listed company, for the financial year ended 31 December 2017.

In accordance with the Reporting Regulations, this Report comprises 3 sections:

- this Annual Statement;
- the 3-year Remuneration Policy (or Policy), which will be put to a shareholder vote at AGM to be held on 8 May 2018, comprising a remuneration policy for the Chairman and Non-Executive Directors and a remuneration policy for Senior Management and any future Executive Directors; and
- our Annual Report on Remuneration, detailing the Directors' remuneration from listing on 17 May 2017 (Listing) to 31 December 2017, and the proposed implementation of our Remuneration Policy in 2018, which will also be put to a shareholder vote at our AGM.

All of the Company's Directors during 2017 were non-executive and their fees are set out in the Annual Report on Remuneration overleaf.

As the Board has no Executive Directors, the Remuneration Policy for executives set out in this Report currently only applies to Senior Management but would also apply to any future Executive Director who is appointed to the Board during the 3 year Policy period.

COMMITTEE MEMBERS AND INDEPENDENCE

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

In accordance with the terms of reference of the Committee, 3 of the Committee members, including myself, are independent of the Company's controlling shareholder.

Remuneration committee report continued

Introduction by the committee chairman

The Committee may invite other Directors or executives to attend meetings, including the CEO who attended all Committee meetings, in whole or part, during 2017. No one is in the meeting during any discussion or decision about their own remuneration.

KEY AREAS OF RESPONSIBILITY

The Committee's key areas of responsibility include:

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

Detailed responsibilities are set out in the TOR which can be found on the website at www.globalportsholding.com under Investors-Corporate Governance.

ACTIVITIES OF THE COMMITTEE DURING THE PERIOD

The Committee met formally four times during the period from Listing to 31 December 2017, and also spent a significant amount of time during the period in considering executive remuneration arrangements to ensure they are appropriate for the Company and reflect relevant market best practice.

In particular, during 2017 the Committee considered and recommended to the Board the approval of a one-time post-IPO Group-wide bonus; reviewed the grading of new and existing positions within the Group; considered and approved the Group mobility framework; considered Director and Board chairman compensation; considered the short-term bonus framework; and developed a share-based long term incentive plan (LTIP) which the Company expects to implement in 2018.

MEETING ATTENDANCE

The table below shows the number of meetings individual members of the Committee could have attended during 2017 and their actual attendance.

Director	Attendance	No. of meetings
Jérôme Bernard Jean Auguste Bayle (Chairman)	4	4
Ayşegül Bensel	4	4
Thierry Déau [1]	4	4
Thomas Josef Maier	4	4

1. Mr. Déau was formally appointed to the Committee on 16 August 2017

Other persons, including the CEO, have attended relevant parts of the meetings at the invitation of the Committee.

OUR APPROACH TO DEVELOPING THE COMPANY'S REMUNERATION POLICY

Our aims for executive remuneration within the Group are to support the Company's strategy; to help attract, retain and motivate the right executive talent; and to further align management and shareholder interests. Remuneration levels for the senior managers and any future Executive Directors are set at levels that are considered by the Remuneration Committee to be appropriate for the size, nature and stage of development of the business, having regard to gradings commissioned from the Hay Group. Performance-based incentives form a significant part of the remuneration package for all our senior executives and are based on stretching performance targets that support the strategy. The Remuneration Committee has taken specialist, independent advice from Mercer | Kepler to ensure that the remuneration policies structure reflect current best practice for a UK-listed company.

Our Remuneration Policy is intended to operate for a 3-year period from the 2018 AGM. The Committee believes that the proposed approach to remuneration described below will support the delivery of the Company's aims during its initial years as a public company. The key features of our Policy are summarised on page 141 ('Our remuneration at a glance') and the details are set out on pages 139 to 151. The Committee believes that the proposed approach to remuneration will help ensure close alignment of pay outcomes with the Company's performance and longer-term success.

The annual bonus for 2018 is based on achievement of EBITDA targets, with a multiplier for personal performance. The vesting of LTIP grants in 2018 will be based on 2 performance measures, selected to reinforce our strategic drivers and to support alignment of executive pay outcomes with shareholder interests. 50% of the 2018 LTIP award will vest based on 3-year Earnings Per Share (EPS) growth, and 50% on 3-year Total Shareholder Return (TSR).

We hope that you find this Report sets out clearly our proposed Policy and how we intend to implement it, as well as the rationale for key Committee decisions. The Policy will be submitted for binding shareholder approval at the AGM; while the implementation for 2017 and 2018 will be subject to an advisory shareholder vote. The Committee believes that the Policy and the approach to implementing it are in the best interests of shareholders, and we hope that you will support both remuneration resolutions at our AGM.

Jérôme Bernard Jean Auguste Bayle
Chairman of the Remuneration Committee
11 March 2018

OUR REMUNERATION AT A GLANCE

DEVELOPING OUR REMUNERATION POLICY

The Remuneration Committee has developed the proposed remuneration policy set out on pages 142 to 151, the key elements of which are set out below.

Following Listing, transitional remuneration arrangements were put in place to cover the period from Listing to 31 December 2017 the end of our financial year. During this time, the Remuneration Committee has reviewed and further developed the remuneration policy with external advice from independent remuneration consultants, Mercer | Kepler.

Subject to shareholder approval at our AGM, the proposed Policy is intended to be effective for 3 years.

REMUNERATION PRINCIPLES

The policy reflects the remuneration principles (see pages 141 to 142) agreed by the Remuneration Committee. We believe that the application of these principles will help ensure remuneration outcomes are aligned with the Company's performance and shareholder interests.

SHAREHOLDER CONSULTATION

The views of shareholders are important to the Committee and to that end we engaged with our largest shareholder in developing the policy. The Committee has also taken account of the guidelines issued by various investor bodies on remuneration governance, including the importance of aligning executive remuneration with performance, and the need to take into account remuneration for the wider workforce. The proposed Policy will be subject to a binding vote at the AGM on 8 May 2018. The Committee is keen to foster an open and transparent approach to setting and determining outcomes against its remuneration policy,

This Report has been prepared in accordance with the provisions of the UK Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Company's (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UKLA's Listing Rules.

COMPONENTS OF REMUNERATION

The remuneration for Non-Executive Directors comprises a Board fee and an additional fee for other duties, including serving on 1 or more Board committees. Fees are set at a competitive level to recruit and retain Directors of the highest calibre.

It is proposed that the Chairman's remuneration currently set at USD 120,000 be increased to USD 200,000 to recognise his significant executive involvement in business development for the Group as well as his role as Chairman of the Board.

The Chairman and the Non-Executive Directors are not eligible to participate in the Company's incentives or share schemes or in any of the Company's other benefit arrangements, and the Committee has recommended to the Board that no change be made in that regard.

The remuneration structure for the members of senior management and any future Executive Directors is described in the following table.

REMUNERATION POLICY REPORT

This section of the Report sets out the Remuneration Policy for the Directors that has been developed to reflect the guiding principles set out on pages 140 to 141. This Policy Report will be put before shareholders for approval at our 2018 AGM. The Committee intends that the Policy will come into effect from that date (8 May 2018) for a period of up to 3 years.

2018 REMUNERATION POLICY FOR THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS

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

Purpose and link to strategy	Operation	Opportunity	Performance measures
CHAIRMAN'S REMUNERATION			
To recognise the Chairman's significant executive involvement in business development for the Group as well as his role as Chairman of the Board.	The Chairman's fee is set by the Remuneration Committee at a level which it considers commensurate with his significant executive contribution and time contribution to the Group. The Chairman is also provided with an office and full time secretarial and administrative support in London. All reasonable travelling and other expenses (including any relevant tax) incurred in carrying out his duties are reimbursed. Without limitation to the foregoing, the Company will reimburse the Chairman for the reasonable cost of obtaining independent advice in accordance with Board procedure.	The Chairman is not entitled to participate in annual bonuses or any long-term incentive share plan and does not otherwise receive share options or retirement benefits from the Company.	Not applicable
NON-EXECUTIVE DIRECTOR REMUNERATION			
Fees for the Non-Executive Directors are set at a competitive level to recruit and retain Directors of the highest calibre, with broad commercial and other relevant experience, to guide and influence Board-level decision-making.	Fee levels will typically be reviewed annually, with any adjustments effective January in the year following review. The fees of Non-Executive Directors are set by the Board as a whole within the limits set in the Company's Articles of Association. Directors receive a base fee for membership on the Board and an additional fee for all other duties, including serving on 1 or more Board committees. The Company reimburses the Non-Executive Directors for reasonable and properly-documented expenses incurred in performing their duties. Without limitation to the foregoing, the Company will reimburse the Non-Executive Directors for the reasonable cost of obtaining independent advice in accordance with Board procedure. The Non-Executive Directors have the benefit of Directors' and officers' liability insurance and a deed of indemnity from the Company.	Fee increases will be applied taking into account the outcome of the annual review. Under the Articles of Association, fees paid to the Directors may not exceed the aggregate limit of £1 million per annum. The Committee will seek approval from shareholders at the 2018 AGM to increase the aggregate limit to £1.5 million per annum to cover any additional directors. The current Directors are not entitled to participate in annual bonuses or any long-term incentive share plan and do not otherwise receive share options or retirement benefits from the Company.	Not applicable

In 2018, it is anticipated that the Chairman will adopt greater executive responsibilities for business development which will complement the responsibilities of the Company's Chief Executive Officer at the Board level. The Committee wishes to ensure that the Chairman's remuneration is positioned appropriately to reflect his substantial contribution to the business's overall success. We are therefore proposing an increase to his fee from USD 120,000 to USD 200,000 for 2018.

CHAIRMAN AND NON-EXECUTIVE DIRECTOR LETTERS OF APPOINTMENT

The Chairman and the Non-Executive Directors have letters of appointment and submit themselves for re-election annually. The dates relating to the appointments of the Chairman and Non-Executive Directors who served during the reporting period are as follows:

Director	Role	Date of appointment	Date of letter of appointment
Mehmet Kutman	Chairman and Co-Founder	11 April 2017	11 April 2017
Ayşegül Bensel	Vice Chairman	12 April 2017	12 April 2017
Lord Mandelson	Board Member – Senior Independent Director	12 April 2017	12 April 2017
Thierry Déau	Board Member – Independent	12 April 2017	12 April 2017
Jérôme Bernard Jean Auguste Bayle	Board Member – Independent	12 April 2017	12 April 2017
Thomas Josef Maier	Board Member (EBRD appointee)	12 April 2017	12 April 2017
Ercan Nuri Ergül	Board Member	11 April 2017	11 April 2017

All letters of appointment expire at the AGM to be held on 8 May 2018. The current Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours and will be available for inspection at the AGM.

2018 REMUNERATION POLICY FOR SENIOR MANAGEMENT AND EXECUTIVE DIRECTORS*

Purpose and link to strategy	Operation	Opportunity	Performance measures
BASE SALARY			
To attract and retain talented executives to deliver the Company's strategy, by ensuring base salaries and total packages are competitive in relevant talent markets, while not overpaying.	Base salaries are reviewed by the Committee annually, in the context of personal and Company performance, and by reference to the Hay Group gradings. Any resulting changes will normally be effective from January. Executive salaries are positioned to reflect professional experience and level of responsibility.	There is no prescribed maximum salary payable. Salaries will be set on a case-by-case basis to reflect the role, and the experience and qualifications of the individual role-holder. Base salary % increases for the senior managers will normally be aligned with those of the wider workforce but may be made above this if there is a material change in responsibilities, size or complexity of the role, or if a senior manager was intentionally appointed on a below-market salary, with a view to moving it to market over time subject to performance in the role. If an Executive Director is appointed, base salaries for the year under review and proposed for the following year, will be disclosed in the relevant year's Annual Report on Remuneration, together with the rationale for any increases	Not applicable

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* This Remuneration Policy will only apply initially to the Group's senior management. However, it will apply to an Executive Director should such a Director join the Board while the Remuneration Policy remains in effect (for up to 3 years after its approval at the 2018 AGM). In that case, references below to a "Senior Manager" would apply to an "Executive Director". This Remuneration Policy will not apply to the Chairman, who will be remunerated in accordance with the details elsewhere in this Remuneration Report

Remuneration committee report continued

Purpose and link to strategy	Operation	Opportunity	Performance measures
PENSION			
To provide an appropriate level of post-retirement benefit.	Although the Company currently does not have a formal pension plan, Executive Directors will be able to voluntarily designate a portion of their salary to be invested by the Company in a pension plan with a recognised third-party provider.		
OTHER TAXABLE BENEFITS			
To provide other benefits which are competitive for comparable roles in the market in which the senior manager is employed.	The Company may also provide executives and senior managers taxable benefits in kind including, but not limited to, company car or car allowance, financial and/or legal advice, an expatriate allowance, relocation expenses and a housing allowance.	Benefits for executives and senior managers are generally set at a level which reflects competitive practice in the relevant market. It is not anticipated that the costs of benefits provided will increase significantly in the time over which this Policy will apply, although the Committee retains discretion to approve non-material increases in cost. In addition, the Committee retains discretion to approve a higher cost in exceptional circumstances (e.g. to facilitate recruitment,) or in circumstances where factors outside the Company's control have changed (e.g. general increases in the cost of insurance cover). In the case of an Executive Director, benefits in respect of the year under review will be disclosed in the relevant year's Annual Report on Remuneration.	Not applicable

Purpose and link to strategy	Operation	Opportunity	Performance measures
SHORT-TERM INCENTIVE PLAN (STIP)			
To incentivise executives to deliver strong financial and non-financial performance on an annual basis, to reward progress towards the Company's strategic goals, and to help underpin the longer-term health and growth of the business.	Performance measures, targets and corresponding weightings are set by the Committee at the start of the year. After the end of the financial year, the Committee determines the level of bonus to be paid, taking into account the extent to which targets have been achieved. Bonuses are payable in cash. Malus and Clawback provisions apply to the bonuses in certain circumstances (as set out in the Notes to the Policy Table).	The normal maximum annual bonus opportunity is 50% of base salary with up to 75% in exceptional circumstances. The payout for on-target performance is 50% of maximum.	Performance is assessed on an annual basis against specific objectives set at the start of each year. Financial measures make up the majority of the bonus opportunity, although these may be supplemented with non-financial metrics and personal objectives, as appropriate. Bonus measures are weighted according to the business priorities for the year. Targets under each measure are generally calibrated with reference to the Company's budget. For 2018, annual bonuses are based on achievement of EBITDA targets, with a multiplier for personal performance. The Committee may adjust the formulaic annual bonus outcomes (including down to zero) to ensure outcomes are not misaligned with the Company's Remuneration Principles, for example to avoid unintended outcomes, to better align pay outcomes with underlying Company performance and ensure fairness to shareholders and participants. If an Executive Director is appointed, further details will be disclosed in the relevant year's Annual Report on Remuneration. Performance targets set for each year will be disclosed at the end of the year in question.

Purpose and link to strategy	Operation	Opportunity	Performance measures
LONG-TERM INCENTIVE PLAN (LTIP)			
To align the interests of executives with those of shareholders, and to incentivise management to maximise value over the long term.	Senior managers are eligible to receive annual awards of RSUs, conditional rights to receive shares in the Company. The Committee may also award share options or restricted shares. Prior to awards being granted, the Committee sets performance conditions and targets which are stretching and aligned to the Company's strategy. LTIP awards granted to executives and senior managers typically have a performance and vesting period of not less than 3 years. If threshold performance has not been achieved at the end of the relevant performance period, the awards would not vest. The Remuneration Committee may also determine that vested LTIP shares be made subject to a holding period after the Vesting Date. The Remuneration Committee has discretion to award dividend equivalents on Awards, in which case the number of shares which are subject to an LTIP award will be increased to reflect the value of the corresponding dividends during the performance period (or an equivalent value will be granted in cash at the discretion of the Remuneration Committee). LTIP awards granted to senior managers will be subject to malus and clawback provisions, as set out in the Notes to the Policy Table.	The maximum annual LTIP opportunity is 100% of base salary. 25% of an award will vest if performance against each performance condition is at threshold and 100% will vest if it is at stretch, with straight-line vesting in between. Further details of any LTIP awards granted to any Executive Director will be disclosed in the relevant Annual Report on Remuneration. Having regard to the decrease in the Company's share price since Listing, the Committee shall have discretion during the initial 2 years of the LTIP to propose a decrease in the number of shares that would otherwise be allocated under the principles above subject to Board approval of the reduction.	Vesting of the LTIP is subject to continued employment during the performance period and the achievement of performance conditions. Any LTIP awards granted in 2018 will vest based on a combination of 3-year EPS growth and 3-year absolute TSR. If an Executive Director is appointed, further details will be disclosed in the relevant Annual Report on Remuneration including the performance targets attached to the LTIP for each cycle.

NOTES TO THE POLICY TABLE

APPROACH TO TARGET SETTING AND PERFORMANCE MEASURE SELECTION

The Committee considers carefully the selection of performance measures at the start of each performance cycle, taking into account the Company's strategic goals, annual priorities and the relevant political and macro-economic environment.

Annual bonus measures are selected to align with the Company's annual priorities. Measures may change from year-to-year. The rationale for any changes to bonus measures will be disclosed in the relevant Annual Report on Remuneration.

LTIP performance measures are selected to ensure they align with the Company's strategy and with long-term growth in shareholder value. They are intended to help align senior managers' interests with those of shareholders. Shareholder approval of the remuneration policy the first LTIP awards will be granted in 2018 based 50% on 3-year EPS growth and 50% on 3-year absolute total shareholder return (TSR) over a 3-year period. The Committee considers these measures to align with the Company's strategy and shareholder interests.

Targets are set to be stretching and motivational. EPS targets are set taking into account multiple relevant reference points, including internal forecasts, external expectations for the future performance of the Company, and typical performance ranges for these measures at other companies of comparable size in our sector.

MALUS AND CLAWBACK

In respect of the bonus or LTIP, the Committee has the discretion to reduce an award before vesting or require an award holder to pay back shares or a cash amount in the event of financial misstatement of the Company, fraud on the part of the award holder, any breach of the Company's code of conduct by the award holder, or in any other similar circumstances deemed appropriate by the Committee. The Committee may seek to claw back shares for a period of up to 2 years after an award holder's departure from the Group.

REMUNERATION FOR THE WIDER WORKFORCE

Remuneration for the wider workforce is determined based on broadly consistent principles as those for senior managers and executives. Annual salary reviews take into account Company performance, local pay and market conditions to help ensure that reward within the Group remains competitive. Incentive bonus arrangements are in place for employees below the executive level which are tied to employee performance targets and EBITDA.

APPROACH TO REMUNERATION ON RECRUITMENT

External appointments

In cases of hiring or appointing an Executive Director from outside the Company, the Committee may make use of all existing components of remuneration set out in the Policy table, up to the disclosed maximum opportunities (where applicable). As set out in the table on pages 145 to 146, in normal circumstances the sum of maximum opportunities under the STIP and LTIP is 150% of salary, and in exceptional circumstances, 175% of salary, subject to Committee and Board discretion during the initial 2 years of the LTIP to reduce the number of shares allocated to reflect low share price levels.

When determining the remuneration package for a new Executive Director, the Committee will take into account all relevant factors based on the circumstances at that time to ensure that arrangements are in the best interests of the Company and its shareholders. This may include factors such as the experience and skills of the individual, internal comparisons and relevant market data.

The Committee may also make an award in respect of a new appointment to 'buy-out' incentive arrangements forfeited on leaving a previous employer. Buy-out awards made can be over and above the maximum limits on incentive opportunities set out in the regular Policy table above. In doing so, the Committee will consider all relevant factors, including any performance conditions attached to these awards, the likelihood of those conditions being met, and the time over which they would have vested. The intention is that the expected value of any buy-out award would be no higher than the expected value of the forfeited arrangements, and that the structure will replicate (as far as reasonably possible) that of the awards being forfeited. The Committee may consider it appropriate to structure 'buy-out' awards differently from the structure described in the Policy table, exercising its discretion under the LTIP rules to offer awards in other forms (including market value options, restricted shares, forfeitable shares or phantom awards) and the discretion available under UKLA Listing Rule 9.4.2R where necessary, to make a one-off award to an Executive Director in this context.

Internal promotion

Where an Executive Director is appointed by way of internal promotion, the Policy will be consistent with that for external appointees as detailed above (other than in relation to 'buy-out' awards). Any commitments made prior to an individual's promotion will continue to be honoured even if they would not otherwise be consistent with the Policy prevailing when the commitment is fulfilled, although the Company may, where appropriate, seek to revise an individual's existing service contract on promotion to ensure it aligns with that of the other Executive Directors and good practice.

Disclosure on the remuneration structure of any new Executive Director, including details of any 'buy-out' awards, will be disclosed in the RNS notification made at the time of appointment and in the Annual Report on Remuneration for the year in which recruitment occurred.

NON-EXECUTIVE DIRECTORS

In recruiting a new Non-Executive Director, the Remuneration Committee will utilise the policy as set out in the table on page 142 in this Report. A base fee in line with the prevailing fee schedule would be payable for Board membership, with an additional fee payable for all other duties, including serving on 1 or more of the Board's Committees.

EXECUTIVE DIRECTOR SERVICE CONTRACTS

In accordance with general market practice, any Executive Director will have a rolling service contract and a notice period of 3 months.

EXIT PAYMENTS POLICY

The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the executive's service contract and the circumstances of termination. Any Executive Directors' contracts will provide for the payment of a pre-determined sum in the event of termination of employment in certain circumstances (but excluding circumstances where the Company is entitled to dismiss without compensation), comprising base salary, pension allowance and benefits in respect of the unexpired portion of the notice period. Termination payments may take the form of payments in lieu of notice. Payments would normally be made on a phased basis and subject to mitigation.

If the employment is terminated by the Company, the Committee retains the discretion to settle any other amount the Committee considers reasonable to the Executive Director including in settlement of claims, in respect of legal fees incurred in connection with the termination, and fees for any outplacement services and relocation costs.

In addition to contractual provisions, the table below summarises how awards under each discretionary incentive plan are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plan.

Disclosure in relation to any departing Executive Director, including details of any remuneration payment made to him after he ceases employment, will be provided in the relevant year's Directors' Remuneration Report.

Reason for cessation	Calculation of vesting/payment	Timing of vesting/payment
ANNUAL BONUS		
Injury, ill-health, disability, death, redundancy, retirement, or other such event as the Committee determines	The Committee may determine that a bonus is payable on cessation of employment (normally pro-rated for the proportion of the performance year worked). The bonus payable will be determined based on the performance of the Company and of the individual over the relevant period, and the executive's loss of office.	At the usual payment date.
All other reasons (including voluntary resignation)	No bonus will be paid for the financial year.	Not applicable.
LTIP		
Resignation or dismissal for cause	Awards will lapse, unless the Remuneration Committee determines within 30 days of cessation of employment to treat the individual as a Good Leaver.	Not applicable.
Death, ill-health or disability	Personal representatives will be entitled to exercise their LTIP Awards within the twelve-month period immediately following their death or the tenth anniversary of the Date of Grant (subject to pro-rating).	Within twelve months following death (or the tenth anniversary of the Date of Grant).
Redundancy, retirement or injury	The Committee may determine that an LTIP is payable for the proportion of the performance period worked. The LTIP payable will be determined based on the performance of the Company and of the individual over the relevant period, and the executive's loss of office.	At the date of the event.
Change of control	Any unvested Awards will vest immediately subject to being pro-rated for time and subject to any reduction based on the Committee's assessment of whether performance conditions have been satisfied to the date of the event or are likely to be satisfied at the end of the Performance Period.	At the date of the event.

The treatment of shares subject to deferral or holding periods will be subject to the Remuneration Committee's discretion and will take into account the circumstances at the time, with the normal treatment being that the relevant deferral or holding period continues to apply. In the event of an award holder's death, any deferral or holding period will no longer be applied.

EXTERNAL APPOINTMENTS HELD BY EXECUTIVE DIRECTORS

Executive Directors could only accept external appointments subject to agreement by the Board. Details of any external appointments and the associated fees received will be included in the Annual Report on Remuneration.

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE COMPANY

The Committee seeks to promote and maintain good relations with employees as part of its broader employee engagement strategy, considers pay practices across the Company, and is mindful of the salary increases applying across the rest of the business in relevant markets when considering any increases to salaries for senior managers. The Committee does not currently formally consult with employees on its executive remuneration policy.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee will take into consideration all shareholder views received during the year and at the AGM, as well as guidance from shareholder representative bodies more broadly, in shaping the Company's implementation of its Remuneration Policy, as well as any future changes to Policy. It is the Committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

ANNUAL REPORT ON REMUNERATION

This section of the Remuneration Report provides details of how our Remuneration Policy was implemented during the financial year ended 31 December 2017 (since Listing), and how it will be implemented during the year ending 31 December 2018.

COMMITTEE MEMBERSHIP IN 2017

The Committee is currently composed of 4 Non-Executive Directors:

Jérôme Bernard Jean Auguste Bayle	– Committee Chairman (independent)
Ayşegül Bensel	– Non-Executive Director
Thierry Déau	– Non-Executive Director (independent)
Thomas Josef Maier	– Non-Executive Director (quasi-independent)

The Committee met formally four times during the period from Listing to 31 December 2017, with all of the Committee members attending each meeting.

The Remuneration Committee is responsible for assisting the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration (including setting the over-arching principles, parameters and governance framework of the Company's remuneration policy) and determining the individual remuneration and benefits packages of each of the Chairman and any Executive Directors.

ADVISERS

The Committee appointed Mercer | Kepler as independent remuneration adviser, who report to the Committee Chairman. Mercer | Kepler is a member of the UK Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to executive remuneration consulting. Mercer | Kepler does not have any other connection with the Company and is considered to be objective and independent by the Committee. Fees paid to Mercer | Kepler are determined on a time and materials basis and totalled £9,500 (excluding expenses and VAT) from Listing to 31 December 2017 in their capacity as advisers to the Committee.

SINGLE TOTAL FIGURE OF REMUNERATION FOR THE CHAIRMAN AND THE NON-EXECUTIVE DIRECTORS (AUDITED)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2017, from their dates of appointment.

Director	Fees[1]	Total
Mehmet Kutman	USD86,461.53	USD86,461.53
Ayşegül Bensel	USD85,999	USD85,999
Lord Mandelson (Senior Independent Director)	USD112,428[2]	USD112,428[2]
Thierry Déau	USD85,999	USD85,999
Jérôme Bernard Jean Auguste Bayle	USD85,999	USD85,999
Thomas Josef Maier	USD85,999	USD85,999
Ercan Nuri Ergül	USD86,461.53	USD86,461.53

1. Reflects the fees paid by the Company from each Director's date of appointment to 31 December 2017
2. Fees paid in GBP

Remuneration committee report continued

During 2017, the Non-Independent Directors' combined remuneration from the Company and subsidiaries totalled, in USD Dollar terms, USD 148,746 for Mrs. Bensel, USD 92,735 for Mr. Ergül and USD 275,171 for Mr. Kutman. See page 149 in the governance report.

RELATIVE IMPORTANCE OF SPEND ON PAY

The Company paid an interim dividend totalling £13,570,624 on 29 September 2017. There were no other dividends paid or share buybacks implemented or other significant distributions, payments or other uses of profit or cash flow in the 2017 financial year which the Directors consider relevant in assisting an understanding of the relative importance of spend on pay. Total staff costs – disclosed in the Notes to the Financial Statements – were 19,4 million for the same period.

	Distributions to shareholders (USD'000)	Total employee pay (USD'000)
FY17	13,570.624	19,429

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

No payments for loss of office were made during the year.

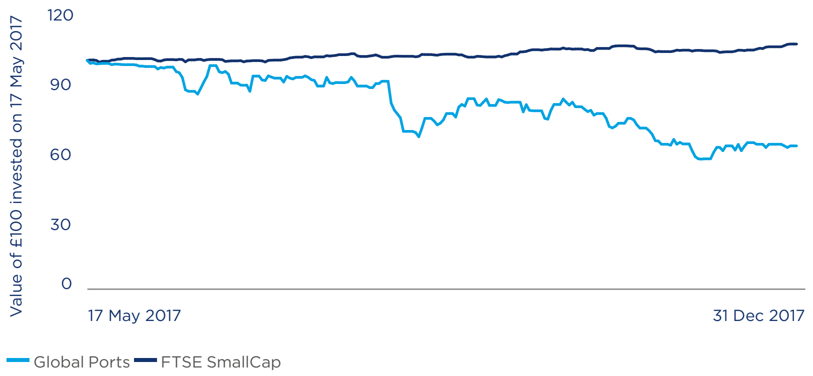
PAYMENTS TO PAST DIRECTORS (AUDITED)

No payments were made to past Directors in the year.

TSR PERFORMANCE

Although the Committee does not consider that there is an exact comparator for the Company, the FTSE Small Cap index is considered to be the closest comparator group. The following chart represents the Company's TSR relative to the FTSE Small Cap index between the Listing date and 31 December 2017.

HISTORICAL TSR PERFORMANCE (GPBp)



Source: Thomson Reuters

IMPLEMENTATION OF THE CHAIRMAN AND NON-EXECUTIVE DIRECTOR REMUNERATION POLICY FOR 2018

Following Listing, transitional remuneration arrangements for the Chairman and Non-Executive Directors were put in place to cover the period from Listing to 31 December 2017. The fees payable to the Chairman and the Non-Executive Directors in 2017 are set out below:

Role	Fee ('000)
Chairman fee	USD120
Non-Executive Director basic fee Additional fee:	USD90 USD30
Senior Independent Director basic fee Additional fee:	£90 £30

Pursuant to the review of the Remuneration Policy, the Chairman's fee will increase to USD 200,000 for 2018 to recognise his executive time commitment and role as Chairman of the Board.

Non-Executive Director fees will remain at the above levels for 2018.

DIRECTORS' SHAREHOLDINGS (AUDITED)

The Directors did not own any shares in the Company as at 31 December 2017 as set out in the table below. No prior year data is available given Listing occurred on 17 May 2017.

	Shares			Options	
Director	Owned outright or vested	Unvested and not subject to performance	Unvested and subject to performance	Vested but not exercised	Unvested and not subject to performance
Mehmet Kutman	nil	–	–	–	–
Ayşegül Bensel	nil	–	–	–	–
Lord Mandelson	nil	–	–	–	–
Thierry Déau	nil	–	–	–	–
Jérôme Bernard Jean Auguste Bayle	nil		–	–	–
Thomas Josef Maier	nil	–	–	–	–
Ercan Nuri Ergül	nil	–	–	–	–

No shares were acquired by the Directors between 31 December 2017 and 12 March 2018, being the latest practicable date prior to publication of this Annual Report. As at the 2017 year-end, the Chairman Mehmet Kutman owned indirectly through GIH approximately 13.2% in the Company.

The Directors' Remuneration Report has been approved by the Board and signed on its behalf by:

Jérôme Bernard Jean Auguste Bayle
Chairman of the Remuneration Committee
11 March 2018

Directors' report

The Directors of Global Ports Holding PLC (registered in England and Wales with Company Number 10629250) present their Annual Report and Accounts for the year ended 31 December 2017 together with the audited consolidated financial statements of the Group and Company for the year (Financial Statements). These will be laid before the shareholders at the AGM to be held on 8 May 2018.

Global Ports Holding Limited (the "Company") was incorporated on 20 February 2017 with 1 ordinary share in issue.

RESULTS AND DIVIDEND

On 26 April 2017 the Company was re-registered as a public limited company under the name Global Ports Holding PLC ("GPH PLC"). On 17 May 2017, the Company undertook a share for share group restructure and became the 100% parent company of Global Liman İşletmeleri A.Ş. Subsequently on 17 May 2017, the Group completed an IPO and achieved a standard listing on the London Stock Exchange. The net proceeds received from the IPO were USD 73.0 million.

On 12 July 2017, a reduction of capital and cancellation of the share premium account was approved by the High Court of Justice of England and Wales, creating distributable reserves of USD 427.2 million for GPH PLC company only.

The consolidated results of Global Ports Holding PLC have been prepared under the merger accounting basis of preparation following the IPO which assumes Global Ports Holding PLC consolidates the results of the Global Liman İşletmeleri A.Ş. group since 1 January 2016.

The Group made a loss after tax of USD 14.131 million in 2017, as opposed to profit after tax of USD 4.405 million in 2016.

Pursuant to the Company's dividend policy as set out at the time of the IPO, the Board expected to pay a minimum dividend of USD 25 million for the 2017 financial year and would decide at the end of the financial year whether the total dividend for the year ending 31 December 2017 would be greater than USD 25 million. This was stated to depend, amongst other things, on whether the Company was able to complete further acquisitions for new port concessions that would require equity investment in 2017. The split of dividend between interim and final was expected to be approximately 50/50, and it was contemplated that dividends might be paid by the Company in pounds sterling.

The Company paid an interim dividend of USD 17.5 million (£13,570,624) on 29 September 2017, and the Directors will recommend that the shareholders approve at the AGM the payment of a final dividend in the same amount.

The timing and amount of any future dividend payments will depend on the Group's existing and future financial condition, results of operations, capital requirements, liquidity needs and other matters that it may consider relevant from time to time, including, without limitation, the ability of subsidiaries to distribute dividends, its capital needs, financial performance and prevailing equity market conditions.

Subsequent events that have occurred after the balance sheet date as at 31 December 2017 are included in Section 46 of the Notes to the Financial Statements.

GOING CONCERN

The Directors are required to consider the liquidity position of the Group for a period of not less than twelve months from the date of signing of the 31 December 2017 consolidated financial statements.

At 31 December 2017 the Group had cash and cash equivalents of USD 99.4 million and net current assets of USD 76.4 million. The Directors have prepared detailed monthly cash flow forecasts for a period of not less than twelve months from the date of signing of the 31 December 2017 annual report which show sufficient liquidity and compliance with relevant debt covenants. These cash flows take into account a number of risks and uncertainties with regards to future trading. As outlined in Note 24 to the financial statements, the Group's maturity profile on its debt means the largest secured loans mature no earlier than 2020, with the Eurobonds maturing in 2021.

As such, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

STRATEGIC REPORT

Details of the Group's strategy and business model during the year and the information that fulfils the requirements of the strategic report can be found in the Strategic Report section on pages 2 to 117 of this document, which is deemed to form part of this report by reference.

Details of the Company's offices and its advisers are given at the end of this report.

This Director's Report together with the Strategic Report on pages 2 to 157 form the Management Report for the purposes of DTR 4.1.5 R.

CHANGE OF CONTROL

There are no significant agreements to which the Company is a party that take effect, alter or terminate in the event of a change of control of the Company and there are no agreements with the Company and its employees or Directors for compensation for loss of office or employment that occurs because of a takeover bid.

Subject to approval of the Remuneration Policy at the upcoming AGM, any unvested awards under the LTIP will vest immediately upon a change of control as set out on pages 140 to 141 in the Remuneration Report.

CORPORATE GOVERNANCE

The Company's Corporate Governance Report (Governance Report) is set out on pages 120 to 133 of this document and is deemed to form part of this report by reference.

DIRECTORS

The names and biographical details of the current Directors are given in the Board of Directors section on pages 122 to 123 in the Governance Report.

None of the Directors has any direct ownership of ordinary shares of the Company. The beneficial interest of the Chairman in the Ordinary Shares is set out on page 133 in the Governance Report and page 151 in the Remuneration Report.

The Chairman and the current Directors are not eligible to join the Company's incentives or share schemes or to participate in any of the Company's other benefit arrangement. Accordingly, there are no outstanding awards over Ordinary Shares held by the Directors (or any members of their families).

None of the Directors has a material interest in any contract with the Company or any of its subsidiary undertakings.

The first Directors of the Company following incorporation, Abogado Nominees Limited, Abogado Custodians Limited and Ms. Luciene James, resigned on 11 April 2017.

SHARE CAPITAL

The issued share capital of the Company is shown in Section 22 of the Notes to the Financial Statements. As at 11 March 2018, there are 62,826,963 ordinary shares of 1 pence (£.0.01) each which have been issued, are fully paid up and are quoted on the London Stock Exchange. The rights attaching to the Ordinary Shares are set out in the Articles. There are no special control rights in relation to the Company's shares and the Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Further details of the Company's share capital are set out on page 133 in the Governance Report.

MAJOR INTERESTS IN SHARE CAPITAL

Notifications of shareholdings of 3% and over received by the Company are set out on page 133 in the Governance Report.

POLITICAL DONATIONS

No political donations were made and no political expenditure was incurred during the year.

EMPLOYEE INVOLVEMENT AND CONSULTATION

Global Ports Holding PLC places considerable value on the involvement of Group employees in the business and keeps them informed on a continuing basis regarding matters affecting them as employees and on various factors affecting the performance of the Company.

This is achieved through formal and informal meetings and other internal communication channels. The Company regards communications and consultation with employees as essential for motivating its people and developing a culture of learning and initiative within the organisation. Effective as of 2018, the Company will launch its short-term and long-term incentive plans for its employees and senior management in order to more closely align employee targets and company strategy in the short and long term, thereby increasing shareholder value.

DISABLED EMPLOYEES

Within GPH, employees are protected from discrimination. All decisions regarding employment processes' including recruitment, promotions, transfers, training, dismissal, and determining working conditions, are based on consistent selection criteria. Employees or staff authorised to make such decisions are expected to act without prejudice or bias regarding employee disabilities. Rather than subjective criteria, evaluating and assessing employees on the basis of objective criteria with regard to their knowledge and skills is regarded as essential. In the event of an employee becoming disabled every effort is made to ensure that their employment with the Group continues in a capacity that accommodates their needs.

ENVIRONMENTAL RESPONSIBILITY AND GREENHOUSE GAS EMISSIONS

The Directors are sensitive to global environmental issues and the Company's responsibility to reduce any adverse effects caused by the Group's business activities, and the Company continually strives to manage the Group's environmental impacts effectively and to improve its environmental performance. In particular, the Company aims to reduce the Group's use of natural resources, water and energy, while limiting waste generation and preserving natural habitats.

Environmental impacts are managed in accordance with applicable environmental legislation, international standards and the Company's Environmental Policy. The Group has exposure to environmental risks such as climate change, natural disasters, hazardous chemical spills and water pollution, which are managed in a preventative and proactive manner thanks to periodically revised environmental management systems.

GREENHOUSE GAS EMISSIONS

Climate change is among the most prominent global environmental risks. The Company is committed to monitoring the Group's operations, identifying areas for improvement, taking measures to reduce its greenhouse gas (GHG) emissions and limiting its impact on climate change.

The Company is required to disclose GHG emissions pursuant to the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013. The GHG emissions data calculations, which cover Scope 1 and 2 GHG emissions, have been conducted by an independent consultancy firm in alignment with the GHG Protocol control approach using IPCC 2006 emission factors, AR5 GWP values, the International Energy Agency and the World Resources Institute emission factors and local fuel data (net calorific value and density) where possible. During the GHG reporting period, being the calendar year 1 January to 31 December 2017, the Group's Scope 1 and 2 emissions (location-based) totalled 9,026.5 tonnes CO_2e as set out in the table below.

	in tonnes CO_2e	
	2017	2016
Scope 1	**3,230.2**	2,836.5
Scope 2 Location-based	**5,796.3**[1,2]	6,113.6[1, 2]
Scope 1 and 2 total (Location-based)	**9,026.5**	8,950.1
Carbon intensity		
Per full-time equivalent employee	**15,04**	13,71
Per square metre facility area	**0,0097**	0,0096

1. In cases where 2016 data is missing, data from 2017 is used as a proxy
2. Market specific EF data, in compliance with the GHG Scope 2 Guideline are not available. Market-based emissions are reported as the same as location-based emissions
3. The organisational boundary is set according to the operational boundary approach. All the Group ports, except for Lisbon Port which is covered 50%, are covered

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are detailed in note 32 of the Financial Statements and in the Risk Management Framework on pages 42-51 of this document.

ACQUISITION OF OWN SHARES

In 2017, there were no acquisitions by the Company of its own shares. On 20 February 2018, the Company redeemed and cancelled its Redeemable Shares as set out on page 133 in the Governance Report.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The Articles provide that Directors can be appointed by the Company by ordinary resolution or by the Board. The Nomination Committee makes recommendations to the Board on the appointment and replacement of Directors. Further details of the rules governing the appointment and replacement of Directors are set out on page 130 in the Governance Report and page 147 in the Nomination Committee Report and in the Articles.

DIRECTORS' INDEMNITY AND INSURANCE

Details of the Directors' indemnity and insurance from the Company are set out on page 131 in the Governance Report.

POWERS OF THE DIRECTORS

Subject to the Articles, UK legislation and any directions given by special resolution, the business and affairs of the Company are managed by the Board which may exercise all the powers of the Company whether relating to the management of the business or not. The Directors currently have powers both in relation to the issuing and buying back of the Company's shares and are seeking renewal of these powers at the forthcoming AGM.

ARTICLES OF ASSOCIATION

Unless expressly specified to the contrary therein, the Articles may be amended by a special resolution of the Company's shareholders.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions s.418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming AGM.

AGM FOR 2018

The AGM of the Company will be held at the Company's office on the The Westbury Hotel, 37 Conduit Street, London W1S 2YF, United Kingdom on Tuesday, 8 May 2018. The resolutions to be proposed at the AGM are set out and fully explained in the Circular containing the Notice of AGM which will be posted to shareholders together with this Annual Report and Accounts.

RECOMMENDATION

The Board considers that all of the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of all of the proposed resolutions, as they intend to do in respect of their own beneficial shareholdings.

Jérôme Bernard Jean Auguste Bayle
Director
11 March 2018

Directors' responsibility statement

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and Article 4 of the IAS Regulation and have also prepared the Parent Company Financial Statements in accordance with Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period. In preparing the Parent Company financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' RESPONSIBILITY STATEMENT

Following careful review and consideration of the Global Ports Holding PLC Annual Report and Accounts 2017 (collectively, Accounts), the Directors consider that the Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section on pages 122 to 123 in the Governance Report, confirms that, to the best of his or her knowledge:

- the financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and loss of the Group and the Company; and
- the Strategic Report section on pages 2 to 119 of this document includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement was approved by the Board of Directors on 11 March 2018 and is signed on its behalf by:

AYŞEGÜL BENSEL
Vice Chairperson
11 March 2018

Independent auditor's report
to the members of Global Ports Holding PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Global Ports Holding PLC (the 'parent company') and its subsidiaries (the 'Group') which comprise:

- consolidated income statement and statement of other comprehensive income;
- the consolidated statement of financial position;
- the consolidated statements of changes in equity;
- the consolidated cash flow statement;
- the related Consolidated notes 1 to 33;
- the Parent Company profit and loss account;
- the Parent Company balance sheet;
- the Parent Company statement of changes in equity; and
- the related Parent Company notes 34 to 44.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that, with 2 exceptions, no non-audit services prohibited by the FRC's Ethical Standard were provided to the Group or parent company. The first exception was that previously approved and permitted services relating to the preparation of tax forms as well as certain limited tax advice continued to be provided to an overseas affiliate of the parent company in the period after the Initial Public Offering ("IPO"). The impact on the tax charge of this affiliate on the Group's tax accounting was immaterial, however, in the light of the FRC's view that no services with a direct impact can be provided, this is a breach, albeit insignificant, of the standard. The second exception was that a contingent fee was received in the period after the IPO relating to tax advice provided to an overseas affiliate of the parent company before the IPO. In the light of the FRC's view that no fees can be collected in the period for services that would otherwise be prohibited, this is a breach, albeit insignificant, of the standard.

Following investigation it was concluded in agreement with the Audit Committee that given the size of the services provided and their potential impact, as well as the safeguards in place, the provision of these services did not impact upon our integrity, objectivity and independence as auditor to the Group and parent company.

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

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: • Impairment of goodwill and associated port operation assets; and • Accounting for the Group restructuring and related compliance with laws and regulations.
Materiality	The materiality that we used for the Group financial statements was USD 2 million which was determined principally with reference to Adjusted EBITDA. It represents approximately 2.7% of Adjusted EBITDA for the current year.
Scoping	We performed full scope audit procedures at the following port operations: Ortadogu Liman; Valetta Cruise Port; Port of Adria; Ege Liman; and BPI. We also performed full scope audit procedures over the parent company financial statements. Our full scope audit procedures cover total assets (84% of Group total), revenue (96% of Group total) and Adjusted EBITDA (93% of Group total). All other components were subject to a combination of specified audit and/or analytic review procedures.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where: • the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or • the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.	**We have nothing to report in respect of these matters**

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report continued
to the members of Global Ports Holding PLC

IMPAIRMENT OF GOODWILL AND ASSOCIATED PORT OPERATION ASSETS

Key audit matter description	The total of goodwill, intangible assets (port operating rights) and property, plant and equipment were USD 14m, USD 433m and USD 135m respectively at 31 December 2017. There is a risk surrounding the recoverability of these balances, as considered annually by management as part of their impairment assessment. As required by IAS 36 Impairment of Assets goodwill is required to be tested for impairment annually whereas intangible assets with finite lives and property, plant and equipment are only required to be tested for impairment where there are indicators of impairment. There is also an inherent fraud risk of bias in the preparation of a value in use calculation to support the carrying value of a group of assets. The only cash generating unit ("CGU") which has goodwill recognised is Ege Liman, a cruise port, in Turkey and therefore management was required to perform an impairment review for that CGU in the current year. At 31 December 2017 the total carrying value of the relevant assets and liabilities of Ege Liman was significant to the Group. Management has assessed the other finite life intangibles and property, plant and equipment for indicators of impairment and concluded there were none and therefore no impairment test was performed. The key judgements in assessing the Ege Liman CGU for impairment are the assumed future passenger numbers and the discount rate. The value in use model is sensitive to changes in these assumptions. We note that estimating a value in use is inherently judgemental, and a range of assumptions can reasonably be applied in determining an appropriate discount rate and assumed growth in passenger numbers. The Audit Committee Report on pages 134 to 137 refers to goodwill and fixed asset impairment as a key judgement considered by the Audit Committee. Note 3 to the financial statements sets out the Group's accounting policy for testing goodwill for impairment. The basis for the goodwill impairment review is outlined in note 14 to the financial statements, including details of the pre-tax discount rate and growth assumptions used.
How the scope of our audit responded to the key audit matter	Our procedures for challenging management's methodology and assumptions focussed on the Ege Liman impairment review and included: • validating the integrity of the impairment models through testing of the mechanical accuracy and verifying the application of the input assumptions; • holding corroborative enquiries with operational management at Ege Liman as well as with Group management to assess the assumptions applied; • challenging the cash flow forecasts with reference to historical forecasts, actual performance, published 2018 cruise call list data and independent evidence supporting a recovery in passenger numbers after a macroeconomic event as well as evidence supporting growth rates in the Turkish tourism industry; • working with our valuation specialists to benchmark the discount rate applied to external macro-economic and market data. This included challenging whether appropriate risk adjustments had been included in either the country-specific risk adjustment to the discount rate or the risk adjustments made to the underlying cash flows; and • assessing the appropriateness of the disclosures included in the financial statements. We also challenged management's CGU determinations, scrutinised the impairment indicator analysis and considered whether there was any contradictory evidence present.
Key observations	We conclude that the assumptions applied in the impairment model, when taken in aggregate, are within our acceptable range.

ACCOUNTING FOR THE GROUP RESTRUCTURING AND RELATED COMPLIANCE WITH LAWS AND REGULATIONS

Key audit matter description	During 2017 the Group underwent a group restructuring, Initial Public Offering (IPO) on the London Stock Exchange and enacted a capital reduction in the Global Ports Holdings PLC group holding company ("the Company") to enable the payment of shareholder dividends following the IPO. Accounting for the Group's restructuring, IPO and capital reduction required management to apply a number of complex IFRS accounting standards, interpretations and UK legal requirements. There is a risk that non-compliance with the UK Companies Act 2006 and/or the associated accounting treatment not being compliant with IFRS could restrict or prevent the payment of dividends from the Company to its shareholders. Management judgement was also applied in determining the allocation of the IPO transaction costs incurred by the Group between the relevant income statement lines and equity balances. The Audit Committee Report on pages 134 to 137 refers to accounting for the Group restructuring as a key judgement considered by the Audit Committee. Note 22 to the financial statements provides details of the capital reduction enacted through the restructuring.
How the scope of our audit responded to the key audit matter	We reviewed and challenged management's restructuring accounting treatment against the relevant accounting standards following verification of the restructuring steps to the underlying Board approvals and documentation where available. To assess compliance with UK Companies Act 2006 requirements, we obtained and reviewed the court-approved capital reduction documentation and recalculated management's equity accounting. We also performed a standalone audit of initial Company only financial statements to allow the interim dividend to be announced and paid. We reviewed the IPO cost allocation to verify that it was consistent with the IAS 32 Financial Instruments requirements. We have recalculated management's IPO cost allocation and agreed the costs incurred to third party documentation where available.
Key observations	We concur that management's accounting treatment for the Group restructuring, IPO and capital reduction is materially accurate and in compliance with the relevant laws and regulations.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	USD 2 million	USD 0.8 million
Basis for determining materiality	Approximately 2.7% of Adjusted EBITDA. Adjusted EBITDA is defined in the Glossary to the financial statements and is derived from loss before tax excluding: interest, tax, depreciation, amortisation and exceptional and non-cash items.	This represents a component materiality cap on company-only materiality and is less than 1% of net assets.
Rationale for the benchmark applied	We have determined that Adjusted EBITDA provides us with a consistent year on year basis for determining materiality and is the most relevant key performance measure to the stakeholders of the Group. Our materiality is also below 1% of equity.	We have determined that net assets is the most relevant key performance measure to stakeholders given that it acts as a holding company.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of USD 100,000 for the Group, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditor's report continued
to the members of Global Ports Holding PLC

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and the parent company and their environments, including internal control, and assessing the risks of material misstatement at the Group level.

The Group's head office is based in Turkey and the primary consolidated port operations are located in Turkey (Ortadogu Liman, Ege Liman and Bodrum Liman), Spain (BPI), Malta (Valetta Cruise Port), Montenegro (Port of Adria) and Italy (Cagliari, Ravenna and Catania). The Group also has equity accounted associates in ports in Portugal (Lisbon), Italy (Venice) and Singapore.

We performed full scope audit procedures to component materiality (of between USD 0.8 million and USD 1.9 million) at identified components using our component auditors and Group team as appropriate. Considering operational and financial performance and risk factors, this resulted in us performing full scope audits at the following consolidated port operations: Ortadogu Liman; Valetta Cruise Port; Port of Adria; Ege Liman; and BPI.

Our full scope audit procedures cover revenue (96% of Group total), total assets (84% of Group total) and Adjusted EBITDA (93% of Group total).

Specified audit procedures were performed at Bodrum Liman and the Italian ports. Analytic review procedures were performed at all other components to address the relevant risks. At the Parent entity level we also tested the consolidation process.

The Group audit team commenced a programme of planned visits that has been designed so that the Senior Statutory Auditor and/or a senior member of the audit team visits each of the locations where the Group audit scope was focused at least once every 3 years in addition to the work performed at the Group head office. In relation to the current year audit the Senior Statutory Auditor and a senior member of the audit team visited the Spain and Montenegro operations, with a number of visits made to the head office in Turkey where meetings were held with all of the Turkish component audit teams.

Outside of the planned visits regular discussions were held with the component audit teams throughout the year to direct and supervise the planning and execution of their audit work.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have nothing to report in respect of these matters.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or 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 (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor's report continued to the members of Global Ports Holding PLC

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

OTHER MATTERS

AUDITOR TENURE

Following the recommendation of the Audit Committee, Deloitte LLP was appointed by the directors immediately following the IPO to audit the financial period ending 31 December 2017 and subsequent financial periods. This is the first year in which Deloitte LLP will be providing a group audit opinion on the Global Ports Holding PLC financial statements. The previous parent company and material subsidiaries of the Group have been audited by Deloitte member firms since 2015.

CONSISTENCY OF THE AUDIT REPORT WITH THE ADDITIONAL REPORT TO THE AUDIT COMMITTEE

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Christopher Thomas

Christopher Thomas ACA
(Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 March 2018

Consolidated income statement and statement of other comprehensive income

For the years ended 31 December 2017 and 2016

	Note	**Year ended 31 December 2017 USD'000**	Year ended 31 December 2016 Restated* USD'000
Revenue	7	**116,366**	114,869
Cost of sales	7	**(75,548)**	(72,083)
Gross profit		**40,818**	42,786
Other income		**2,228**	477
Gain on bargain purchase	6	**–**	131
Selling and marketing expenses	8	**(1,296)**	(808)
Administrative expenses	9	**(16,375)**	(16,204)
Other expenses	10	**(14,440)**	(5,508)
Operating profit		**10,935**	20,874
Finance income	11	**15,778**	17,509
Finance costs	11	**(39,793)**	(35,272)
Net finance costs		**(24,015)**	(17,763)
Share of profit of equity-accounted investees	15	**2,548**	2,219
(Loss)/Profit before tax		**(10,532)**	5,330
Tax benefit/(expense)	17	**(3,599)**	(925)
(Loss)/Profit for the year		**(14,131)**	4,405
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(15,576)**	2,338
Non-controlling interests		**1,445**	2,067
		(14,131)	4,405
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	26	**(23)**	50
Income tax relating to items that will not be reclassified subsequently to profit or loss	17	**5**	(10)
		(18)	40
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**41,699**	25,182
Cash flow hedges – effective portion of changes in fair value		**(55)**	(530)
Cash flow hedges – realised amounts transferred to income statement		**389**	345
Losses on a hedge of a net investment		**(13,389)**	(47,656)
		28,644	(22,659)
Other comprehensive income/(loss) for the year, net of income tax		**28,626**	(22,619)
Total comprehensive income/(loss) for the year		**14,495**	(18,214)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**2,231**	(17,687)
Non-controlling interests		**12,264**	(527)
		14,495	(18,214)
Basic and diluted earnings per share (cents per share)	28	**(26.01)**	4.25

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* As set out in note 3(e), the Group acquired 3 Italian cruise ports in September 2016 and October 2016. In accordance with IFRS 3 Business Combinations the previously reported provisional acquisition values were finalised during 2017 giving rise to a previously unrecognised gain on bargain purchase of USD 131 thousand and the 2016 financial information has been restated to reflect this gain and the final asset and liability figures

Consolidated statement of financial position

As at 31 December 2017 and 2016

	Note	As at 31 December 2017 USD'000	As at 31 December 2016 Restated* USD'000
Non-current assets			
Property and equipment	12	**134,664**	115,765
Intangible assets	13	**433,075**	432,642
Goodwill	14	**14,088**	12,405
Equity-accounted investees	15	**22,004**	17,168
Other investments		**6**	8
Deferred tax assets	17	**1,695**	3,111
Other non-current assets	19	**5,022**	8,700
		610,554	589,799
Current assets			
Trade and other receivables	18	**15,702**	11,922
Due from related parties	31	**1,599**	31,501
Other investments	16	**14,728**	14,602
Inventories	19	**4,947**	5,797
Other current assets	20	**1,714**	1,294
Prepaid taxes		**2,932**	1,815
Cash and cash equivalents	21	**99,448**	44,310
		141,070	111,241
Total assets		**751,624**	701,040
Current liabilities			
Loans and borrowings	24	**44,878**	42,982
Other financial liabilities	32	**–**	140
Trade and other payables	25	**15,862**	14,463
Due to related parties	31	**483**	581
Current tax liabilities	17	**2,217**	1,814
Provisions	27	**1,202**	1,492
		64,642	61,472
Non-current liabilities			
Loans and borrowings	24	**296,842**	296,307
Other financial liabilities	32	**2,662**	2,525
Derivative financial liabilities	32	**852**	1,131
Deferred tax liabilities	17	**99,879**	98,489
Provisions	27	**21,081**	16,545
Employee benefits	26	**936**	1,287
		422,252	416,284
Total liabilities		**486,894**	477,756
Net assets		**264,730**	223,284
Equity			
Share capital	22	**811**	33,836
Share premium account	22	**–**	54,539
Legal reserves	22	**13,012**	12,424
Hedging and translation reserves		**14,863**	(2,962)
Retained earnings		**143,148**	43,752
Equity attributable to equity holders of the Company		**171,834**	141,589
Non-controlling interests	23	**92,896**	81,695
Total equity		**264,730**	223,284

The financial statements were approved by the board of directors and authorised for issue on 11 March 2018. They were signed on its behalf by:

Jerome Bernard Jean Auguste Bayle
Board Member

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* As set out in note 3(e), the Group acquired 3 Italian cruise ports in September 2016 and October 2016. In accordance with IFRS 3 Business Combinations the previously reported provisional acquisition values were finalised during 2017 giving rise to a previously unrecognised gain on bargain purchase of USD 131 thousand and the 2016 financial information has been restated to reflect this gain and the final asset and liability figures

Consolidated statement of changes in equity

For the years ended 31 December 2017 and 2016

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 2017		**33,836**	**54,539**	**12,424**	**(122,708)**	**119,764**	**43,622**	**141,477**	**80,588**	**222,065**
Impact of finalisation of acquisition accounting*		–	–	–	–	(18)	131	113	1,107	1,220
Restated balance at 1 January 2017		**33,836**	**54,539**	**12,424**	**(122,708)**	**119,746**	**43,753**	**141,590**	**81,695**	**223,285**
(Loss)/income for the year		–	–	–	–	–	(15,576)	(15,576)	1,445	(14,131)
Other comprehensive (loss)/income for the year		–	–	–	(13,055)	30,880	(18)	17,807	10,819	28,626
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**(13,055)**	**30,880**	**(15,594)**	**2,231**	**12,264**	**14,495**
Transactions with owners of the Company										
Group restructuring	22 (a)	320,969	(54,539)	–	–	–	(266,430)	–	–	–
Issuance of shares on IPO	22 (a)	50,492	22,543	–	–	–	–	73,035	–	73,035
Share capital reduction	22 (a)	(404,486)	(22,543)	–	–	–	427,029	–	–	–
Transfer to legal reserves		–	–	588	–	–	(588)	–	–	–
Dividends	22 (c)	–	–	–	–	–	(45,022)	(45,022)	(1,063)	(46,085)
Total contributions and distributions		(33,025)	(54,539)	588	–	–	114,989	28,013	(1,063)	26,950
Total transactions with owners of the Company		(33,025)	(54,539)	588	(13,055)	30,880	99,395	30,244	11,201	41,445
Balance at 31 December 2017		**811**	**–**	**13,012**	**(135,763)**	**150,626**	**143,148**	**171,834**	**92,896**	**264,730**

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* As set out in note 3(e), the Group acquired 3 Italian cruise ports in September 2016 and October 2016. In accordance with IFRS 3 Business Combinations the previously reported provisional acquisition values were finalised during 2017 giving rise to a previously unrecognised gain on bargain purchase of USD 131 thousand and the 2016 financial information has been restated to reflect this gain and the final asset and liability figures

Consolidated statement of changes in equity

For the years ended 31 December 2017 and 2016

Restated * USD'000	Note	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		–	–	–	–	–	2,338	2,338	2,067	4,405
Other comprehensive income/(loss) for the year	22	–	–	–	(47,841)	27,776	40	(20,025)	(2,594)	(22,619)
Total comprehensive income/(loss) for the year		–	–	–	**(47,841)**	**27,776**	**2,378**	**(17,687)**	**(527)**	**(18,214)**
Transactions with owners of the Company										
Transfer to legal reserves		–	–	2,507	–	–	(2,507)	–	–	–
Dividends	22(c)	–	–	–	–	–	(34,607)	(34,607)	(3,011)	(37,618)
Total contributions and distributions		–	–	2,507	–	–	(37,114)	(34,607)	(3,011)	(37,618)
Changes in ownership interests										
Acquisition of subsidiary	6	–	–	–	–	–	–	–	1,292	1,292
Total changes in ownership interests		–	–	–	–	–	–	–	1,292	1,292
Total transactions with owners of the Company		–	–	2,507	(47,841)	27,776	(34,735)	(52,294)	(2,246)	(54,540)
Balance at 31 December 2016*		**33,836**	**54,539**	**12,424**	**(122,708)**	**119,746**	**43,752**	**141,589**	**81,695**	**223,284**

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* As set out in note 3(e), the Group acquired 3 Italian cruise ports in September 2016 and October 2016. In accordance with IFRS 3 Business Combinations the previously reported provisional acquisition values were finalised during 2017 giving rise to a previously unrecognised gain on bargain purchase of USD 131 thousand and the 2016 financial information has been restated to reflect this gain and the final asset and liability figures

Consolidated cash flow statement

For the years ending 31 December 2017 and 2016

	Note	**Year ended 31 December 2017 USD'000**	Year ended 31 December 2016 Restated* USD'000
Cash flows from operating activities			
(Loss)/profit for the year		**(14,131)**	4,405
Adjustments for:			
Depreciation and amortisation expense	12,13	**42,779**	40,556
Bargain purchase gain	6	**-**	(131)
Share of profit of equity-accounted investees, net of tax	15	**(2,548)**	(2,219)
Gain on disposal of property plant and equipment		**(148)**	(2)
Finance costs (excluding foreign exchange differences)		**26,910**	27,237
Finance income (excluding foreign exchange differences)		**(2,752)**	(3,920)
Foreign exchange differences on finance costs and income, net		**(143)**	(5,553)
Income tax (benefit)/expense	17	**3,599**	925
Employment termination indemnity reserve	26	**253**	172
Provisional charges	27	**3,103**	3,739
Operating cash flow before changes in operating assets and liabilities		**56,922**	65,209
Changes in:			
– trade and other receivables		**(3,486)**	(485)
– other current assets		**(689)**	(1,205)
– related party receivables		**(5)**	3
– other non-current assets		**1,785**	3,189
– trade and other payables		**1,120**	776
– related party payables		**(131)**	(53)
– provisions		**(1,237)**	(1,524)
Cash generated by operations before benefit and tax payments		**54,279**	65,910
Employee benefits paid	26	**(127)**	(229)
Income taxes paid	17	**(8,127)**	(4,478)
Net cash generated from operating activities		**46,025**	61,203
Investing activities			
Acquisition of property and equipment	12	**(13,279)**	(8,296)
Acquisition of intangible assets	13	**(596)**	(99)
Proceeds from sale of property and equipment		**360**	38
Bond and short-term investment income		**1,381**	4,497
Bank interest received		**971**	600
Investment in equity-accounted investee		**-**	(8,576)
Acquisition of subsidiary (net)	6	**-**	(2,181)
Advances given for tangible assets		**(319)**	(2,247)
Net cash (used in)/from investing activities		**(11,482)**	(16,264)
Financing activities			
Increase in share capital	6	**73,035**	–
Cash inflow from related parties		**28,856**	1,812
Cash outflow to related parties		**(52)**	(9)
Dividends paid to equity owners	22(c)	**(45,022)**	(34,607)
Dividends paid to NCIs	22(c)	**(1,063)**	(3,011)
Interest paid		**(25,519)**	(26,255)
Proceeds from borrowings		**26,534**	12,486
Repayments of borrowings		**(35,738)**	(17,608)
Net cash (used in)/from financing activities		**21,031**	(67,192)
Net increase/(decrease in cash and cash equivalents		**55,574**	(22,253)
Effect of foreign exchange rate changes on cash and cash equivalents		**(435)**	(10,860)
Cash and cash equivalents at beginning of year	21	**44,309**	77,423
Cash and cash equivalents at end of year	21	**99,448**	44,310

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* In accordance with IAS 7 'Statement of Cash Flow' the Group has included restricted cash of USD 7,583 thousand (2016: USD 5,953 thousand). The comparative has been restated to be on a consistent basis

Notes to the consolidated financial statements

1 GENERAL INFORMATION

Global Ports Holding PLC is a public company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is 100 New Bridge Street, London EC4V 6JA, United Kingdom. Global Ports Holding PLC is the parent company of Global Liman Isletmeleri A.S. and its subsidiaries (the "Existing Group"). The ultimate holding company is Global Yatırım Holding.

These consolidated financial statements of Global Ports Holding PLC (the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 11 March 2018.

On 17 May 2017, the Group completed the initial public offering ("IPO") of its ordinary shares and was admitted to the standard listing segment of the Official List of the Financial Conduct Authority ("FCA") and is trading on the main market of the London Stock Exchange.

As at 31 December 2017, the number of employees of the Group was 635 (31 December 2016: 666).

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
Valletta Cruise Port PLC ("VCP")	Valletta – Malta	Port operations
Port Operation Holding Srl ("POH")	Italy	Port investments
Royal Caribbean Investments (Cyprus) Ltd ("RCI Cyprus")	Cyprus	Port investments
Ravenna 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

EGE LIMAN

Kuşadası Cruise Port was constructed in 1968 and was operated by the Turkish Maritime Organisation Inc. (Türkiye Denizcilik Isletmeleri A.Ş.) ("TDI") until its privatisation in 2003. On 2 July 2003, Ege Liman entered into a transfer of operational rights agreement ("TOORA") for Kuşadası Cruise Port for a period of 30 years with the Privatisation Administration (Özelleştirme İdaresi Başkanlığı) ("OIB") and TDI. The TOORA will end in 2033.

Global Liman acquired 72.50% of the shares of Ege Liman on 6 July 2005, with Royal Caribbean Cruises Ltd. ("RCCL") holding a 27.49% interest and the TDI owns 1 share.

Ege Liman offers the following basic services to ships calling at the port: tugging, pilotage, sheltering, security, clean water supply, disposal of solid waste, underwater diving inspection, fuel supply and liquid waste collection.

ORTADOĞU LIMAN

Antalya Port, constructed in 1977, is a multi-functional facility harbouring a cruise port, a marina and a commercial port and was operated by the TDI until its privatisation in 1998. Operational rights for Antalya Port were taken over for a period of 30 years by Ortadoğu Liman in August 1998. In 2001, due to the difficulties in the other commercial activities of the former shareholders of Ortadoğu Liman, Savings Deposit Insurance Fund ("SDIF") confiscated the company.

Akdeniz Liman İşletmeleri A.Ş. ("Akdeniz Liman"), a joint venture of Global Liman, acquired 99.99% of the shares of Ortadoğu Liman which were subsequently tendered by the SDIF. Akdeniz Liman merged with Ortadoğu Liman in December 2006 and all the rights and obligations of Akdeniz Liman were transferred to Ortadoğu Liman which was denoted the successor entity. The concession period will end in 2028.

Until 29 July 2010, Global Liman owned 39.80% shares of Ortadoğu Liman. On 29 July 2010, Global Liman acquired 60% of the shares of Ortadoğu Liman from other shareholders and obtained control by raising the ownership to 99.80%.

BODRUM LIMAN

Bodrum Cruise Port was tendered by the State Railways, Ports and Airports Construction Company (Demiryolları, Limanlar ve Havayolları) ("DLH") in September 2003 through a 12-year Build-Operate-Transfer ("BOT") tender agreement, which commenced in December 2007. The BOT agreement period 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 finalised a share purchase agreement with the Montenegro Government on 15 November 2013 that was approved by the tender commission, the Montenegro Privatisation and Capital Investments Authority and the Montenegro Council of Ministers. The shares were transferred to the Group on 30 December 2013.

Port of Adria represents an important link in the chain of intermodal transport because of its integration with the Belgrade-Bar railway and road traffic network, and benefits from a free zone regime.

For the first 3 years of its ownership, the Group is obliged to implement certain investment programmes and social programmes outlined in the share purchase agreement.

BPI, CREUERS AND CRUCEROS

Barcelona Port Investments, S.L ("BPI") was established as a joint venture between the Group and Royal Caribbean Cruises Ltd. ("RCCL") on 26 July 2013, where the Group held a 49% interest in BPI which was accounted for using the equity method. BPI then acquired a 43% interest in Creuers on 30 December 2013. Creuers holds a 100% interest in the port operation rights for the Barcelona cruise port, as well as 80% in the port operation rights for the Malaga cruise port ("Cruceros Malaga") and a 40% interest in the port operation rights for the Singapore cruise port.

On 30 September 2014, BPI acquired an additional 57% interest in Creuers which resulted in BPI obtaining control of Creuers as of that date.

Subsequently on 30 September 2014, the Group increased its interest in BPI from 49% to 62% by acquiring a 13% interest from RCCL. As a result, the Group became the controlling shareholder of Creuers.

GLOBAL BV, PERQUISITE, GP MALTA AND VCP

Global BV was established in the Netherlands for investments in European Ports. As of 15 November 2015, Global BV acquired 55.60% of VCP shares through Holding Companies of GP Malta and Perquisite. VCP was set up to develop the Valletta Waterfront, situated on the Grand Harbour, Malta, for the purpose of the operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. VCP is also responsible for the handling of international cruise and ferry passengers and was granted a licence by the Malta Maritime Authority.

PORT OPERATION HOLDING, RCI CYPRUS, RAVENNA, CATANIA AND CAGLIARI

POH was established in Italy for investments made in Italian Ports. As of 31 December 2016, POH acquired 51% of Ravenna shares, 62% of Catania shares and 71% of Cagliari shares, a significant portion being through Holding Company of RCI Cyprus. Ravenna, Cagliari, and Catania were set up to operate the cruise liner passenger terminal together with complementary leisure facilities at their territories. The companies are responsible for the handling of international cruise passengers.

GLOBAL DEPOLAMA

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

2 ADOPTION OF NEW AND REVISED STANDARDS

(A) AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the year ended 31 December 2017, the Group applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in this consolidated financial statements.

(B) NEW AND REVISED IFRSS IN ISSUE BUT NOT YET EFFECTIVE

At the date of this consolidated financial statements, the Group has not yet applied the following new and revised standards and amendments that have been issued as these 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

- IFRS 9 – Financial Investments: This standard is effective from 1 January 2018. Management's assessment of the impact of IFRS 9 is that it would not have a material impact on the Group's consolidated financial statements. The Group currently presents its financial debt instruments in line with IAS 39 and the amendments, simplifications and changes made on adoption of IFRS 9 would not have any impact on Group's classification and measurement in the consolidated financial statements. As per management's assessment, given the nature of the Group's financial assets held, no material changes to the classification and measurement of financial instruments have been identified, in particular in relation to the carrying value of financial assets under the IFRS 9 'expected loss model'. At 31 December 2017 the Group held bonds issued by Global Yatirim Holding Group. However, these were repurchased on 6 February 2018 and the adoption of IFRS 9 will not have a significant effect on their accounting. In relation to hedge accounting, the Group has immaterial cash flow hedges and a net investment hedge which was effective in 2017 and which is expected to remain fully effective under IFRS 9.
- IFRS 15 – Revenue from contracts with customers: This standard is effective from 1 January 2018. Note 3 (q) to the financial statements sets out the Group's principal revenue streams and its current policy for revenue recognition under IAS 18.
  Management has completed an initial assessment of the likely impact of IFRS 15 but further work is required to conclude on the position in H1 2018. Based on the initial assessment work performed to date, management does not believe that the implementation of IFRS 15 would have a material impact on the Group's consolidated financials.
  Given the nature of the business, the Group does not have significant long-term contractual agreements in place with its customers as the majority of the Group's revenues are derived from a short-term set of activities performed whilst a ship is docked in 1 of its Cruise or Commercial ports. These fees are usually agreed at the time based on the applicable port tariff and are charged based on the actual services performed. Revenue is then recognised when the invoice is issued as the ship departs the port, after all services have been provided. The only services performed by the Group where performance obligations might be performed over a period greater than a few days are the land services in relation to storing of cargo and fees charged for retail space rental. Currently revenue is recognised over time for these services and that is not expected to change materially under IFRS 15.
- IFRS 16 Leases – This standard is effective from 1 January 2019. The implementation of IFRS 16 is likely to have a significant impact on the Group's future consolidated financial statements as all leases will be recognised on the balance sheet (with the exception of short-term and immaterial leases) and extensive disclosures will be required by IFRS 16.
  The Group's current commitments in respect of operating lease rentals payable, for which all of the underlying lease agreements are likely to be impacted by the implementation of this standard, are set out in Note 30 (a). Total committed future operating lease rental payments were USD 155,2 million as at 31 December 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

(A) BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRSs as adopted by the European Union.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). The functional currency of the Company is United States Dollars ("USD").

For the purpose of the consolidated financial statements, United States Dollars ("USD") is chosen as the presentation currency by management to facilitate the investors' ability to evaluate the Group's performance and financial position to similar companies domiciled in different jurisdictions, and to eliminate the depreciating effect of TL against hard currencies considering all subsidiaries of the Company are earning in terms of hard currencies. 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 TL in accordance with the Turkish Commercial Code, tax legislation and Turkish Uniform Chart of Accounts. The subsidiaries operating in Montenegro, Spain and Malta maintain their books of account and prepare their statutory financial statements in Euro in accordance with their respective local laws. 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.

USD is the most significant currency to the operations of Ortadoğu Liman, and therefore USD has been determined as its functional currency in line with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Euro is the most significant currency used in Ege Liman and Bodrum Liman's operations, and therefore EUR has been determined as their functional currency in line with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Euro is significantly used in the operations of the Port of Adria, VCP, BPI, Creuers, Malaga Port, Ravenna, Cagliara and Catania. Therefore, Euro has been determined as the functional currency of these companies in line with IAS 21 – "The Effects of Changes in Foreign Exchange Rates".

(D) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

Intangible assets – Scope of IFRIC 12 'Service Concession Arrangements'

The Group's intangible assets recognised primarily consist of the port operation rights.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(D) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Judgement is applied by management to determine whether IFRIC 12 'Service Concession Arrangements' applies to port operating rights arising from a service concession arrangement. IFRIC 12 will be applied when there is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets, and the private operator charges users for public services, and when specific conditions are met. The conditions include where the grantor (government or port authorities) controls or regulates what services the Group can provide with the infrastructure, to whom it must provide them to and at what price, and also controls any significant residual interest in the infrastructure at the end of the service concession arrangement. Judgement is often required to determine the extent to which the conditions applied under the concession are substantive. If a concession is deemed to fall within the scope of IFRIC 12 then any payments made to acquire or operate the concession are capitalised as an intangible asset in accordance with IAS 38 and amortised over the concession period. Further judgement is then applied in determining the nature of any maintenance obligations under the concession arrangement. If the maintenance obligation is deemed to arise over time (i.e. through usage of the infrastructure) then a provision must be recognised for the remediation costs required to return the asset to the required standard based on its condition at the balance sheet date. If it is deemed that the entity must restore the infrastructure to a specified condition at the end of the concession, irrespective of usage, it has an obligation analogous to an obligation for dismantling or removal of an asset and must therefore recognise the full present value of the future associated costs as a provision at the balance sheet date.

The carrying value of port concession intangible assets at 31 December 2017 is USD 430,960 thousand (2016: USD 430,769 thousand). Creuers was previously assessed to within the scope of IFRIC 12. In the year the acquisition accounting for the Italian ports purchased in 2016 was finalised (see note 6) with the port concessions for Ravenna and Catania assessed to be within the scope of IFRIC 12.

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.

Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

The Group has recognised total provisions as at 31 December 2017 of USD 22,283 thousand (2016: USD 18,036), of which USD 17,917 thousand (2016 13,487) relates to asset replacement and maintenance provisions recognised in accordance with IFRIC 12. The provision level reflects the planned future activity over the term of the port concession term and maybe be subject to change. These estimates are based on a number of key assumptions including asset replacement cost, ongoing maintenance and repair costs and estimated asset usage over the concession period. Given the differing types of assets, their size, the range of possible outcomes and the long time period involved, there is a reasonably possible chance that a material adjustment would be required to the carrying value of the provision in the next financial year. These different factors also make it impracticable to provide sensitivity analysis on one single measure and its potential impact on the provision. Further details are provided in note 27.

(E) FINALISATION OF ACQUISITION ACCOUNTING

Italian Ports Acquisition

As explained in Note 6, the acquisition fair value for Italian Ports were provisional as at and for the year ended 31 December 2016 in accordance with IFRS 3 "Business Combinations" the fair values were subsequently finalised within twelve months of the acquisition date. The adjustments to the provisional amounts have been applied retrospectively in compliance with IFRS 3 and reflected in the consolidated financial statements as at 31 December 2016. As a result:

- goodwill created by USD 2,110 thousand as a result of provisional accounting at the end of 31 December 2016 was eliminated;
- a Port operating right amounting USD 6,561 thousand and deferred tax liability amounting USD 1,317 thousand was created;
- a provision for fixed concession payments amounting USD 1,980 thousand was created;
- a bargain purchase gain amounting USD 131 thousand was recognised; and
- other identifiable assets and liabilities have not been changed.

Further details are provided in Note 6.

(F) BASIS OF CONSOLIDATION

The consolidated financial statements includes the accounts of the Company, entities controlled by the Company (its subsidiaries) and joint arrangements on the basis set out in sections below.

(i) Subsidiaries

As at 31 December 2017, the consolidated financial statements includes the financial results of the Company and its controlled subsidiaries.

Control is achieved when the Company:

- has the power over the investee;
- has 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.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to 1 or more of the 3 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 is prepared with the same chart of accounts as the Company.

As at 31 December 2017 and 2016, 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 (%)	
	2017	2016	**2017**	2016
Ege Liman	**72.50**	72.50	**72.50**	72.50
Ortadoğu Liman	**100.00**	100.00	**100.00**	100.00
Bodrum Liman	**60.00**	60.00	**60.00**	60.00
Port of Adria	**63.79**	63.79	**63.79**	63.79
Malaga Port	**49.60**	49.60	**80.00**	80.00
Creuers	**62.00**	62.00	**62.00**	62.00
BPI	**62.00**	62.00	**62.00**	62.00
Global Depolama	**100.00**	100.00	**100.00**	100.00
Global BV	**100.00**	100.00	**100.00**	100.00
VCP	**55.60**	55.60	**55.60**	55.60
Ravenna	**53.67**	53.67	**53.67**	53.67
Cagliari	**70.89**	70.89	**70.89**	70.89
Catania	**62.21**	62.21	**62.21**	62.21

(ii) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures and associates. 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 recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements includes the Group's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

On acquisition of the investment in equity-accounted investees, any excess of the cost of the investment over the Group's share of the next fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any 'negative goodwill' is excluded from the carrying amount of the investment and is instead included as income in the investor's share of profit or loss in the associate in the period of acquisition.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(F) BASIS OF CONSOLIDATION CONTINUED

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 December 2017 and 2016 for the equity-accounted investees:

	Effective ownership rates		Voting power held	
	31 December 2017 (%)	31 December 2016 (%)	**31 December 2017 (%)**	31 December 2016 (%)
Port of Lisbon	**46.2**	46.2	**50**	50
Singapore Port	**24.8**	24.8	**40**	40
Venezia Investimenti	**25.0**	25.0	**25**	25
La Spezia	**28.5**	28.5	**30**	30

(iii) Non-controlling interests

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

(iv) Transactions eliminated on consolidation

Subsidiaries are consolidated by using the full consolidation method. Therefore, the carrying value of subsidiaries is eliminated against the related equity. The equity and net income attributable to non-controlling interests are shown separately in the consolidated balance sheet and income statement and other comprehensive income. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Business combinations

The acquisition of subsidiaries and businesses from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Any costs directly attributable to the business combination are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

The excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill. Goodwill arising from business combinations is not amortised, but tested for impairment annually or more frequently if there is any evidence that the goodwill may be impaired.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

If the share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree exceed the cost of a business combination, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

(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. Further details are provided on page 152.

(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 the reporting date. Non-monetary assets and liabilities denominated in foreign currencies carried at historical cost should be retranslated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

The Group entities use USD, Euro or TL as their functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21 *The Effect of Changes in Foreign Exchange Rates*. The Group uses USD as the presentation currency.

Assets and liabilities of those Group entities with a different functional currency than the presentation currency of the Group are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date. The income and expenses of the Group entities are translated into the presentation currency at the average exchange rates for the period. Equity items, except for net income, are translated using their historical costs. These foreign currency differences are recognised in "other comprehensive income" ("OCI"), within equity, under "translation reserves".

As at 31 December 2017 and 2016 foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2017	2016
TL/USD	**0.2651**	0.2842
Euro/USD	**1.1971**	1.0542

For the years ended 31 December 2017 and 2016, average foreign currency exchange rates of the Central Bank of the Turkish Republic were as follows:

	2017	2016
TL/USD	**0.2741**	0.3310
Euro/USD	**1.1285**	1.1055

(ii) Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into USD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in OCI.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such items form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in translation reserves.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(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 recognises 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 recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows 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 recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheet 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 realise 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 recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised 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 recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise bank deposits and trade and other receivables. Bank deposits with original maturities of 3 months or less are classified as cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with original maturities of 3 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. Unrealised gains or losses from the changes in fair value of the available for sale financial assets are accounted for in the consolidated income statement 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 profit or loss when available for sale financial assets are derecognised.

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

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

The Group derecognises 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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised 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 recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

It is expected that a hedge transaction is to be effective in stabilising changes between changes in fair value or cash flow. During all financial reporting periods in which it is defined, a hedge transaction is evaluated continuously for identification of effectiveness and it is expected to be consistent with documented risk management strategy. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The derivatives are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity.

The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(I) FINANCIAL INSTRUMENTS CONTINUED

Net investment hedges

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

Hedges of net investments in a subsidiary whose functional currency is other than TL are accounted for similarly to cash flow accounting hedges. Any gains or losses on the hedging instrument are accounted as follows:
- the effective portion of gain or loss arising from the hedging instrument is recognised in other comprehensive income; and
- the ineffective portion of gain or loss arising from the hedging instrument is recognised in profit or loss.

Gain or loss on hedging instruments related to the effective portion accumulated in other comprehensive income is reclassified to profit or loss on disposal of the related subsidiary.

(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 capitalised 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 recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Leasehold improvements are amortised over the periods of the respective leases, also on a straight-line basis.
The estimated useful lives for the current and comparative periods are as follows:

	Years
Leasehold improvements	4-50
Furniture and fixtures	4-20
Machinery and equipment	4-30
Motor vehicles	4-18

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) De-recognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(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 amortisation and accumulated impairment losses.

(ii) Subsequent expenditures

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

(iii) Intangible assets recognised in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). The Group's intangible assets recognised in a business combination comprise the port operation rights and the customer relationships. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Service concession arrangements

The Group recognises 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 capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

Port operation rights arising from a service concession arrangement are recognised in line with IFRIC 12 *'Service Concession Arrangements'* when there is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets, and the private operator charges users for a public service, and when specific conditions are met. The conditions include where the grantor (government or port authorities) controls or regulates what services the Group can provide with the infrastructure, to whom it must provide them to and at what price. The grantor also has to control any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

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

These assets are amortised based on the lower of their useful lives or concession period.

(v) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated finite useful lives of intangible assets from the date they are available for use, since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Port operation rights	4-50 (concession term)
Customer relationships	12
Software	5

(vi) Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(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.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(L) GOODWILL CONTINUED

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of 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 and 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 recognised 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 balance sheet 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 balance sheet.

(iii) Lease payments

Operating lease payments are recognised 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 recognised as a liability. The aggregate benefit of incentives is recognised 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 recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

(N) INVENTORIES

Inventories of the Group composed of spare and replacement parts, and consumables used for the tangible assets in commercial ports, and inventories held for sale in duty free operations on Valletta Cruise Port. Costs of inventories are determined on weighted average basis. Inventories are kept at the lower of cost and net realizable value.

(O) 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.

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; or
- 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 the 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 recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value reserve, less any impairment loss previously recognised 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 recognised, 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 generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(P) EMPLOYEE BENEFITS

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plans as per IAS 19 (revised) *Employee Benefits* ("IAS 19"). The retirement benefit obligation recognised in the consolidated balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognised in other comprehensive income. The key assumptions used in the calculation of the retirement pay liability are detailed in Note 26.

(Q) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(R) REVENUE

Revenue is recognised when services are rendered, recovery of the consideration is probable, the stage of completion at the balance sheet date can be measured reliably and the amount of revenue can be measured reliably. Revenue is stated net of taxes and measured at the fair value of the consideration received or receivable.

(i) Container revenues

Container cargo revenues relate to services provided for container cargo handling including sea and land services, recognised on completion of service provided.

(ii) Port service revenues

Port service revenues relate to services provided to ships and motorboats (pilotage, towage, tugboat rents, etc.) recognised on completion of service provided.

(iii) Cargo revenues

Cargo revenues relate to services provided for general and bulk cargo handling including sea and land services, recognised on completion of service provided.

(iv) Landing fees

Landing fees relate to services provided to cruise ships including passenger landing, luggage handling, security fees, etc. recognised on completion of service provided.

(v) Rental income

Rent income relates to rental income from marina and shopping centers. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

(vi) Income from duty free operations

Income from duty free operations is recognised in profit or loss on a straight-line basis over the term of duty-free stores.

(vii) Domestic water sales

Water sales provided to ships recognised on completion of service provided.

(viii) Other revenue

Other revenues are presented in profit or loss on completion of service provided.

(S) OPERATING PROFIT

Operating profit is profit for the year stated before the share of results of equity-accounted investees, finance income, finance costs and tax.

(T) FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income, gains on sale of marketable securities and net foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, net foreign currency losses 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 recognised in profit or loss in the period in which they are incurred using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(U) INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the consolidated income statement and other comprehensive income because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A current tax provision is recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the period

Current and deferred tax are recognised as in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(V) 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 utilised by the Group comprises investment allowances (Note 18).

4 DETERMINATION OF FAIR VALUES

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market and observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted in active markets for identical assets or liabilities);
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 32 – Financial risk management.

5 SEGMENT REPORTING

(A) PRODUCTS AND SERVICES FROM WHICH REPORTABLE SEGMENTS DERIVE THEIR REVENUES

The Group operates various cruise and commercial ports and all revenue is generated from external customers such as cruise liners, ferries, yachts, individual passengers, container ships and bulk and general cargo ships.

(B) REPORTABLE SEGMENTS

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision-maker, in deciding how to allocate resources and assessing performance.

The Group has identified each port as an operating segment, as each port represents a set of activities which generates revenue and the financial information of each port is reviewed by the Group's chief operating decision-maker in deciding how to allocate resources and assess performance. The Group's chief operating decision-maker is the Chief Executive Officer ("CEO"), who reviews the management reports of each port at least on a monthly basis.

The CEO evaluates segmental performance on the basis of earnings before interest, tax, depreciation and amortisation excluding the effects of exceptional and other non-cash income and expenses comprising project expenses, bargain purchase gains and reserves, board member leaving fees, employee termination payments, unallocated expenses, finance income, finance costs, and including the share of equity-accounted investees which is fully integrated into GPH cruise port network ("Adjusted EBITDA" or "Segmental EBITDA"). Adjusted EBITDA is considered by Group management to be the most appropriate profit measure for the review of the segment operations because it excludes items which the Group does not consider to represent the operating cash flows generated by underlying business performance. The share of equity-accounted investees has been included as it is considered to represent operating cash flows generated by the Group's operations that are structured in this manner.

The Group has the following operating segments under IFRS 8:

- BPI ("Creuers" or "Creuers (Barcelona and Málaga)"), VCP ("Valetta Cruise Port"), Ege Liman ("Ege Ports-Kuşadası"), Bodrum Liman ("Bodrum Cruise Port"), Ortadoğu Liman (Cruise port operations), POH, Lisbon Cruise Terminals, LDA ("Port of Lisbon" or "Lisbon Cruise Port"), SATS – Creuers Cruise Services Pte. Ltd. ("Singapore Port"), Venezia Investimenti Srl. ("Venice Investment" or "Venice Cruise Port") and La Spezia Cruise Facility Srl. ("La Spezia") which fall under the Group's cruise port operations.
- Ortadoğu Liman (Commercial port operations) ("Port Akdeniz-Antalya") and Port of Adria ("Port of Adria-Bar") which both fall under the Group's commercial port operations.

The Group's reportable segments under IFRS 8 are BPI, VCP, Ege Liman, Ortadoğu Liman (Commercial port operations) and Port of Adria. Segments that do not exceed the quantitative thresholds for reporting information about operating segments have been included in Other.

Global Depolama does not generate any revenues and therefore is presented as unallocated to reconcile to the consolidated financial statements results.

Ravenna, Cagliari and Catania (consolidated under POH) were acquired at the end of 2016, therefore they did not generate any revenue for the Group in 2016.

Assets, revenue and expenses directly attributable to segments are reported under each reportable segment.

Any items which are not attributable to segments have been disclosed as unallocated.

(i) Segment revenues, results and reconciliation to profit before tax

The following is an analysis of the Group's revenue, results and reconciliation to profit before tax by reportable segment:

USD'000	BPI	VCP	Ege Liman	Other	Total Cruise	Ortadoğu Liman	Port of Adria	Total Commercial	Total
31 December 2017									
Revenue	**27,376**	**12,916**	**4,819**	**5,165**	**50,276**	**58,549**	**7,541**	**66,090**	**116,366**
Segmental EBITDA	**17,558**	**6,826**	**2,954**	**4,877**	**32,215**	**46,436**	**1,855**	**48,291**	**80,506**
Unallocated expenses									**(5,229)**
Adjusted EBITDA									**75,277**
Reconciliation to profit before tax									
Depreciation and amortisation expenses									**(42,779)**
Exceptional & other non-cash items*									**(19,015)**
Finance income									**15,778**
Finance costs									**(39,793)**
Loss before income tax									**(10,532)**
31 December 2016									
Revenue	27,113	11,838	11,650	3,033	53,634	53,351	7,884	61,235	114,869
Segmental EBITDA	18,032	5,859	8,976	4,050	36,917	41,288	2,728	44,016	80,933
Unallocated expenses									(5,010)
Adjusted EBITDA									75,923
Reconciliation to profit before tax									
Depreciation and amortisation expenses									(40,556)
Exceptional & other non-cash items*									(12,276)
Finance income									17,511
Finance costs									(35,272)
Profit before income tax									5,330

* As of 31 December 2017, exceptional and other non-cash items totalled USD 19,015 thousand. These comprised of IPO costs of USD 9,768 thousand (31 December 2016: USD nil), project costs (mostly relating to bidding for new port operations) of USD 4,734 thousand (31 December 2016: USD 5,306 thousand), employee termination expenses amounting to USD 250 thousand (31 December 2016: USD 1,758 thousand), other provisions reversed amounting to a gain of USD 636 thousand (31 December 2016: a loss of USD 853 thousand), replacement provision expenses amounting USD 2,078 thousand (31 December 2016: USD 2,600 thousand), other expenses consists of donations, insurance, commissions amounting to USD 627 thousand (31 December 2016: USD 1,889 thousand) and personnel premiums related based on success for the Group's listing on LSE which completed on 17 May 2017 amounting USD 1,841 thousand (31 December 2016: none)

The Group did not have inter-segment revenues in any of the periods shown above.

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment for the years ended:

USD'000	BPI	VCP	Ege Liman	Other	Total Cruise	Ortadoğu Liman	Port of Adria	Total Commercial	Total
31 December 2017									
Segment assets	**164,043**	**115,673**	**55,965**	**13,900**	**349,581**	**234,902**	**70,526**	**305,428**	**655,009**
Equity-accounted investees	**–**	**–**	**–**	**22,004**	**22,004**	**–**	**–**	**–**	**22,004**
Unallocated assets									**74,611**
Total assets									**751,624**
Segment liabilities	**98,490**	**37,471**	**13,285**	**5,068**	**154,314**	**53,333**	**8,157**	**61,490**	**215,804**
Unallocated liabilities									**271,090**
Total liabilities									**486,894**
31 December 2016									
Segment assets	146,068	101,804	53,066	16,228	317,166	250,527	59,127	309,654	626,820
Equity-accounted investees	–	–	–	17,168	17,168	–	–	–	17,168
Unallocated assets									57,052
Total assets									701,040
Segment liabilities	88,696	35,075	12,942	6,487	143,200	50,840	9,630	60,470	203,670
Unallocated liabilities									274,085
Total liabilities									477,755

5 SEGMENT REPORTING CONTINUED

(B) REPORTABLE SEGMENTS CONTINUED

(iii) Other segment information

The following table details other segment information for the years ended:

USD'000	BPI	VCP	Ege Liman	Other	Total Cruise	Ortadoğu Liman	Port of Adria	Total Commercial	Unallocated	Total
31 December 2017										
Depreciation and amortisation expenses	**(10,869)**	**(2,582)**	**(2,788)**	**(3,119)**	**(19,358)**	**(20,742)**	**(2,514)**	**(23,256)**	**(165)**	**(42,779)**
Additions to non-current assets*										
– Capital expenditures	**209**	**801**	**3,448**	**1,447**	**5,905**	**2,851**	**6,581**	**9,432**	**467**	**15,804**
– Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total additions to non-current assets*	**209**	**801**	**3,448**	**1,447**	**5,905**	**2,851**	**6,581**	**9,432**	**467**	**15,804**
31 December 2016										
Depreciation and amortisation expenses	(10,572)	(2,356)	(2,543)	(2,205)	(17,676)	(20,589)	(2,177)	(22,766)	(114)	(40,556)
Additions to non-current assets*										
– Capital expenditures	126	1,960	1,255	4	3,345	1,400	4,009	5,409	261	9,015
– Other	–	–	–	–	–	–	–	–	6,561	6,561
Total additions to non-current assets*	126	1,960	1,255	4	3,345	1,400	4,009	5,409	6,822	15,576

* Non-current assets exclude those relating to deferred tax assets and financial instruments (including equity-accounted investees)

(iv) Geographical information

The Port operations of the Group are managed on a worldwide basis, but operational ports and management offices are primarily in Turkey, Montenegro, Spain and Singapore. The geographic information below analyses the Group's revenue and non-current assets by countries. In presenting the following information, segment revenue has been based on the geographic location of port operations and segment non-current assets were based on the geographic location of the assets.

Revenue	**Year ended 31 December 2017 (USD'000)**	Year ended 31 December 2016 (USD'000)
Turkey	**66,009**	68,034
Montenegro	**7,541**	7,884
Malta	**12,916**	11,838
Spain	**27,376**	27,113
Italy	**2,524**	–
	116,366	114,869

Non-current assets	**As at 31 December 2017 (USD'000)**	As at 31 December 2016 (USD'000)
Turkey	**265,791**	277,845
Spain	**144,939**	137,601
Malta	**100,632**	90,321
Montenegro	**67,416**	56,094
Italy	**7,960**	7,659
UK	**117**	–
	586,855	569,520

Non-current assets exclude those relating to deferred tax assets and financial instruments (including equity-accounted investees).

(v) Information about major customers

The Group did not have a single customer that accounted for more than 10% of the Group's consolidated net revenues in any of the periods presented.

6 ACQUISITION OF SUBSIDIARY

ACQUISITION OF RAVENNA, CAGLIARI AND CATANIA CRUISE PORTS

The Group acquired 67.55% shares of Cagliari Passenger Terminal, 59.05% shares of Catania Passenger Terminal on 18 October 2016 and 51% shares of Ravenna Passenger Terminal on 22 September 2016 (together "the acquisition date") in Italy, for a total cash consideration of USD 2,411 thousand and provisionally fair valued the related port operations right at USD 6,561 thousand recognised in the consolidated balance sheet.

The acquisitions of Ravenna, Cagliari, and Catania were completed as part of the Group's plans to increase port investments overseas and expand its port portfolio overseas.

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.

(i) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

As at 30 November 2016 (acquisition date)	Note	Provisional fair values USD'000	Adjustments USD'000	Final fair value USD'000
Property and equipment	12	939	–	939
Intangible assets	13	136	6,561	6,697
Other assets		236	–	236
Trade and other receivables		678	–	678
Cash and cash equivalents		230	–	230
Loans and borrowings		(604)	–	(604)
Trade and other payables		(1,031)	–	(1,031)
Deferred tax liabilities		–	(1,317)	(1,317)
Provisions		–	(1,980)	(1,980)
Employee termination indemnity		(14)	–	(14)
Total identifiable net assets acquired		**570**	**3,264**	**3,834**

The adjustments have been made retrospectively, restating 2016 financial information as described in Note 3 (e).

The gross contractual amount of receivables of Ravenna, Cagliari, and Catania as of the acquisition date is USD 678 thousand and there are no contractual cash flows which are not expected to be collected.

(ii) Gain on bargain purchase

The gain on bargain purchase arising from the acquisition of Ravenna, Cagliari, and Catania has arisen as follows:

As at the acquisition date (USD'000)	Note	Provisional accounting	Final accounting
Consideration paid	(a)	2,411	2,411
Fair value of identifiable net assets acquired (100%)	(a)(i)	(570)	(3,834)
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Ravenna, Cagliari, and Catania		269	1,292
Goodwill/(gain on bargain purchase)		**2,110**	**(131)**

USD 131 thousand gain on bargain purchase has been recognised in the profit and loss statement for the year ended 31 December 2016.

(iii) Net cash outflow on the acquisition of Ravenna, Cagliari, and Catania

	USD'000
Consideration paid:	2,411
Cash associated with acquired assets	(230)
Net cash outflow	**2,181**

6 ACQUISITION OF SUBSIDIARY CONTINUED

ACQUISITION OF RAVENNA, CAGLIARI AND CATANIA CRUISE PORTS CONTINUED

(iv) Impact of acquisition on results of the Group

The financial statements of all 3 companies for the year ended 31 December 2016 has been included in the consolidated financial statements. If the acquisitions had occurred on 1 January 2016, management estimates that consolidated revenue would have been USD 116,482 thousand, and consolidated profit for the year would have been USD 4,393 thousand higher.

7 REVENUE AND COST OF SALES

REVENUE

For the years ended 31 December, revenue comprised the following:

	2017 **USD'000**	2016 USD'000
Container revenue	**43,560**	39,529
Landing fees	**31,676**	31,148
Port service revenue	**12,145**	14,458
Rental income	**8,140**	9,586
Cargo revenue	**14,603**	13,452
Income from duty free operations	**4,528**	5,025
Domestic water sales	**848**	973
Other revenue	**866**	698
Total	**116,366**	114,869

COST OF SALES

For the years ended 31 December, cost of sales comprised the following:

	2017 **USD'000**	2016 USD'000
Depreciation and amortisation expenses	**39,507**	37,575
Personnel expenses	**14,329**	13,789
Cost of inventories sold	**2,590**	3,201
Commission fees to government authorities and pilotage expenses	**3,204**	3,204
Replacement provision	**2,078**	1,939
Security expenses	**1,940**	1,866
Repair and maintenance expenses	**1,808**	1,716
Subcontractor lashing expenses	**1,624**	1,415
Subcontractor crane expenses	**1,408**	1,368
Container transportation expenses	**964**	600
Insurance expenses	**987**	1,102
Fuel expenses	**842**	642
Port energy usage expenses	**747**	786
Shopping mall expenses	**660**	159
Fresh water expenses	**602**	601
Port rental expenses	**571**	154
Waste removal expenses	**192**	215
Other expenses	**1,495**	1,751
Total	**75,548**	72,083

8 SELLING AND MARKETING EXPENSES

For the years ended 31 December, selling and marketing expenses comprised the following:

	2017 **USD'000**	2016 USD'000
Advertising and promotion expenses	**655**	562
Commission expense	**386**	–
Personnel expenses	**183**	180
Travelling expenses	**42**	48
Representation expenses	**30**	13
Other	**–**	5
Total	**1,296**	808

9 ADMINISTRATIVE EXPENSES

For the years ended 31 December, administrative expenses comprised the following:

	2017 **USD'000**	2016 USD'000
Personnel expenses	**4,917**	5,591
Depreciation and amortisation expenses	**3,272**	2,981
Consultancy expenses	**3,497**	2,879
Representation expenses	**1,205**	882
Taxes other than on income	**662**	732
Travelling expenses	**543**	687
Communication expenses	**275**	252
IT expenses	**271**	260
Vehicle expenses	**151**	154
Office operating expenses	**112**	92
Insurance expenses	**114**	29
Stationery expenses	**87**	115
Rent expenses	**77**	70
Repair and maintenance expenses	**42**	50
Allowance for doubtful receivables	**307**	680
Other expenses	**843**	750
Total	**16,375**	16,204

The analysis of the auditor's remuneration is as follows:

	2017 **USD'000**	2016 USD'000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	**398**	–
Fees payable to the Company 's auditor and their associates for the audit of the Company 's subsidiaries	**157**	161
Total audit fees	**555**	161
– Audit-related assurance services	**259**	18
– Tax compliance services	**4**	199
– Corporate finance services	**677**	–
Total non-audit fees	**940**	217
Total fees	**1,495**	378

Corporate finance services noted to reporting accountant work performed as part of the Group's IPO during 2017.

10 OTHER EXPENSES

For the years ended 31 December, other expenses comprised the following:

	2017 **USD'000**	2016 USD'000
Project expenses*	**11,999**	2,686
Concession fee expense	**1,629**	497
Taxes other than on income	**–**	6
Donations	**26**	–
Provisions	**83**	207
Tax amnesty expenses	**–**	1,280
Other	**703**	832
Total	**14,440**	5,508

* The project expenses are mainly related to the projects for new acquisitions and the Group's listing on the LSE which completed on 17 May 2017

Notes to the consolidated financial statements continued

11 FINANCE INCOME AND COSTS

For the years ended 31 December, finance income comprised the following:

Finance income	2017 USD'000	2016 USD'000
Other foreign exchange gains	**13,026**	13,590
Interest income on marketable securities*	**1,490**	1,928
Interest income on related parties	**–**	891
Interest income on banks and others	**973**	568
Interest income from housing loans	**32**	32
Gain on sale of marketable securities	**15**	408
Other income	**242**	92
Total	**15,778**	17,509

* Interest income on marketable securities comprises the interest income earned from the Global Yatırım Holding's bonds during the year. Global Yatırım Holding is the parent company of the Company

The income from financial instruments within the category loans and receivables is USD 2,495 thousand (31 December 2016: USD 3,419 thousand). Income from financial instruments within the category fair value through profit and loss is nil (31 December 2016: nil).

For the years ended 31 December, finance costs comprised the following:

Finance costs	2017 USD'000	2016 USD'000
Interest expense on loans and borrowings	**25,598**	26,153
Foreign exchange losses on loans and borrowings	**12,608**	4,793
Other foreign exchange losses	**275**	3,244
Other interest expenses	**323**	435
Letter of guarantee commission expenses	**190**	14
Loan commission expenses	**79**	53
Loss on sale of marketable securities	**–**	3
Unwinding of provisions during the year (Note 27)	**591**	528
Other costs	**129**	49
Total	**39,793**	35,272

The interest expense for financial liabilities not classified as fair value through profit or loss is USD 25,625 thousand (31 December 2016: USD 26,588 thousand).

12 PROPERTY AND EQUIPMENT

Movements of property and equipment for the year ended 31 December 2017 comprised the following:

Cost USD'000	1 January 2017	Additions	Disposals	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2017
Leasehold improvements	98,310	2,875	(163)	5,062	–	15,606	121,690
Machinery and equipment	41,212	2,281	(563)	9,468	–	829	53,227
Motor vehicles	16,849	252	(4)	–	–	1,496	18,593
Furniture and fixtures	7,387	566	(5)	28	–	1,290	9,266
Construction in progress	5,753	9,234	–	(14,762)	–	1,371	1,596
Land improvement	8	1	–	151	–	(9)	151
Total	169,519	15,209	(735)	(53)	–	20,583	204,523

Accumulated depreciation	1 January 2017	Depreciation expense	Disposals	Transfers	Acquisition through business combinations	Currency translation differences	31 December 2017
Leasehold improvements	20,720	4,349	–	–	–	3,011	28,080
Machinery and equipment	22,344	3,839	(525)	–	–	583	26,241
Motor vehicles	7,178	1,465	–	–	–	498	9,141
Furniture and fixtures	3,511	1,052	–	–	–	890	5,453
Land improvement	1	429	–	–	–	514	944
Total	53,754	11,134	(525)	–	–	5,496	69,859
Net book value	115,765		(210)	(53)	–	15,087	134,664

Movements of property and equipment for the year ended 31 December 2016 comprised the following:

Cost USD'000	1 January 2016	Additions	Disposals	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	3,668	2,841	(38)	(1,011)	693	(399)	5,754
Land improvement	8	–	–	–	–	–	8
Total	164,439	8,915	(268)	(499)	939	(4,008)	169,518

Accumulated depreciation	1 January 2016	Depreciation expense	Disposals	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	0	–	–	–	–	1
Total	44,667	10,199	(230)	–	–	(883)	53,753
Net book value	119,772		(38)	(499)	939	(3,125)	115,765

* See Note 6 (a)

As at 31 December 2017, the net book value of machinery and equipment purchased through leasing amounts to USD 2,064 thousand (31 December 2016: USD 2,438 thousand), the net book value of motor vehicles purchased through leasing amounts to USD 9,428 thousand (31 December 2016: USD 9,829 thousand), and the net book value of furniture and fixtures purchased through leasing amounts to USD 124 thousand (31 December 2016: USD 190 thousand). In 2017, no capital expenditure was made through finance leases (31 December 2016: USD 620 thousand).

As at 31 December 2017 and 2016, according to the "TOORA" and "BOT" tender agreements signed with the related Authorities, at the end of the agreement periods, real estate with their capital improvements will be returned as running, clean, free of any liability and free of charge. The details of the pledge or mortgage on property and equipment regarding the loans and borrowings are explained on Note 29.

For the years ended 31 December 2017 and 2016, there are no borrowing costs capitalised into property and equipment.

As at 31 December 2017, the insured amount of property and equipment amounts to USD 265,598 thousand (31 December 2016: USD 202,880 thousand).

Notes to the consolidated financial statements continued

13 INTANGIBLE ASSETS

Movements of intangible assets for the year ended 31 December 2017 comprised the following:

Cost USD'000	**1 January 2017**	**Additions**	**Disposals**	**Transfers**	**Acquisition through business combinations**	**Currency translation differences**	**31 December 2017**
Port operation rights	**579,520**	**–**	**–**	**–**	**–**	**36,891**	**616,411**
Customer relationships	**3,622**	**–**	**–**	**–**	**–**	**491**	**4,113**
Software	**592**	**529**	**(2)**	**–**	**–**	**36**	**1,155**
Other intangibles	**716**	**66**	**–**	**53**	**–**	**54**	**889**
Total	**584,450**	**595**	**(2)**	**53**	**–**	**37,472**	**622,568**

Accumulated amortisation	**1 January 2017**	**Amortisation expense**	**Disposals**	**Transfers**	**Acquisition through business combinations**	**Currency translation differences**	**31 December 2017**
Port operation rights	**148,751**	**31,032**	**–**	**–**	**–**	**5,669**	**185,452**
Customer relationships	**2,492**	**323**	**–**	**–**	**–**	**358**	**3,173**
Software	**348**	**136**	**–**	**–**	**–**	**8**	**492**
Other intangibles	**217**	**154**	**–**	**–**	**–**	**5**	**376**
Total	**151,808**	**31,645**	**–**	**–**	**–**	**6,040**	**189,493**
Net book value	**432,642**		**(2)**	**53**	**–**	**31,432**	**433,075**

Movements of intangible assets for the year ended 31 December 2016 comprised the following:

Cost USD'000	1 January 2016	Additions	Disposals	Transfers	Acquisition through business combinations*	Currency translation differences	31 December 2016
Port operation rights	581,908	–	–	–	6,561	(8,949)	579,520
Customer relationships	3,755	–	–	–	–	(133)	3,622
Software	381	51	–	–	136	24	592
Other intangibles	260	47	–	499	–	(90)	716
Total	586,304	98	–	499	6,697	(9,148)	584,450

Accumulated amortisation	1 January 2016	Amortisation expense	Disposals	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		–	499	6,697	(6,572)	432,642

* See Note 6(a)

The details of Port operation rights for the years ended 31 December 2017 and 2016 are as follows:

	As at 31 December 2017		As at 31 December 2016	
USD'000	**Carrying Amount**	**Remaining Amortisation Period**	Carrying Amount	Remaining Amortisation Period
Barcelona Ports Investment	**141,622**	**150 months**	134,461	162 months
Valletta Cruise Port	**68,339**	**587 months**	61,409	599 months
Port of Adria	**22,731**	**312 months**	20,786	324 months
Port Akdeniz	**177,433**	**128 months**	194,067	140 months
Ege Ports	**13,491**	**183 months**	12,646	195 months
Bodrum Cruise Port	**698**	**15 months**	839	27 months
Port Operation Holding	**6,644**	**106 months**	6,560	118 months

14 GOODWILL

Movements of goodwill for the years ended 31 December comprised the following:

Cost	**USD'000**
At 1 January 2016	**12,860**
Exchange difference	(455)
At 31 December 2016	**12,405**
Exchange differences	1,683
At 31 December 2017	**14,088**

As at 31 December 2016 and 2017, the Group recognised goodwill related to the acquisition of Ege Liman, which had a functional currency of EUR, in its consolidated financial statements.

As at 31 December 2016 and 2017, the Group tested impairment by comparing the goodwill from the acquisition of Ege Liman with the value in use of the cash generating unit and concluded that no impairment exists. Cash flow forecasts are prepared up to the end of the port usage rights, which is 2032. 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 EUR. A pre-tax discount rate of 11% (31 December 2016: 11%) was used for discounting future cash flows to the reporting date. The EBITDA growth rate was assumed at 17.1% for the forecast period from 1 January 2018 to the end of the concession period, 2032 (forecast period from 1 January 2017 to the end of the concession period: 9.7%). Management believes that all assumptions used are reflective of management's experience and consistent with external sources of information.

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

PORT OF LISBON

The Group has entered into the concession agreement of Lisbon Cruise Port within the framework of a public-service concession on 18 July 2014 as a part of the consortium comprising Global Liman, RCCL, Creuers and Group Sousa – Investimentos SGPS, LDA. The operation right of Lisbon Cruise Port has been transferred by the Port Authority of Lisbon to LCT-Lisbon Cruise Terminals, LDA, which was established by the Consortium on 26 August 2014. The Group has a 46.2% effective interest in Port of Lisbon as at 31 December 2017. Port of Lisbon has been recognised as an equity-accounted investee in the consolidated financial report as at and for the years ended 31 December 2017 and 2016.

SINGAPORE PORT

Barcelona Port Investments, S.L ("BPI") was established as a joint venture between the Group and Royal Caribbean Cruises Ltd. ("RCCL") on 26 July 2013 for the purpose of acquiring a Creuers. Creuers holds a 100% interest in the port operation rights for the Barcelona cruise port, as well as an 80% interest in the port operation rights for the Malaga cruise port and a 40% interest in the port operation rights for the Singapore cruise port. Singapore cruise port has been recognised as an equity-accounted investee in the consolidated financial report as at and for the years ended 31 December 2017 and 2016.

VENICE INVESTMENT

Venezia Investimenti Srl is an international consortium formed for investing in Venezia Terminal Passegeri S.p.A ("VTP"). The international consortium formed as a joint venture by GPH, Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having a 25% share of the Company.

LA SPEZIA

GPH purchased a minority interest of 28.5% through POH in La Spezia Cruise Facility Srl, which has the operating rights of La Spezia Cruise Port, Italy.

15 EQUITY-ACCOUNTED INVESTEES CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

At 31 December 2017, La Spezia, Venezia Investimenti, Port of Lisbon and Singapore Port are equity-accounted investees in which the Group participates.

The following table summarises the financial information of La Spezia, Venezia Investimenti, Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2017. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Port of Lisbon and Singapore Port.

	La Spezia USD'000	Venezia Investimenti USD'000	Port of Lisbon USD'000	Singapore Port USD'000
Percentage ownership interest	30.00%	25.00%	50.00%	40.00%
Non-current assets	–	38,248	28,880	2,802
Current assets	140	1,940	8,077	13,444
Non-current liabilities	–	–	(13,920)	(1,846)
Current liabilities	–	(174)	(5,687)	(6,191)
Net assets (100%)	140	40,014	17,350	8,209
Group's share of net assets	42	10,004	8,675	3,284
Carrying amount of interest in equity-accounted investees	42	10,004	8,675	3,284
Revenue	–	233	5,881	14,981
Expenses	–	–	(3,946)	(11,175)
Profit and total comprehensive income for the year (100%)	–	233	1,935	3,806
Group's share of profit and total comprehensive income	–	58	968	1,522

As at 31 December 2017, the amounts in the above table include the following:

USD'000	La Spezia USD'000	Venezia Investimenti USD'000	Port of Lisbon USD'000	Singapore Port USD'000
Cash and cash equivalents	140	1,940	3,481	4,520
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	(13,920)	(1,846)
Current financial liabilities (excluding trade and other payables and provisions)	–	(174)	(428)	–
Interest income	–	–	–	–
Depreciation and amortisation	–	–	(214)	(695)
Interest expense	–	–	(72)	(97)
Interest tax expense	–	–	(591)	(780)

For the year ended 31 December 2017, the Group's share of profit and total comprehensive income is set out below:

	Net profit USD'000
Venezia Investimenti	58
Port of Lisbon	968
Singapore Port	1,522
Group's share of profit and total comprehensive income	2,548

FOR THE YEAR ENDED 31 DECEMBER 2016

At 31 December 2016, La Spezia, Venezia Investimenti, Port of Lisbon and Singapore Port are equity-accounted investees in which the Group participates.

The following table summarises the financial information of La Spezia, Venezia Investimenti, Port of Lisbon and Singapore Port as included in the consolidated financial statements as at 31 December 2016. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Port of Lisbon and Singapore Port.

	La Spezia USD'000	Venezia Investimenti USD'000	Port of Lisbon USD'000	Singapore Port USD'000
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	3,965
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 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 at 31 December 2016, the amounts in the above table include the following:

USD'000	La Spezia USD'000	Venezia Investimenti USD'000	Port of Lisbon USD'000	Singapore Port USD'000
Cash and cash equivalents	123	1,023	4,685	3,164
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–	(2,314)
Current financial liabilities (excluding trade and other payables and provisions)	–	(154)	(350)	(131)
Interest income	–	–	–	–
Depreciation and amortisation	–	(2)	(21)	(736)
Interest expense	–	–	–	(128)
Interest tax expense	–	–	(595)	(313)

For the year ended 31 December 2016, the Group's share of profit and total comprehensive income is set out below:

	Net profit USD'000
Venezia Investimenti	640
Port of Lisbon	967
Singapore Port	612
Group's share of profit and total comprehensive income	**2,219**

16 OTHER INVESTMENTS

As at 31 December, other investments comprised of the following:

	2017 USD'000	2016 USD'000
Global Yatırım Holding bonds*	**14,029**	14,412
Time deposits with the maturity more than 3 months	**223**	190
Other financial assets	**476**	–
Total	**14,728**	14,602

* The Group has purchased Global Yatırım Holding's (the parent company) bonds. The bonds' maturity is 30 June 2021 with an annual nominal interest rate of 8% and nominal amounts of USD 13,944 thousand (31 December 2016: the bonds' maturity is 30 June 2017, annual nominal interest rate of 11% and a nominal amount of USD 13,944 thousand). These bonds are not quoted in an active market and are classified as loans and receivables, held at amortised cost. The Group had used its right to sell back all its bonds to Global Yatırım Holding at par plus accrued interest as of 29 December 2017 and transaction was closed at 6 February 2018

17 TAXATION

CORPORATE TAX

Turkey

Corporate income tax 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.

Advance corporate income tax payments are made on a quarterly basis and are offset against the final corporate income tax liability of the Company for the period.

The tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each Turkish company that is included in the consolidation.

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back.

Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2016: 20%).

Spain

The corporate tax rate for the years ended 31 December 2017 and 2016 are determined at 25%.

BPI files a consolidated income tax return for the Spanish companies, namely Creuers, Cruceros and BPI.

Losses can be carried forward indefinitely to offset future taxable income, subject to certain limitations. Losses cannot be carried back.

Other countries

The corporate tax rates in the Netherlands, Italy, Malta and Montenegro are 25%, 28%, 35% and 9%, respectively.

TAX EXPENSE

For the years ended 31 December, income tax expense comprised the following:

	2017 USD'000	2016 USD'000
Current tax charge		
In respect of the current year	**(8,947)**	(5,500)
Benefit arising from unrecognised tax loss used to reduce current tax expense	**–**	–
Total	**(8,947)**	(5,500)
Deferred tax benefit		
In respect of the current year	**5,348**	4,575
Adjustment to deferred tax attributable to change in tax rates	**–**	–
Total	**5,348**	4,575
Total tax (expense)/benefit	**(3,599)**	(925)

As at 31 December, current tax liabilities for the period comprised the following:

	2017 USD'000	2016 USD'000
Current tax liability at 1 January	**1,814**	1,900
Current tax charge	**8,947**	5,500
Business combination effect (Note 6)	**–**	–
Currency translation difference	**(416)**	(1,108)
Taxes paid during year	**(8,128)**	(4,478)
Total	**2,217**	1,814

The tax reconciliation for the years ended 31 December is as follows:

	2017 USD'000	2016 USD'000
(Loss)/profit before income tax	**(10,532)**	5,330
Tax using the Turkish corporate income tax rate of 20%	**2,106**	(1,066)
Effect of tax rates in foreign jurisdictions	**(755)**	(710)
Income from tax exempt maritime operations*	**689**	1,824
Recognition of previously unrecognised losses	**6**	828
Recognition of losses not recognised for deferred tax	**(1,854)**	(2,969)
Permanent differences	**(4,589)**	(2,712)
Impact of change in tax rate**	**(108)**	–
Disallowable expenses	**(300)**	(179)
Tax return filed based on Creuers acquisition***	**420**	3,091
Donations	**(7)**	1,167
Other	**793**	(199)
	(3,599)	(925)

* Income generated through the vessels covered by the Turkish International Ship Registry Law authorised on 16 December 1999 is not subject to income tax and expenses related to these operations as they are considered disallowable expenses

** In Turkey, the rate for corporate income tax is scheduled to increase to 22% (up from 20%) for the tax periods 2018, 2019, and 2020. Prospective effect of this change was presented under impact of change in tax rate

*** A tax credit arose in BPI following a successful claim to the Spanish tax authorities to eliminate domestic double taxation arising on the 2013 and 2014 acquisitions of interests in Creuers

DEFERRED TAX

The balance comprises temporary differences attributable to:

	2017 USD'000	2016 USD'000
Property and equipment	**764**	948
Tax losses carried forward	**6**	1,551
Provision for employment termination indemnity and vacation pay	**326**	181
Intangible assets	**(97,151)**	(95,858)
Other	**(2,129)**	(2,200)
Set-off of deferred tax assets pursuant to set-off provisions	**(1,695)**	(3,111)
Deferred tax liabilities	**(99,879)**	(98,489)

17 TAXATION CONTINUED

DEFERRED TAX CONTINUED

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated balance sheet:

USD'000	Property and equipment	Tax losses carried forward	Provision for employment termination indemnity and vacation pay	Intangible assets	Other	Total
At 1 January 2016	**1,274**	**1,347**	**355**	**(101,531)**	**(1,812)**	**(100,367)**
Charge/(credit) to profit or loss	(196)	510	(131)	5,212	(820)	4,575
Acquisition of subsidiary	64	–	–	(1,317)	–	(1,253)
Exchange differences	(194)	(306)	(43)	1,778	432	1,667
At 31 December 2016	**948**	**1,551**	**181**	**(95,858)**	**(2,200)**	**(95,378)**
Charge/(credit) to profit or loss	(243)	(1,931)	128	7,169	225	5,348
Acquisition of subsidiary	–	–	–	–	–	–
Exchange differences	59	386	17	(8,462)	(154)	(8,154)
At 31 December 2017	**764**	**6**	**326**	**(97,151)**	**(2,129)**	**(98,184)**

As at 31 December 2017 and 2016, the breakdown of the tax losses carried forward in terms of their final years of utilisation is as follows:

	2017		2016	
Expiry years of the tax losses carried forward	**Recognised USD'000**	**Unrecognised USD'000**	Recognised USD'000	Unrecognised USD'000
2017	**–**	**–**	–	3,049
2018	**–**	**909**	–	902
2019	**–**	**6,709**	–	6,655
2020	**30**	**3,261**	2,601	3,235
2021	**–**	**2,694**	6,435	2,672
2022	**–**	**2,689**	–	–
	30	**16,262**	9,036	16,513

UNRECOGNISED DEFERRED TAX ASSETS

At the reporting date, the Group has Turkey and Montenegro statutory tax losses available for offsetting against future profits which are shown above. Such carried forward tax losses do not expire until 2022. Deferred tax assets have not been recognised in respect of some portions of these items since it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

AMOUNTS RECOGNISED IN OCI

	2017			2016		
USD'000	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**	Before tax	Tax (expense)/ benefit	Net of tax
Remeasurements of defined benefit liability	**(23)**	**5**	**(18)**	50	(10)	40
Foreign operations – foreign currency translation differences	**41,699**	**–**	**41,699**	25,182	–	25,182
Net investment hedge	**(13,389)**		**(13,389)**	(47,656)	–	(47,656)
Cash flow hedges	**334**	**–**	**334**	(185)		(185)
Total	**28,621**	**5**	**28,626**	(22,609)	(10)	(22,619)

18 TRADE AND OTHER RECEIVABLES

As at 31 December, trade and other receivables comprised the following:

	2017 USD'000	2016 USD'000
Trade receivables	**14,123**	10,121
Deposits and advances given	**13**	12
Other receivables	**1,566**	1,789
Total trade and other receivables	**15,702**	11,922

As at 31 December, trade receivables comprised the following:

	2017 USD'000	2016 USD'000
Receivables from customers	**14,123**	10,121
Doubtful receivables	**1,997**	1,213
Allowance for doubtful receivables	**(1,997)**	(1,213)
Total	**14,123**	10,121

Movements in the allowance for doubtful trade receivables for the years ended 31 December, comprised the following:

	2017 USD'000	2016 USD'000
Balance at the beginning of the year	**(1,213)**	(539)
Allowance for the year	**(866)**	(733)
Collections	**212**	3
Translation difference	**(130)**	2
Written off during the year	**–**	54
Balance at the end of the year	**(1,997)**	(1,213)

As at 31 December, current trade receivables mature between 0-3 months.

Credit risk and foreign currency risk with respect to trade and other receivables are disclosed in Note 32.

Bad debt expense on doubtful receivables is recognised in administrative expenses.

19 OTHER ASSETS

OTHER NON-CURRENT ASSETS

As at 31 December, other non-current assets comprised the following:

	2017 USD'000	2016 USD'000
Advances given*	**1,805**	5,770
Housing loans given to employees**	**3,043**	2,854
Prepaid expenses	**161**	41
Deposits and guarantees given	**13**	35
Total	**5,022**	8,700

* Advances given are mainly composed of the advances given by Ortadoğu Liman for the purchase of machinery and in the prior year for the investments related to the passenger terminal, and Global Ports Holding for the purchase of Mobile Harbor Crane for Port of Adria

** As a state-owned company before being acquired by the Group, Port of Adria had granted housing loans to its employees up to a maturity of 35 years. The housing loans were acquired as part of business combinations and recognised at fair value on acquisition date. Subsequent to the acquisition date the loans have been held as loans and receivables, at amortised cost. Whilst there is credit risk associated with the collection of these loans the Group has mortgages over the relevant properties and the value of the properties is expected to cover the outstanding amount in the event of a default

OTHER CURRENT ASSETS

As at 31 December, other current assets comprised the following:

	2017 USD'000	2016 USD'000
Prepaid expenses	**2,945**	2,742
Advances given	**799**	919
Income tax receivable	**–**	1,505
Value added tax receivable	**982**	430
Housing loans	**219**	201
Other	**2**	–
Total	**4,947**	5,797

20 INVENTORIES

As at 31 December, inventories comprised the following:

	2017 USD'000	2016 USD'000
Commercial goods	**460**	407
Other inventories	**1,254**	887
Total	**1,714**	1,294

The cost of inventories recognised as an expense during the year in respect of duty free operations run in Valletta Cruise Port was USD 2,590 thousand (31 December 2016: USD 3,201 thousand).

21 CASH AND CASH EQUIVALENTS

As at 31 December, cash and cash equivalents comprised the following:

	2017 USD'000	2016 USD'000
Cash on hand	**69**	69
Cash at banks	**99,379**	44,241
– Demand deposits	***19,285***	*13,820*
– Time deposits	***60,786***	*30,308*
– Overnight deposits	***19,308***	*113*
Cash and cash equivalents	**99,448**	44,310

As at 31 December, maturities of time deposits comprised the following:

	2017 USD'000	2016 USD'000
Up to 1 month	**60,786**	30,216
1-3 months	**–**	92
Total	**60,786**	30,308

As at 31 December, the ranges of interest rates for time deposits are as follows:

	2017	2016
Interest rate for time deposit-TL (highest)	**13.25%**	6.75%
Interest rate for time deposit-TL (lowest)	**10.25%**	6.75%
Interest rate for time deposit-USD (highest)	**2.50%**	0.35%
Interest rate for time deposit-USD (lowest)	**1.21%**	0.35%
Interest rate for time deposit-EUR (highest)	**0.15%**	0.75%
Interest rate for time deposit-EUR (lowest)	**0.15%**	0.75%

As at 31 December 2017, cash at bank amounting to USD 7,583 thousand (31 December 2016: USD 5,954 thousand) is restricted due to the bank loan guarantees and subscription guarantees (Note 24).

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 32.

22 CAPITAL AND RESERVES

(A) SHARE CAPITAL

On 17 May 2017, immediately prior to the IPO, the Company became the parent company of the Group through the acquisition of the full share capital of Global Liman İşletmeleri A.Ş., in exchange for 55,000,000 GBP 5 shares in the Company issued to the previous shareholders. As of this date, the Company's share capital increased from GBP 1 to GBP 275,000 thousand (USD 354,805 thousand). From that point, in the consolidated financial statements, the share capital became that of GPH PLC. The previously recognised share capital of USD 33,836 thousand and share premium of USD 54,539 thousand was eliminated with merger reserves recognised of USD 266,430 thousand.

Also on 17 May 2017, the Group completed an IPO, achieving a standard listing on the London Stock Exchange. During the listing, an additional 7,826,962 GBP 5 shares were issued for net proceeds of USD 73,035 thousand, giving additional share capital of USD 50,492 thousand and additional share premium of USD 22,543 thousand. Following the IPO, the Company had 62,826,963, GBP 5 ordinary shares in issuance.

As of 12 July 2017, The Company has performed a reduction of capital and cancellation of the share premium account. The Court Order approving the Reduction of Capital has been registered with the Registrar of Companies on 12 July 2017 and accordingly the Reduction of Capital has become effective. The nominal value of each of the ordinary shares in the capital of GPH (the "GPH Shares") has been reduced from GBP 5.00 to GBP 0.01, whereas the total equity of GPH remains unchanged, and the Reduction of Capital has created distributable reserves of approximately GBP 332.3 million (USD 427.2 million) for GPH.

The Company's shares are ordinary voting shares. There are no preferential rights attached to any shares of the Company.

The details of paid-in share capital as of 31 December are as follows:

	Number of shares '000	Share capital USD'000	Share Premium USD'000
Balance at 1 January 2016	74,307	33,836	54,539
Movements	–	–	–
Balance at 31 December 2016	74,307	33,836	54,539
Group restructuring	(19,307)	320,969	(54,539)
Issuance of shares on IPO	7,827	50,492	22,543
Share capital reduction	–	(404,486)	(22,543)
Balance at 31 December 2017	**62,827**	**811**	**–**

(B) NATURE AND PURPOSE OF RESERVES

(i) Translation reserves

The translation reserves amounting to USD 150,523 thousand (31 December 2016: USD 119,746 thousand) are recognised as a separate account under equity and comprises foreign exchange differences arising from the translation of the consolidated financial statements of subsidiaries and equity-accounted investees from their functional currencies (of Euro and TL) to the presentation currency, USD.

(ii) Legal reserves

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-up share capital. The requirement to set aside ends when the 20% of the paid-up capital level has been reached. Second level legal reserves correspond to 10% of profit distributed after the deduction of the first legal reserves and the minimum obligatory dividend pay-out, but holding companies are not subject to this regulation. There is no ceiling for second level legal reserves and they are accumulated every year. First and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can be used for offsetting the losses in case free reserves are unavailable. As at 31 December 2017, the legal reserves of the Group amounted to USD 13,012 thousand (31 December 2016: USD 12,424 thousand).

22 CAPITAL AND RESERVES CONTINUED

(B) NATURE AND PURPOSE OF RESERVES CONTINUED

(iii) Hedging reserves

Net investment hedge

In the year ended 31 December 2017, the Company has used its US Dollar Eurobond financing to net investment hedge the US Dollar net assets of Port Akdeniz. A foreign exchange loss recognised in other comprehensive income as a result of net investment hedging was USD 13,389 thousand (2016: loss USD 47,656 thousand).

Cash flow hedge

The Group entered into an interest rate swap in order to hedge its position against changes in interest rates. The effective portion of the cash flow hedge that was recognised in other comprehensive income was USD 55 thousand loss (31 December 2016, USD 530 thousand loss). The amount that was reclassified from equity to profit and loss within the cash flow hedges – effective portion of changes in fair value line item for the year was USD 389 thousand (31 December 2016, USD 345 thousand) recognised at financial expenses on profit and loss statement.

The hedge instrument payments will be made in the periods shown below, at which time the amount deferred in equity will be reclassified to profit and loss:

	3 months or less USD'000	More than 3 months but less than 1 year USD'000	5 years or less but more than 1 year USD'000	More than 5 years USD'000
Net cash outflows exposure				
Liabilities	–	274	636	25
At 31 December 2017	**–**	**274**	**636**	**25**
Net cash outflows exposure				
Liabilities	–	315	833	104
At 31 December 2016	**–**	**315**	**833**	**104**

(iv) Merger reserves

On 17 May 2017, Global Ports Holding PLC was listed on the Standard Listing segment of the Official List and trading on the Main Market of the London Stock Exchange. As part of a restructuring accompanying the Initial Public Offering ("IPO") of the Group on 17 May 2017, Global Ports Holding PLC replaced Global Liman Isletmeleri A.S. as the Group's parent company by way of a Share exchange agreement. Under IFRS 3 this has been accounted for as a Group reconstruction under merger accounting. These consolidated financial statements have been prepared as a continuation of the existing Group. Merger accounting principles for this combination have given rise to a merger reserve of USD 225 million.

(C) DIVIDENDS

Dividend distribution declarations are made by the Company in GBP and paid in USD in accordance with its articles of association, after deducting taxes and setting aside the legal reserves as discussed above.

GPH PLC has proposed a 2017 final dividend of GBP 0.201 per share to its shareholders, giving a proposed distribution of GBP 12,667 thousand (USD 17,500 thousand). The final dividend is not recognised as a liability in the financial statements until approved at the 2018 AGM.

GPH PLC proposed and paid a 2017 interim dividend of GBP 0.216 per share to its shareholders, giving a distribution of GBP 13,570 thousand (USD 18,239 thousand).

The total dividends in respect of the year ended 31 December 2017 were USD 35,739 thousand.

Prior to the Group restructuring, Global Liman İşletmeleri A.Ş. was the parent company of the Group and in March 2017 it paid its 2016 final dividend to shareholders totalling USD 26,783 thousand.

The total dividends paid to shareholders in the year ended 31 December 2017 were USD 45,022 thousand.

In 2016 Global Liman İşletmeleri A.Ş paid dividends totalling USD 34,607 thousand to its shareholders.

Dividends to non-controlling interests totalled USD 1,063 in 2017 (2016: 3,011) and comprised a distribution of USD 1,063 thousand (2016: USD 819 thousand) made to other shareholders by Valletta Cruise Port a distribution of USD 1,063 thousand (2016: USD 2,191) was made by BPI to RCCL.

23 NON-CONTROLLING INTERESTS

Summarised financial information in respect of each of the Group's subsidiaries that have non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations for the year ended 31 December 2017:

USD'000	Ege Ports	Bodrum Cruise Port	Valletta	Port of Adria	BPI	Cruceros	Ravenna	Cagliari	Catania	Total
NCI percentage	**27.50%**	**40.00%**	**44.40%**	**36.21%**	**38.00%**	**50.40%**	**46.33%**	**29.11%**	**37.79%**	
Non-current assets	37,707	5,762	101,575	67,416	136,694	15,149	548	3,487	3,410	
Current assets	24,981	2,778	3,778	3,110	23,261	3,736	201	850	63	
Non-current liabilities	(7,161)	(898)	(35,422)	(27,827)	(75,801)	(8,396)	(253)	(1,911)	(1,883)	
Current liabilities	(10,801)	(953)	(4,582)	(1,771)	(9,285)	(1,570)	(139)	(744)	(309)	
Net assets	44,726	6,689	65,349	40,928	74,869	8,919	357	1,682	1,281	
Net assets attributable to NCI	12,300	2,677	29,015	14,820	28,450	4,495	165	490	484	92,896
Revenue	4,819	2,001	12,916	7,541	23,604	3,772	547	1,743	235	
Profit	77	(1,084)	2,585	(1,315)	3,320	(13)	8	102	(375)	
OCI	5,344	870	7,684	5,034	8,615	1,066	29	(168)	(23)	
Total comprehensive income	5,421	(214)	10,269	3,719	11,935	1,053	37	(66)	(398)	
Profit for the year attributable to NCI	21	(434)	1,187	(476)	1,262	(6)	3	30	(142)	1,445
OCI for the year attributable to NCI	1,470	348	3,412	1,823	3,274	537	13	(49)	(9)	10,819
Dividends paid to NCI	–	–	(1,063)	–	–	–	–	–	–	(1,063)
Net cash inflow/(outflow) from operating activities	5,822	1,501	5,776	(800)	13,778	1,220	44	401	(295)	
Net cash inflow/(outflow) from investing activities	(3,448)	(1,015)	(800)	686	(173)	(35)	–	(266)	(80)	
Net cash inflow/(outflow) from financing activities	(1,457)	(511)	(3,441)	(842)	(5,349)	(792)	–	(55)	142	
Net cash inflow/(outflow)	917	(25)	1,535	(956)	8,256	393	44	80	(233)	

Summarised financial information in respect of each of the Group's subsidiaries that have non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations for the year ended 31 December 2016:

USD'000	Ege Ports	Bodrum Cruise Port	Valletta	Port of Adria	BPI	Cruceros	Ravenna	Cagliari	Catania	Total
NCI percentage	27.50%	40.00%	44.40%	36.21%	38.00%	50.40%	46.33%	29.11%	37.79%	
Non-current assets	31,159	6,007	91,115	55,919	128,747	13,883	85	762	252	
Current assets	23,855	2,440	2,042	3,208	13,967	2,929	749	2,312	3,137	
Non-current liabilities	(6,287)	(877)	(31,530)	(5,849)	(72,844)	(7,626)	(384)	(392)	(1,135)	
Current liabilities	(9,423)	(666)	(4,240)	(16,069)	(6,936)	(1,320)	(128)	(933)	(574)	
Net assets	39,304	6,904	57,387	37,209	62,934	7,866	322	1,749	1,680	
Net assets attributable to NCI	10,809	2,761	25,480	13,473	23,915	3,964	149	509	635	81,695
Revenue	11,650	2,168	12,418	7,884	24,237	2,876	–	–	–	
Profit	3,865	(1,003)	1,733	(2,390)	4,296	(340)	–	–	–	
OCI	(1,400)	(242)	(494)	(1,338)	(3,329)	(285)	–	–	–	
Total comprehensive income	2,465	(1,245)	1,239	(3,728)	967	(625)	–	–	–	
Profit for the year attributable to NCI	1,063	(401)	808	(866)	1,633	(171)	–	–	–	2,066
OCI for the year attributable to NCI	(385)	(97)	(220)	(484)	(1,265)	(143)	–	–	–	(2,594)
Dividends paid to NCI	–	–	819	–	2,192	–	–	–	–	3,011

Notes to the consolidated financial statements continued

23 NON-CONTROLLING INTERESTS CONTINUED

USD'000	Ege Ports	Bodrum Cruise Port	Valletta	Port of Adria	BPI	Cruceros	Ravenna	Cagliari	Catania	Total
Net cash inflow/(outflow) from operating activities	53	(386)	4,167	5,246	11,427	1,249	–	–	–	
Net cash inflow/(outflow) from investing activities	(1,134)	4	(1,913)	(4,081)	(270)	(5)	–	–	–	
Net cash inflow/(outflow) from financing activities	(668)	365	(4,036)	(125)	(11,336)	(718)	–	–	–	
Net cash inflow/(outflow)	(1,749)	(17)	(1,782)	1,040	(179)	526	–	–	–	

24 LOANS AND BORROWINGS

As at 31 December, loans and borrowings comprised the following:

Current loans and borrowings	**2017 USD'000**	2016 USD'000
Current portion of Eurobond issued	**18,556**	18,662
Current bank loans	**7,272**	9,068
– TL Loans	***47***	*1,397*
– Foreign currency loans	***7,225***	*7,671*
Current portion of long-term bank loans	**17,571**	13,711
– TL Loans	***339***	*–*
– Foreign currency loans	***17,232***	*13,711*
Finance lease obligations	**1,479**	1,541
Total	**44,878**	42,982

Non-current loans and borrowings	**2017 USD'000**	2016 USD'000
Non-current portion of Eurobonds issued	**230,889**	230,547
Non-current bank loans	**64,038**	62,845
– TL Loans	***288***	*–*
– Foreign currency loans	***63,750***	*62,845*
Finance lease obligations	**1,915**	2,915
Total	**296,842**	296,307

As at 31 December, the maturity profile of long-term bank loans comprised the following:

Year	**2017 USD'000**	2016 USD'000
Between 1-2 years	**32,138**	30,338
Between 2-3 years	**30,715**	29,497
Between 3-4 years	**208,750**	27,310
Over 5 years	**23,324**	206,247
Total	**294,927**	293,392

As at 31 December, the maturity profile of finance lease obligations comprised the following:

	2017			2016		
USD'000	**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	**1,589**	**(110)**	**1,479**	1,677	(136)	1,541
Between one and five years	**2,145**	**(230)**	**1,915**	3,312	(397)	2,915
Total	**3,734**	**(340)**	**3,394**	4,989	(533)	4,456

Details of the loans and borrowings as at 31 December 2017 are as follows:

					As at 31 December 2017		
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**	**249,444**
Secured Loan(ii)	Barcelona Port Investments	EUR	2023	Floating	**Euribor + 4.00**	**37,353**	**36,525**
Secured Loan(iii)	Malaga Cruise Port	EUR	2025	Floating	**Euribor 3m + 1.75**	**6,477**	**6,378**
Secured Loan(iv)	Valetta Cruise Port	EUR	2029	Floating	**Euribor + 3.00**	**10,807**	**10,600**
Secured Loan(vii)	Global BV	EUR	2020	Floating	**Euribor + 4.60**	**17,538**	**17,515**
Secured Loan	Cagliari Cruise Port	EUR	2026	Fixed	**2.75**	**613**	**613**
Secured Loan	Ortadoğu Liman	USD	2019	Fixed	**4.40**	**186**	**186**
Secured Loan	Ortadoğu Liman	USD	2018	Fixed	**4.56**	**46**	**46**
Secured Loan	Ortadoğu Liman	USD	2019	Fixed	**8.20**	**784**	**784**
						323,804	**322,091**
Loans used to finance working capital							
Unsecured Loan	Ege Liman	USD	2018	Fixed	**5.90%**	**2,900**	**3,036**
Unsecured Loan	Ege Liman	USD	2018	Fixed	**4.50%**	**422**	**422**
Unsecured Loan	Ege Liman	TL	2018	Fixed	**15.39%**	**25**	**25**
Unsecured Loan	Ege Liman	TL	2020	Fixed	**15.84%**	**532**	**551**
Secured Loan	Ege Liman	TL	2018	Fixed	**16.77%**	**50**	**51**
Secured Loan	Ortadoğu Liman	EUR	2022	Fixed	**5.75%**	**5,471**	**5,516**
Unsecured Loan	Ortadoğu Liman	USD	2018	Fixed	**5.93%**	**3,707**	**3,768**
Unsecured Loan	Bodrum Liman	TL	2018	Fixed	**16.56%**	**72**	**47**
Secured Loan	Barcelona Cruise Port	EUR	2024	Floating	**Euribor + 4.00**	**2,872**	**2,819**
						16,051	**16,235**
Finance lease obligations							
Leasing(ix)	Ortadoğu Liman	USD	2019	Fixed	**7.35%**	**12**	**12**
Leasing(x)	Ortadoğu Liman	USD	2020	Fixed	**7.35%**	**853**	**853**
Leasing	Ortadoğu Liman	USD	2018	Fixed	**7.35%**	**1**	**1**
Leasing	Ortadoğu Liman	USD	2019	Fixed	**7.35%**	**141**	**141**
Leasing	Ortadoğu Liman	USD	2019	Fixed	**7.35%**	**60**	**60**
Leasing	Cagliari Cruise Port	EUR	2021	Fixed	**1.96%**	**92**	**92**
Leasing(ii)	Ege Liman	EUR	2020	Fixed	**7.75%**	**1,889**	**1,889**
Leasing	Ege Liman	USD	2018	Fixed	**6.00%**	**12**	**12**
Leasing	Ege Liman	USD	2020	Fixed	**5.50%**	**334**	**334**
						3,394	**3,394**
						343,249	**341,720**

Notes to the consolidated financial statements continued

24 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	249,210
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	323,981
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	339,289

Detailed information relating to significant loans undertaken by the Group is as follows:

(i) The sales process of the Eurobond issuances amounting to USD 250 million with 7 years of maturity, and 8.125% coupon rate based on 8.250% reoffer yield was completed on 14 November 2014. Coupon repayment was made semi-annually. The bonds are now quoted on the Irish Stock Exchange.

Eurobonds contain the following covenants:

- If a concession termination event occurs at any time, Global Liman (the "Issuer") must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a "Concession Termination Event Offer"). In the Concession Termination Event Offer, the Issuer will offer a "Concession Termination Event Payment" in cash equal to 100% of the aggregate principal amount of notes repurchased, in addition to accrued and unpaid interest and additional amounts, if any, on the notes repurchased, to the date of purchase (the "Concession Termination Event Payment Date"), subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.
- The consolidated leverage ratio may not exceed 5.0 to 1. Excluding the consolidated leverage ratio breach, the Issuer and all its subsidiaries except Malaga Cruise Port and Lisbon Cruise Port ("Restricted Subsidiary") will be entitled to incur any or all of the following indebtedness:
  - Indebtedness incurred by the Issuer, Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to 1 or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5 million;
  - Purchase money indebtedness incurred to finance the acquisition by, the Issuer or a Restricted Subsidiary, of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of indebtedness incurred and then outstanding, does not exceed USD 10 million; and
  - Any additional indebtedness of the Issuer or any Guarantor (other than and in addition to indebtedness permitted above) and Port of Adria indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time of this clause does not exceed USD 20 million; and provided further, that more than 50% in aggregate principal amount of any Port of Adria indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

(ii) On 30 September 2014, BPI and Creuers entered into a syndicated loan amounting to Euro 60.25 million. Tranche A of this loan, amounting to Euro 54 million, is paid semi-annually, at the end of June and December, with the last payment being in 2023. Tranche B has already been repaid for Euro 3.85 million as of 10 October 2014. Tranche C amounting to Euro 2.4 million has a bullet payment in 2024. The interest rate of this loan is Euribor 6m + 4.00%. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. Under this loan, in the event of default, 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, Cruceros Málaga, S.A. entered into a loan agreement with Unicaja regarding a Euro 9 million loan to finance the construction of the new terminal. This loan had an 18-month grace period. It is linked to Euribor and has a term of 180 months from the agreement execution date. Therefore, the maturity date of the loan is on 12 January 2025. A mortgage has been taken out on the administrative concession agreement to guarantee repayment of the loan principal and accrued interest thereon.

(iv) VCP bank loans and overdraft facilities bear interest at 3.90% – 4.15% (31 December 2016: 3.90% – 4.15%) per annum and are secured by a mortgage over VCP's present and future assets, together with a mortgage over specific property within the concession site for a period of 65 years commencing on 21 November 2001.

(v) Global Ports Europe BV entered into a loan amounting to Euro 22 million in total on 16 November 2015 with a 6-year maturity, 12 months grace period and an interest rate of Euribor + 4.60%. Principal and interest is payable bi-annually, in May and November of each year. Under this loan agreement, in the event of default, the shares of Global Ports Europe BV are pledged in accordance with a share pledge agreement.

(vi) On 12 June 2014, Ortadoğu Liman signed a finance lease agreement for a port tugboat with an interest rate of 7.35% and maturity date of 16 July 2020.

(vii) On June 2014, Ege Liman signed a finance lease agreement for a port tugboat with an interest rate of 7.75% and maturity date in 2020.

25 TRADE AND OTHER PAYABLES

As at 31 December, current trade and other payables comprised the following:

	2017 **USD'000**	2016 USD'000
Payables to suppliers	**8,686**	7,974
Taxes payable and social security contributions	**1,043**	1,625
Due to non-controlling interest	**308**	187
Payables to personnel	**391**	1,348
Deposits received	**794**	351
Advances received	**1,001**	880
Expense accruals	**2,657**	1,178
Deferred revenue	**216**	124
Other	**766**	796
Total	**15,862**	14,463

The Group's average credit period for trade purchases is 45 days as of 31 December 2016 (31 December 2016: 47). 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 32.

26 EMPLOYEE BENEFITS

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and in addition reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of USD 1,121 for each period of service at 31 December 2017 (31 December 2016: USD 1,121).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 *Employee Benefits* stipulates the development of a company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

Ceiling amount of USD 1,358 which is in effect since 1 January 2017 is used in the calculation of the Group's provision for retirement pay liability for the year ended 31 December 2017 (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:

	2017	2016
Discount rate	**4.56%**	4.72%
Turnover rate for the expectation of retirement probability	**94%-100%**	90%-100%

Movements in the reserve for employee termination indemnity during the years ended 31 December comprised the following:

	2017 **USD'000**	2016 USD'000
1 January	**1,287**	1,464
Included in profit or loss		
Current service costs and interest	**253**	172
Provision reversals	**(625)**	(2)
Included in OCI		
Actuarial loss/(gain)	**23**	(50)
Other		
Obligation acquired on acquisition of subsidiaries (Note 6)	**–**	14
Benefits paid	**(127)**	(229)
Foreign currency translation differences	**125**	(82)
31 December	**936**	1,287

27 PROVISIONS

	As at **31 December** **2017** **USD'000**	As at 31 December 2016 USD'000
Non-current		
Replacement provisions for Creuers*	**17,918**	13,488
Port of Adria Concession fee provision**	**1,496**	1,077
Italian Ports Concession fee provisions***	**1,667**	1,980
Total	**21,081**	16,545

* As part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities entered in 2013 (see Note 29(c)), the Company has an obligation to maintain the port equipment in good operating condition throughout its operating period, and in addition return the port equipment to the Port Authorities in a specific condition at the end of the agreement. Therefore, replacement provisions have been recognised based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement

** On 27 December 2013, the Government of Montenegro and Container Terminal and General Cargo JSC-Bar ("CTGC") entered into an agreement regarding the operating concession for the Port of Adria-Bar which terminates on 27 December 2043. From the fourth year of the agreement, CTGC had an obligation to pay a concession fee to the Government of Montenegro of Euro 500,000 per year until the end of the agreement. The expense relating to this concession agreement is recognised on a straight-line basis over the concession period, giving rise to an accrual in the earlier years

*** On 16 December 2009, Ravenna Port Authority and Ravenna Passenger Terminal S.r.l. ("RTP") entered into an agreement regarding the operating concession for the Ravenna Passenger Terminal which terminates on 27 December 2019. RTP had an obligation to pay a concession fee to the Port Authority of Euro 86,375 per year until end of concession. The expense relating to this concession agreement is recognised on a straight-line basis over the concession period, giving rise to an accrual in the earlier years

On 13 June 2011, Catania Port Authority and Catania Cruise Terminal S.r.l. ("CCT") entered into an agreement regarding the operating concession for the Catania Passenger Terminal which terminates on 12 June 2026. CCT had an obligation to pay a concession fee to the Catania Port Authority of Euro 135,000 per year until end of concession. The expense relating to this concession agreement is recognised on a straight-line basis over the concession period, giving rise to an accrual in the earlier years

On 14 January 2013, Cagliari Cruise Port ("CCP") and Cagliari Port Authority entered into an agreement regarding the operating concession for the Cagliari Cruise Terminal which terminates on 13 January 2027. CCP had an obligation to pay a concession fee to the Cagliari Port Authority of Euro 44,315.74 per year until end of concession. The expense relating to this concession agreement is recognised on a straight-line basis over the concession period, giving rise to an accrual in the earlier years

	As at **31 December** **2017** **USD'000**	As at 31 December 2016 USD'000
Current		
Other	**1,202**	1,492
Total	**1,202**	1,492

For the years ended 31 December, the movements of the provisions as below:

	2017 **USD'000**	2016 USD'000
Balance at 1 January	**18,037**	14,590
Assumed in business combination (Note 6)	**–**	1,980
Provisions made during the year	**2,512**	3,211
Provisions used during the year	**(1,237)**	(1,524)
Unwinding of provisions during the year	**591**	528
Currency translation difference	**2,380**	(748)
Balance at 31 December	**22,283**	18,037
Non-current	**21,081**	16,545
Current	**1,202**	1,492
	22,283	18,037

28 EARNINGS PER SHARE

The Group presents basic earnings per share ("basic EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, less own shares acquired. In accordance with IAS 33, the comparative weighted average number of shares was restated to apply the number of shares which arose from the Group reconstructing described in Note 22a.

The Group does not present separate diluted earnings per share ("diluted EPS") data, because there are no potential convertible dilutive securities or options.

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders, by the weighted average number of shares outstanding.

	2017 USD'000	2016 USD'000
(Loss)/profit attributable to owners of the Company	**(15,576)**	2,338
Weighted average number of shares	**59,889,171**	55,000,000
Basic and diluted (loss)/earnings per share with par value of GBP 0.01 (cents per share)	**(26.01)**	4.25

29 COMMITMENT AND CONTINGENCIES

(A) LITIGATION

There are pending lawsuits that have been filed against or by the Group. Management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognised for the possible expenses and liabilities. The total provision amount that has been recognised as at 31 December 2017 is USD 315 thousand (31 December 2016: USD 698 thousand).

The information related to the significant lawsuits that the Group is directly or indirectly a party to, is outlined below:

Legal proceedings in relation to Ortadoğu Antalya, Ege Liman and Bodrum Liman's applications for extension of their concession rights

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that prevented operators of privatised facilities from applying to extend their operating term. The respective Group companies then applied to extend the concession terms of Port Akdeniz-Antalya, Ege Ports-Kuşadası and Bodrum Cruise Port to give each concession a total term of 49 years from original grant date. After these applications were rejected, the respective Group companies filed lawsuits with administrative courts challenging the decisions.

Port Akdeniz-Antalya filed lawsuits against Privatisation Administration and the General Directorate of Turkey Maritime Organisation requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed such decision of the Court. The appeal is pending before the Council of State.

Ege Ports-Kuşadası filed lawsuits against Privatisation Administration and General Directorate of Turkey Maritime Organisation requesting cancellation with respect to rejection of the extension applications. Both authorities filed their defenses and Ege Ports-Kuşadası submitted its reply to the defenses in due time. The Court dismissed the case and the Group lawyers appealed such decision of the Court. The Council of State reversed the lower courts' judgement in favour of Ege Ports-Kuşadası. The Privatisation Administration applied to the Council of State for reversal of this judgement and the case is still pending.

Bodrum Cruise Port filed a lawsuit against (i) Ministry of Finance General Directorate of National Estate, (ii) the District Governorship of Bodrum and (iii) the Ministry of Transportation, Maritime Affairs and Communication requesting cancellation with respect to rejection of the extension applications. Bodrum Cruise Port's objection was approved by the court and rejection decision of the Ministry of Transportation, Maritime Affairs and Communication had been cancelled in favour of Bodrum Cruise Port. The Ministry's appeal has been overruled and first instance court judgement has been affirmed by the Council of State. The Ministry has applied for the rectification of the decision.

Other legal proceedings

The Port of Adria-Bar (Montenegro) was party to a collective bargaining agreement with a union representing workers in a range of functions that expired in 2010, before the Port of Adria-Bar was acquired by the Group. However, a number of lawsuits have been brought in connection to this collective bargaining agreement seeking (i) unpaid wages for periods before the handover of the Port to the Group (from 2011 to 2014), and (ii) alleged underpaid wages as of the start of 2014. In April 2017, the Supreme Court ruled that the collective bargaining agreement is not valid. Although various cases remain pending before lower courts, this judgment establishes a precedent that would apply to the remaining pending cases before the lower courts. Accordingly, Management believes that the pending cases will be decided in favour of the Group.

(B) GUARANTEES

As at 31 December, the letters of guarantee given comprised the following:

Letters of guarantee	**2017 USD'000**	2016 USD'000
Given to seller for the call option on APVS shares*	**5,835**	5,138
Given to Privatisation Administration/Port Authority	**2,238**	4,047
Given to Electricity Distribution Companies	**8**	8
Given to courts	**6**	64
Others	**15**	520
Total letters of guarantee	**8,102**	9,777

* 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). This option can be exercised between 15th May 2017 and 15th November 2018. If VS exercises the put option completely, VI will own 99% of APVS and accordingly 71.51% of VTP. The Group has given a guarantee letter for its portion of 25% in VI, which in turn has given the full amount of call option as guarantee letter to VS

Other collaterals are disclosed in Note 24.

(C) CONTRACTUAL OBLIGATIONS

Ege Liman

The details of the TOORA dated 2 July 2003, executed by and between Ege Liman and OIB together with TDI are stated below:

The agreement allows Ege Liman to operate Ege Ports-Kuşadası for a term of 30 years for a total consideration of USD 24.3 million which has already been paid. Ege Liman's operation rights extend to port facilities, infrastructure and facilities which are either owned by the State or were used by TDI for operating the port, as well as the duty-free stores leased by the TDI. Ege Liman is entitled to construct and operate new stores in the port area with the written consent of the TDI.

Ege Liman is able to determine tariffs for Ege Ports-Kuşadası's port services at its own discretion without TDI's approval (apart from the tariffs for services provided to Turkish military ships).

The TOORA requires that the foreign ownership or voting rights in Ege Liman do not exceed 49%. Pursuant to the terms of the TOORA, the TDI is entitled to hold 1 share in Ege Liman and to nominate 1 of Ege Ports-Kuşadası's board members. Global Liman appoints the remaining board members and otherwise controls all operational decisions associated with the port. Ege Ports-Kuşadası does not have the right to transfer its operating rights to a third party.

Ortadoğu Liman

The details of the TOORA dated 31 August 1998, executed by and between Ortadoğu Liman and OIB together with TDI are stated below:

Ortadoğu Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Antalya Port for an operational period of 30 years. Ortadoğu Liman is liable for the maintenance of Antalya Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ortadoğu Liman. Ortadoğu Liman is able to determine tariffs for Port Akdeniz-Antalya's port services at its own discretion without being subject to TDI's approval (apart from the tariffs for services provided to Turkish military ships).

The TOORA requires that foreign ownership or voting rights in Ortadoğu Liman do not exceed 49%. Pursuant to the terms of the TOORA, the TDI is entitled to hold 1 share in Ortadoğu Liman. The TDI can also appoint 1 of Ortadoğu Liman's board members. Ortadoğu Liman cannot transfer its operating rights to a third party without the prior approval of the TDI.

Bodrum Liman

The details of the BOT Agreement dated 23 June 2004, executed by and between Bodrum Liman and the DLH are stated below:

Bodrum Liman had to construct the Bodrum Cruise Port in a period of 1 year and 4 months following the delivery of the land and thereafter, will operate the Bodrum Cruise Port for 12 years. The final acceptance of the construction was performed on 4 December 2007, and thus the operation period has commenced.

Notes to the consolidated financial statements continued

29 COMMITMENT AND CONTINGENCIES CONTINUED

(C) CONTRACTUAL OBLIGATIONS CONTINUED

Bodrum Liman also executed a Concession Agreement with the General Directorate of National Property on 18 July 2006 ("Bodrum Port Concession Agreement"). The BOT Agreement is attached to the Bodrum Port Concession Agreement and Bodrum Liman is entitled to use the Bodrum Cruise Port under these agreements. The BOT Agreement permits Bodrum Liman to determine tariffs for Bodrum Cruise Port's port services at its own discretion, provided that it complies with applicable legislation, such as applicable maritime laws and competition laws.

For the first year of operation, Bodrum Liman was required to pay the Directorate General for Infrastructure Investments a land utilisation fee of USD 125 thousand. This fee increases by 3% in US Dollar terms each year.

Port of Adria

The details of the TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Government of Montenegro and Container Terminal and General Cargo JSC-Bar ("CTGC") 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).

CTGC has an obligation to pay to the Government of Montenegro (a) a fixed concession fee in the amount of Euro 500,000 per year; (b) a variable concession fee in the amount of Euro 5 per twenty-foot equivalent ("TEU") (full and empty) handled over the quay (ship-to-shore and shore-to-ship container handling), no fees are charged for the movement of the containers; (c) a variable concession fee in the amount of Euro 0.20 per ton of general cargo handled over the quay (ship-to-shore and shore-to-ship general cargo handling). However, pursuant to Montenegrin Law on Concessions, as an aid to the investor for investing in a port of national interest, the concession fee was set in the amount of Euro 1 for the period of 3 years starting from the effective date of the TOORA Contract. Tariffs for services are regulated pursuant to the terms of the concession agreement with the Montenegro port authority, where the maximum rates are subject to adjustments for inflation.

For the first 3 years of the agreement, CTGC had to implement certain investment and social programmes outlined in the agreement and had to commit Euro 13.6 million towards capital expenditure during that period. This includes launching and investing Euro 6.5 million in certain social programmes at Port of Adria Bar such as retrenching employees, the establishment of a successful management trainee programme, and subsidising employees to attend training and acquire additional qualifications, as well as the provision of English lessons to employees.

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 at a specific condition, 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 of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in Adossat Wharf in Barcelona for an operational period of 27 years. The port operation rights for Adossat Wharf (comprised of Terminals A and B) terminates in 2030. The Port concession period can be extended automatically for 3 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 to be 30 years.

Creuers is liable for the maintenance of Adossat Wharf Terminals A and B, as well as ensuring that port equipment is maintained in good repair and in operating condition throughout its concession period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

The concession is subject to an annual payment, which was Euro 308,788 in 2016, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, (ii) a fee for the operation of public land for commercial activities, and (iii) a general service fee.

The details of the TOORA Contract dated 26 July 2003, executed by and between Creuers and the Barcelona Port authority are stated below:

Creuers will be performing the management of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in WTC Wharf in Barcelona for an operational period of 27 years. The port operation rights for the World Trade Centre Wharf (comprised of Terminals N and S) terminate in 2027. However, the Port concession period can be extended automatically for 3 years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of Adossat Wharf Terminals N and S together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

Malaga Cruise Port

The details of the TOORA Contract dated 9 July 2008, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to occupy the Levante Terminal of the Malaga Port and its exploitation, for a 30-year period, terminating in 2038. The concession term can be extended for up to fifteen years, in 2 terms of 10 and 5 additional years (extending the total concession period to 45 years), due to an amendment to the Malaga Levante Agreement approved by the Malaga Port Authority in its resolution dated 28 October 2009. These extensions require (i) the approval by the Malaga Port Authority and (ii) Cruceros Malaga to comply with all of the obligations set forth in the concession. Cruceros will perform passenger services, terminal usage and luggage services, as well as undertake general maintenance of the Levante Terminal. Cruceros is responsible for ensuring that the port equipment is maintained in good repair and operating condition throughout the concession term.

The concession is subject to an annual payment, which was Euro 509,000 in 2016, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, and (ii) a fee for the operation of public land for commercial activities.

The details of the TOORA Contract dated 11 December 2011, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to occupy El Palmeral Terminal of the Malaga Port and its exploitation, for a 30-year period, terminating in 2042. Cruceros will perform passenger services, terminal usage and luggage services, as well as undertake general maintenance of the El Palmeral Terminal. Cruceros is responsible for ensuring that the port equipment is maintained in good repair and operating condition throughout the concession term.

The concession is subject to an annual payment, which was Euro 154,897 in 2016, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, and (ii) a fee for the operation of public land for commercial activities.

Valletta Cruise Port

On 22 November 2001, VCP signed a deed with the Government of Malta by virtue of which the Government granted a 65-year concession over the buildings and lands situated in Floriana, which has an area of 46,197 square metres ("sqm"). VCP will perform operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. The area transferred is used as follows: retail 6,854sqm, office 4,833sqm, terminal 21,145sqm and potential buildings 13,365sqm.

A ground rent is payable by Valletta Cruise Port to the Government of Malta in the sum of Euro 734,848 per annum. At the end of each 12 months period, VCP is required pay to the Government of Malta (a) 15% of all revenue deriving from the letting of any buildings or facilities on the concession site for that 12 month period, and (b) 10% of revenue deriving from passenger and cruise liner operations, subject to the deduction of direct costs and services from the revenue upon which 10% fee is payable.

Ravenna Passenger Terminal

On 19 December 2009, Ravenna Passenger Terminal ("RTP") signed a deed with the Ravenna Port Authority by virtue of which the Port Authority granted a 10-year concession over the passenger terminal area situated within Ravenna Port. RTP will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by RTP to the Port Authority in the sum of Euro 895,541.67 during the concession period. The repayment of the total amount is presented as Euro 3,000 for the year 2009, Euro 28,791.67 for the year 2010 and the remaining Euro 863,750 overall for the years 2011 to 2020.

Catania Cruise Terminal

On 18 October 2011, Catania Cruise Terminal SRL ("CCT") signed a deed with the Catania Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated on Catania City Centre. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCT to the Port Authority in the sum of Euro 135,000.00 for each year during the concession period.

29 COMMITMENT AND CONTINGENCIES CONTINUED

(C) CONTRACTUAL OBLIGATIONS CONTINUED

Cagliari Cruise Terminal

On 14 January 2013, Cagliari Cruise Port ("CCP") signed a deed with the Cagliari Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated within Cagliari Port. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCP to the Port Authority in the sum of Euro 44,315.74 for each year during the concession period.

(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 2017 USD'000	As at 31 December 2016 USD'000
Less than one year	**3,187**	2,798
Between one and five years	**12,545**	10,686
More than five years	**139,510**	109,003
	155,242	122,487

In the periods presented, the Group's main operating lease arrangements as lessee are the port rent agreement of Valletta Cruise Port until 2066, Port of Adria until 2043 and Bodrum Liman until 2019.

For the year ended 31 December 2017 payments recognised as rent expense were USD 4,765 thousand (31 December 2016: USD 3,710 thousand) in the consolidated income statement and other comprehensive income.

Lease as lessor

The future lease receipts or future lease receivables under operating leases are as follows:

	As at 31 December 2017 USD'000	As at 31 December 2016 USD'000
Less than one year	**2,326**	4,327
Between one and five years	**8,569**	8,013
More than five years	**4,753**	5,592
	15,648	17,932

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 five years.

During the year ended 31 December 2017, USD 12,669 thousand (31 December 2016: USD 14,611 thousand) was recognised as rental income in the consolidated income statement and other comprehensive income.

Additional lease arrangements were identified in the current year and the comparative information has been restated.

30 SERVICE CONCESSION ARRANGEMENT

The port operation rights, which belongs to Creuers, recognised under intangible assets represents fixed asset elements built or acquired from third parties to adapt Sea Stations North and South of the World Trade Center and A and B of the Adossat Wharf of Port of Barcelona, according to administrative concession contracts to adapt and exploit such terminals in order to render the basic passengers' boarding and disembarkation port services and luggage and vehicle loading and unloading under passage system on cruise terminals.

The intangible model is applied to such agreements, since the consideration received consists on the right to collect the corresponding rates on the basis of the usage degree of the public service. Rates applied by Creuers are annually reviewed and approved by the Port Authorities of Barcelona.

Creuers pays occupancy and utilisation royalty to the Port Authorities of Barcelona on the basis of surfaces occupied and the value of fixtures made available. Additionally, an activity rate is accrued on the basis of the turnover generated by the activity.

On the basis of obligations assumed on the concession agreement, the corresponding provision for reposition and large repair actions is recorded (Note 27).

The administrative concession contracts signed between the Port Authorities of Barcelona and Creuers are described below:

- Contract to adapt the Sea Station and render the tourist cruise port service of North and South terminals of the World Trade Center, signed for a 27-year period from its granting date, in October 1999.
- Contract to adapt the Sea Station A and B of the Adossat Wharf of Port of Barcelona and render the tourist cruise port service signed for a 27-year period from its granting date, in May 2003.

The Creuers' main actions in relation to the adaptation of the Sea Station refer to the construction of a building, fixed fixtures and equipment of terminals for their exploitation under the terms contemplated on concession agreements.

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 24), for which it pledged the receivables from the concession arrangements in favour of the lenders.

The Group's policy is to formalise 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.

31 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 and ultimate controlling party
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, and are 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	**2017 USD'000**	2016 USD'000
Global Yatırım Holding	**307**	29,058
Adonia Shipping*	**1,030**	1,066
Naturel Gaz*	**74**	69
Mehmet Kutman	**24**	26
Others	**164**	1,282
Total	**1,599**	31,501

* These amounts are related with the work advances. The charged interest rate is 9,75% as at 31 December 2017 (31 December 2016: 10.50%). In addition, the Group holds bonds issued by Global Yatirim holding with a carrying value of 14,029 (2016 14,412) see note 16 for further details

DUE TO RELATED PARTIES

As at 31 December, current payables to related parties comprised the following:

Current payables to related parties	**2017 USD'000**	2016 USD'000
Mehmet Kutman	**191**	204
Global Sigorta*	**244**	356
Global Menkul*	**1**	21
EBRD	**13**	–
Other	**34**	–
Total	**483**	581

* These amounts are related to professional services taken. The charged interest rate is 8,50% as at 31 December 2017 (31 December 2016: 10.50%)

Notes to the consolidated financial statements continued

31 RELATED PARTIES CONTINUED

TRANSACTIONS WITH RELATED PARTIES

For the years ended 31 December, transactions with other related parties comprised the following:

	2017		2016	
USD'000	**Interest received**	**Other**	Interest received	Other
Global Yatırım Holding	**1,490**	**–**	2,819	–
Adonia Shipping	**–**	**–**	–	5
Total	**1,490**	**–**	2,819	5

	2017		2016	
USD'000	**Interest given**	**Other**	Interest given	Other
Global Yatırım Holding	**–**	**2**	8	4
Global Menkul	**–**	**–**	–	–
Total	**–**	**2**	8	4

For the year ended 31 December 2017, the Group recognised interest income on these bonds amounting to USD 1,490 thousand (31 December 2016: USD 1,928 thousand). For the year ended 31 December 2017, the effective interest rate was 8% (31 December 2016: 14.45%). For the year ended 31 December 2017, the Group accounted for a gain amounting to USD 15 thousand from the purchase and the sale of Global Yatırım Holding's publicly traded share certificates (31 December 2016: a gain of USD 405 thousand).

For the year ended 31 December 2017, GPH distributed a total dividend of USD 34,933 thousand to Global Yatırım Holding (31 December 2016: USD 30,856 thousand).

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel comprised the members of the Board and GPH's senior management. For the years ended 31 December, details of benefits to key management personnel comprised the following:

	2017 USD'000	2016 USD'000
Salaries	**2,452**	1,761
Bonus	**255**	34
Attendance fees to Board of Directors	**122**	253
Termination benefits	**19**	34
Total	**2,848**	2,082

32 FINANCIAL RISK MANAGEMENT

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

CAPITAL RISK MANAGEMENT

The Group seeks to provide superior returns to its shareholders, and ensure that it is not overly dependent upon short and medium term debt that might not be available at renewal. Maintaining the flexibility to invest for growth is a key capital management consideration. The Group manages its capital structure and reacts to changes in economic conditions by varying returns to shareholders, issuing new shares or increasing or reducing borrowings.

The Group is not exposed to any externally imposed capital requirements. The total capital structure of the Group consists of net loans and borrowings (as detailed in Note 24 offset by cash and cash equivalents) and equity of the Group (comprising share capital, share premium, legal reserves and retained earnings (as detailed in Note 22).

The Group monitors its net leverage ratio which is operating net loans and borrowings to Adjusted EBITDA, to maintain the financial strength and to access new capital at reasonable cost. The Group is also mindful of potential impacts on the key metrics employed by the credit rating agencies in considering increases to its borrowings. The Group is comfortably in compliance with its bank facility ratio covenants and these measures do not inhibit the Group's operations or its financing plans.

	2017 USD'000	2016 USD'000
Gross debt	**341,720**	339,289
Cash and bank balances	**(99,448)**	(44,310)
Short-term financial investments	**(14,728)**	(14,602)
Net debt	**227,544**	280,377
Equity	**264,730**	223,284
Net debt to Equity ratio	**0.86**	1.26

CREDIT RISK

Credit risk management

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.

Credit exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Receivables					
USD'000	Trade receivables	Due from related parties	Other receivables	Cash at bank	Financial investments	Total
As at 31 December 2017						
Net book value of financial assets not overdue or not exposed to impairment	**9,779**	**1,599**	**4,803**	**80,071**	**14,505**	**110,757**
Net book value of assets overdue but not exposed to impairment	**4,343**	**–**	**39**	**–**	**–**	**4,382**
Net book value of assets exposed to impairment	**–**	**–**	**–**	**–**	**–**	**–**
– Overdue (gross book value)	**1,997**	**–**	**–**	**–**	**–**	**1,997**
– Impairment	**(1,997)**	**–**	**–**	**–**	**–**	**(1,997)**
Maximum credit risk exposure at reporting date	**14,122**	**1,599**	**4,842**	**80,071**	**14,505**	**115,139**
As at 31 December 2016						
Net book value of financial assets not overdue or not exposed to impairment	5,002	32,968	3,221	62,193	13,844	117,228
Net book value of assets overdue but not exposed to impairment	3,545	–	163	–	–	3,708
Net book value of assets exposed to impairment	–	–	–	–	–	–
– Overdue (gross book value)	925	–	–	–	–	925
– Impairment	(925)	–	–	–	–	(925)
Maximum credit risk exposure at reporting date	8,547	32,968	3,384	62,193	13,844	120,936

32 FINANCIAL RISK MANAGEMENT CONTINUED

CREDIT RISK CONTINUED

Maturity analysis

The maturity analysis of the assets overdue but not impaired is as follows:

	Trade receivables As at 31 December 2017 USD'000	Trade receivables As at 31 December 2016 USD'000
1 to 30 days overdue	**851**	162
1 to 3 months overdue	**1,418**	42
3 to 12 months overdue	**338**	287
Total	**2,607**	491

LIQUIDITY RISK

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has access to funding sources from banks and keeps a certain level of assets as cash and cash equivalents required for daily operations of the Group entities. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

Current and future loan needs of the Group are supplied by continuous accessibility of a sufficient number of high quality banks for major subsidiaries of the Group.

Financing facilities

	2017 USD'000	2016 USD'000
Bank credit lines		
– amount used	**7,636**	7,761
– amount unused	**1,434**	509
Total	**9,070**	8,270

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

As at 31 December 2017

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	338,326	439,623	14,829	30,704	387,940	6,150
Finance lease liabilities	3,394	3,742	404	1,193	2,145	–
Other financial liabilities	2,662	2,662	–	–	2,662	–
Trade and other payables*	13,211	13,634	2,676	10,536	422	–
Due to related parties	483	640	157	483	–	–
Derivative financial liabilities						
Net settled:						
Interest rate swaps	852	935	–	274	636	25

* Trade and other payables in the consolidated balance sheet includes taxes payable and social security contribution USD 1,043 thousand, payables to personnel USD 391 thousand, advanced received USD 1,001 thousand and deferred revenue USD 216 thousand, which are not financial liabilities and hence excluded from the tables above

As at 31 December 2016

Contractual maturities	Carrying value	Total cash outflow due to contract	0-3 months	3-12 months	1-5 years	>5 years
Non-derivative financial liabilities						
Banks loans	334,833	448,228	5,475	39,805	384,298	18,650
Finance lease liabilities	4,456	4,735	432	1,248	3,055	–
Other financial liabilities	2,665	2,665	140	–	2,525	–
Trade and other payables*	10,486	10,486	1,854	8,632	–	–
Due to related parties	581	581	–	581	–	–
Derivative financial liabilities						
Net settled:						
Interest rate swaps	1,131	1,252	–	315	833	104

* Trade and other payables in the consolidated balance sheet includes taxes payable and social security contribution USD 1,625 thousand, payables to personnel USD 1,348 thousand, advanced received USD 880 thousand and deferred revenue USD 124 thousand, which are not financial liabilities and hence excluded from the tables above

MARKET RISK

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk for all subsidiaries is monitored and managed by the Global Yatırım Holding's Treasury and Fund Management Department.

The Group has exposure to the following market risks from its use of financial instruments:

- currency risk
- interest rate risk

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.

Ortadoğu Liman, having functional currency of USD, and Ege Liman and Bodrum Liman, having functional currency of Euro, are exposed to currency risk on purchases that are denominated in TL. Global Liman, having a functional currency of TL, is exposed to currency risk on borrowings that are denominated in USD.

As at 31 December 2017, the Group had outstanding foreign-currency denominated borrowing designated as a hedge of net foreign investment of USD 249,445 thousand (31 December 2016: USD 249,209 thousand). The results of hedges of the Group's net investment in foreign operations included in hedging and translation reserves was a net loss of USD 13,389 thousand after tax for the period ended 31 December 2017 (net loss of USD 47,656 thousand after tax for the period ended 31 December 2016). In the years ended 31 December 2016 and 2017, USD 887 thousand, USD 3,931 thousand respectively was recognised in profit or loss due to hedge ineffectiveness.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

32 FINANCIAL RISK MANAGEMENT CONTINUED

MARKET RISK CONTINUED

Currency risk exposures

As at 31 December 2017, foreign currency risk exposures of the Group comprised the following:

		As at 31 December 2017 '000		
	USD equivalents	**USD**	**EUR**	**TL**
Other non-current assets	**1,833**	**1,500**	**–**	**1,255**
Non-current assets	**1,833**	**1,500**	**–**	**1,255**
Trade and other receivables	**3,682**	**1,626**	**12**	**7,701**
Due from related parties	**490**	**86**	**–**	**1,521**
Other investments	**12,455**	**11,894**	**–**	**2,116**
Other current assets	**941**	**35**	**–**	**3,415**
Cash and cash equivalents	**5,827**	**3,097**	**1,393**	**4,009**
Current assets	**23,395**	**16,738**	**1,405**	**18,762**
Total assets	**25,228**	**18,238**	**1,405**	**20,017**
Loans and borrowings	**56,828**	**52,164**	**3,656**	**1,085**
Non-current liabilities	**56,828**	**52,164**	**3,656**	**1,085**
Loans and borrowings	**9,349**	**7,824**	**952**	**1,455**
Trade and other payables	**4,642**	**1,589**	**122**	**10,964**
Due to related parties	**122**	**–**	**–**	**459**
Current tax liabilities	**1,437**	**–**	**–**	**5,420**
Current liabilities	**15,550**	**9,413**	**1,074**	**18,298**
Total liabilities	**72,378**	**61,577**	**4,730**	**19,383**
Net foreign currency position	**(47,150)**	**(43,339)**	**(3,325)**	**634**

As at 31 December 2016, foreign currency risk exposures of the Group comprised the following:

		As at 31 December 2016 '000		
	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
Other 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	58,641	17,323	22,175	63,137
Loans and borrowings	16,190	16,190	–	–
Non-current liabilities	16,190	16,190	–	–
Loans and borrowings	6,490	5,350	–	4,014
Trade and other payables	5,068	156	2,727	7,172
Due to related parties	192	107	59	81
Current tax liabilities	1,589	–	–	5,593
Current liabilities	13,339	5,613	2,786	16,860
Total liabilities	29,529	21,803	2,786	16,860
Net foreign currency position	29,112	(4,480)	19,389	46,277

Currency risk sensitivity analysis

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1 per cent against the respective functional currencies of the Company and its subsidiaries.

The following tables detail the Group's sensitivity analysis based on the net exposures of each of the subsidiaries and the Group as at 31 December 2016 and 2017, which could affect the consolidated income statement and other comprehensive income.

1 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

This analysis assumes that all other variables, in particular interest rates, remain constant.

The Group's sensitivity to foreign currency rates has increased during the current period and is primarily due to the increase in its portfolio of ports in the Mediterranean, namely the European region.

The following tables show the Group's foreign currency sensitivity analysis as at 31 December 2017 and 2016:

Year ended 31 December 2017 USD'000	**USD**	**TL**	**EUR**
Net financial assets	**–**	**2**	**–**
Net financial liabilities	**(433)**	**–**	**(40)**

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group and its subsidiaries would result in decrease/increase in the Group's profit before tax and other comprehensive income by approximately USD 86 thousand and USD 166 thousand respectively, for the year ended 2017.

Year ended 31 December 2016 USD'000	USD	TL	EUR
Net financial assets	–	131	204
Net financial liabilities	(45)	–	–

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group and its subsidiaries would result in decrease/increase in the Group's profit before tax and other comprehensive income by approximately USD 328 thousand and USD 478 thousand respectively, for the year ended 2016.

Interest rate risk exposures

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the use of interest rate swap contracts.

32 FINANCIAL RISK MANAGEMENT CONTINUED

MARKET RISK CONTINUED

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.

USD'000		Interest rate exposure As at 31 December 2017	As at 31 December 2016
Fixed-rate financial instruments			
Financial assets	Cash and cash equivalents	**80,093**	30,308
	Loans and receivables	**14,728**	14,602
	Amounts due from related parties	**1,525**	31,433
Financial liabilities	Loans and borrowings	**(267,884)**	(263,705)
	Other financial liabilities	**(2,662)**	(2,664)
		(174,200)	(190,026)
Effect of interest rate swap		**(28,014)**	(28,203)
		(202,214)	(218,229)
Floating-rate financial instruments			
Financial liabilities	Loans and borrowings	**(73,836)**	(75,586)
Effect of interest rate swap*		**28,014**	28,203
		(45,822)	(47,383)

* 75% of the loan to BPI has been hedged by entering into an interest rate swap requiring the Group to pay a fixed interest rate of 0.97 percent and receive Euribor until maturity of the loan (31 December 2023)

Floating rate loans with a principal amount of USD 28,015 thousand (31 December 2016: USD 28,203 thousand) have been designated in a cash flow hedge relationship.

Interest rate swap contracts

Under the interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining items of interest rate swap contracts outstanding as at the reporting date.

Cash flow hedges

As at 31 December 2017

Fixed rate contracts	Average contract fixed interest rate %	Notional principal value USD'000	Fair value USD'000
Less than 1 year	**0.97**	**3,912**	**266**
1 to 2 years	**0.97**	**4,449**	**218**
2 to 5 years	**0.97**	**16,412**	**348**
5 years +	**0.97**	**3,241**	**20**
	0.97	**28,014**	**852**

As at 31 December 2016

Fixed rate contracts	Average contract fixed interest rate (%)	Notional principal value (USD'000)	Fair value (USD'000)
Less than 1 year	0.97	3,533	306
1 to 2 years	0.97	3,445	257
2 to 5 years	0.97	12,984	486
5 years +	0.97	8,241	82
	0.97	28,203	1,131

The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is 0.97%. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

Interest rate risk sensitivity analysis

As at 31 December 2017, had the interest rates been higher by 100 basis points where all other variables remain constant, interest expense would have been higher by USD 458 thousand (31 December 2016: higher by USD 474 thousand) and equity attributable to equity holders of the Company, excluding tax effects, would have been lower by USD 344 thousand (31 December 2016: lower by USD 364 thousand).

This analysis assumes that all other variables, in particular currency rates, remain constant.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments and the repayment of principal amounts.

FAIR VALUE MEASUREMENTS

The information set out below provides information about how the Group determines fair values of various financial assets and liabilities.

Determination of the fair value of a financial instrument is based on market values when there are 2 counterparties willing to sell or buy, except under the conditions of events of default forced liquidation. The Group determines the fair values based on appropriate methods and market information and uses the following assumptions: the fair values of cash and cash equivalents, other monetary assets, which are short-term, trade receivables and payables and long-term foreign currency loans and borrowings with variable interest rates and negligible credit risk change due to borrowings close to year end are expected to approximate to the carrying amounts.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following 3 levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or in directly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Except as detailed in the following table, the directors consider the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

USD'000 Financial liabilities	Note	As at 31 December 2017 Carrying Amount	As at 31 December 2016 Carrying Amount
Loans and borrowings	16, 18, 19, 31	**37,274**	63,822

USD'000 Financial liabilities	Note	As at 31 December 2017 Carrying Amount	 Fair Value	As at 31 December 2016 Carrying Amount	 Fair Value
Loans and borrowings	24	**334,860**	**347,788**	342,680	335,763

Loans and borrowings have been included in Level 2 of fair value hierarchy as they have been valued using quotes available for similar liabilities in the active market. The valuation technique and inputs used to determine the fair value of the loans and borrowings is based on discounted future cash flows and discount rates.

The fair value of loans and borrowings has been determined in accordance with the most significant inputs being discounted cash flow analysis and discount rates.

32 FINANCIAL RISK MANAGEMENT CONTINUED

FAIR VALUE MEASUREMENTS CONTINUED

Financial instruments at fair value

The table below analyses the valuation method of the financial instruments carried at fair value. The different levels have been defined as follows:

USD'000		Level 1	Level 2	Level 3	Total
As at 31 December 2017	Derivative financial liabilities	**–**	**852**	**–**	**852**
As at 31 December 2016	Derivative financial liabilities	–	1,131	–	1,131

The valuation technique and inputs used to determine the fair value of the interest rate swap is based on future cash flows estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes						
	01/01/17	Financing cash flows	Translation reserves	Acquisition of subsidiary	Disposal of subsidiary	Fair value adjustments	New finance leases	Other changes	31/12/2017
Bank loans (Note 24)	339,289	(9,204)	11,346	–	–	–	–	289	341,720
Loans from related parties (Note 31)	581	(133)	35	–	–	–	–	–	483
Other financing liabilities	2,655	(140)	147	–	–	–	–	–	2,662
Interest rate swaps	1,131	(389)	55	–	–	55	–	–	852
Total financial liabilities	**343,656**	**(9,866)**	**11,583**			**55**		**289**	**345,717**

33 EVENTS AFTER THE REPORTING DATE

Port of Adria signed a loan agreement with EBRD for a total of €20 million to modernise its facilities. In the long-term, Port of Adria is aiming to transform its terminals at Montenegro into a hub that can be used as an intermediate destination by trucks travelling between western Europe and Turkey. The Company is also planning to increase the volume of Serbian cargo as the rail link between Belgrade and the city of Bar is being refurbished.

In addition, Port of Adria is exploring ways to increase the role the port is playing in Montenegro's tourism, a sector which remains constrained by the underdeveloped transport infrastructure.

Parent Company profit and loss account

For the period ended 31 December 2017

	Note	2017 USD'000
Administrative expenses	36	(1,919)
Operating loss		(1,919)
Finance income	37	751
Loss before taxation		(1,168)
Tax on loss		–
Loss for the financial period attributable to the equity shareholders of the Company		(1,168)

There were no recognised gains and losses for 2017.

Parent Company balance sheet
As at 31 December 2017

	Note	2017 USD'000
Non-current assets		
Investments in subsidiaries	39	354,805
Prepayments		117
Total non-current assets		**354,922**
Current assets		
Intercompany receivables	43	3,638
Prepayments		27
Prepaid taxes		32
VAT receivables		65
Cash and cash equivalents		51,140
Total current assets		**54,902**
Total assets		**409,824**
Current liabilities		
Redeemable preference shares	40	(65)
Trade creditors		(939)
Intercompany liabilities	43	(387)
Total current liabilities and total liabilities		**(1,391)**
Net current assets		53,511
Total assets less current liabilities		**408,433**
Net assets		**408,433**
Capital and reserves		
Share capital	41	811
Share premium	41	–
Retained earnings		407,622
Shareholders' funds		**408,433**

The financial statements of Global Ports Holding PLC (registered number 10629250) were approved by the board of directors and authorised for issue on 11 March 2018. They were signed on its behalf by:

Jerome Bernard Jean Auguste Bayle
Board Member

Parent Company statement of changes in equity
For the period ended 31 December 2017

	Notes	Share capital USD'000	Share premium account USD'000	Retained earnings USD'000	Total USD'000
Loss for the period		–	–	(1,168)	(1,168)
Total comprehensive loss for the period		**–**	**–**	**(1,168)**	**(1,168)**
Group restructuring	39	354,805	–	–	354,805
Issuance of shares on IPO	41	50,492	22,543	–	73,035
Dividend payment		–	–	(18,239)	(18,239)
Share capital reduction by reducing the nominal value of shares	41	(404,486)	(22,543)	427,029	–
Balance as at 31 December 2017		**811**	**–**	**407,622**	**408,433**

Notes to the Parent Company financial statements
For the period ended 31 December 2017

34 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

(A) GENERAL INFORMATION AND BASIS OF ACCOUNTING

Global Ports Holding (the "Company") was incorporated on 20 February 2017 in the United Kingdom under the Companies Act 2006. On 17 May 2017, the Company undertook a share for share group restructure and became the 100% parent company of Global Liman Isletmeleri A.S.

Also on 17 May 2017, the Company and enlarged group completed an IPO and achieved a standard listing on the London Stock Exchange. The net proceeds received were USD 73,035 thousand.

On 12 July 2017, a reduction of capital and cancellation of the share premium account was approved by the High Court of Justice of England and Wales (the "Court"), creating distributable reserves of USD 427,029 thousand for the Company.

The Company is a public company limited by shares and is registered in England and Wales. The address of the Company's registered office is 100 New Bridge Street, London, United Kingdom EC4V 6JA.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The separate financial statements of the company are presented as required by the Companies Act 2006.

On incorporation, the Company was determined to have a functional and presentation currency of GBP. These were changed to USD with effect from 17 May 2017, being the date of the IPO, at which point the Company's circumstances changed significantly following the receipt of cash held primarily in USD and the establishment of dividend policy under which amounts would be received and declared in USD.

In accordance with FRS 102, the Company applied the translation procedures applicable to the new functional currency prospectively from the date of the change with all items translated into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are held at their historical cost. The GBP balance sheet and reserve balances were translated to USD at the spot exchange rate as at 17 May 2017 being 1.290.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel, disclosing intragroup related party transactions, disclosing policies on the management of capital and disclosing standards not yet effective.

(B) GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared using the going concern basis of accounting.

(C) FINANCIAL INSTRUMENTS

When a financial asset or financial liability is recognised initially, the Company measures it at its fair value, which is normally the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss).

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(D) REDEEMABLE PREFERENCE SHARES

On incorporation date of 20 February 2017, the Company issued GBP 50 thousand of non-voting redeemable preference shares, which whilst meeting the legal definition of capital, are redeemable by the holder Global Ports Holding B.V. or the Company and are accordingly presented as a financial liability under FRS 102 as there is a contractual right to deliver cash or another financial entity to another entity. The redeemable preference shares do not carry voting rights or the right to receive dividends. Following the Company's change in functional currency on 17 May 2017, the preference shares were translated at the spot exchange rate giving a liability of USD 65 thousand and a corresponding related party receivable from the holder as the instrument is unpaid. The redeemable preference shares are held at cost.

(E) SHORT-TERM DEBTORS AND CREDITORS

Debtors and creditors with no stated interest rate and receivable or payable within 1 year are recorded at transaction price. Where intercompany loans receivable and payable are repayable on demand, they are treated as short-term debtors and creditors. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(F) INVESTMENTS

Investments are carried at cost less accumulated impairment. As permitted by Section 615 of the Companies Act 2006 and FRS 102, the cost of the Company's investment in Global Liman Isletmeleri A.S. has been measured at the nominal value (USD 354,805,000) of the shares issued by the Company in consideration, reflecting the application of group reconstruction relief to that issue of shares.

(G) IMPAIRMENT OF FINANCIAL ASSETS / INVESTMENTS IN SUBSIDIARIES

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is calculated as the present value of the estimated future cash flows discounted at the asset's original effective interest rate. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

The Company recognises an impairment loss immediately in profit or loss.

Any impairment loss recognised for all assets are reversed in a subsequent period if, and only if, the reasons for the impairment have ceased to exist.

(H) OPERATING LEASE COMMITMENTS

The Group has entered into commercial property lease as a lessee, it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

(I) TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

34 ACCOUNTING POLICIES CONTINUED

(I) TAXATION CONTINUED

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(J) FOREIGN CURRENCIES

The Company records cash flows arising from transactions in a foreign currency in the Company's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow or an exchange rate that approximates the actual rate. Unrealised gains and losses arising from changes in foreign currency exchange rates are not cash flows. The Company remeasured cash and cash equivalents held during the reporting period (such as amounts of foreign currency held and foreign currency bank accounts) at period-end exchange rates. Intercompany receivables and payables are revalued with period-end exchange rates.

(K) INTEREST INCOME

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

35 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Impairment of investments in subsidiaries

Determining whether the Company's debt and equity investments in subsidiaries have been impaired requires estimations of the recoverable amount of the investments. Recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use calculations require the Company to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. Value in use calculations requires subjective judgements based on a wide range of variables at a point in time including future passenger numbers or commercial volumes. Management engages external specialists to perform these fair value assessments and uses all available information to make the fair value determinations. Any significant decrease in variables used for value in use calculation is assessed as an impairment indicator. If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount and an impairment loss is recognised in the income statement. No impairment loss has been recognised for the period ended 31 December 2017 (Note 39).

DETERMINING RECOVERABILITY OF LOANS

The Company assesses the recoverability of loans to group undertakings and makes provision in the event that full recovery is not expected (Note 43).

No critical accounting judgements have been identified in the preparation of the Company's financial statements.

36 ADMINISTRATIVE EXPENSES

	2017 USD'000
Professional and consultancy fees	1,197
Board fees	703
Insurance expenses	18
Telephone and IT expenses	1
	1,919

37 FINANCE INCOME

	2017 USD'000
Unrealised foreign exchange gains	587
Interest income	164
	751

38 AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

39 INVESTMENTS IN SUBSIDIARIES

	2017 USD'000
Global Liman A.Ş.	354,805
Total	**354,805**

INVESTMENTS

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

Name of the Company	Registered office address	Holding	%
Global Liman A.Ş.*	Rıhtım Caddesi No: 51 Karaköy 34425 Istanbul – Turkey	Intermediary Holding Company	100.0
Ege Liman İşletmeleri A.Ş.	Güvercinada No:2, 09400, Aydın – Turkey	Subsidiary	72.5
Ortadoğu Antalya Liman İşletmeleri A.Ş.	Antalya Limanı, Antalya – Turkey	Subsidiary	100.0
Bodrum Liman İşletmeleri A.Ş.	İskele Cd. No:14, 48400 Bodrum/Muğla– Turkey	Subsidiary	60.0
Container Terminal and General Cargo – Bar	Obala 13 jula, Bar – Montenegro	Subsidiary	63.8
Barcelona Port Investments, S.L	World Trade Center 08039 Barcelona – Spain	Subsidiary	62.0
Creuers del Port de Barcelona, S.A.	Estacio Maritima Nord Atell WTC 08039 Barcelona – Spain	Subsidiary	62.0
Cruceros Malaga, S.A.	Estación Marítima de Levante 29001 Málaga – Spain	Subsidiary	49.6
Global Ports Europe B.V	Prins Bernhardplein 200, 1097 JB Amsterdam, Holland	Subsidiary	100.0
Perquisite Holdings Ltd.	18 TIGNE POINT TP01 Tas-Sliema Malta	Subsidiary	100.0
Global Ports Melita Ltd.	Suite 21, Block A, Il-Pjazzetta, Tower Road Sliema Malta	Subsidiary	100.0
Valletta Cruise Port PLC	45/46 Pinto Wharf Floriana FRN 1913	Subsidiary	55.6
Port Operation Holding Srl	Viale Andrea Doria 7 Milano –20124 Italy	Subsidiary	100.0
Royal Caribbean Investments (Cyprus) Ltd	10-12 Florinis Street, STADYL Building 4th Floor Nicosia, 1065 Cyprus	Subsidiary	95.0
Ravenna Terminali Passegeri Srl	Porto Corsini 48123 Ravenna, Italy	Subsidiary	53.7
Catania Terminali Passegeri Srl	Terminal Crociere sporgente centrale – Porto 95121 Catania	Subsidiary	62.2
Cagliari Terminali Passegeri Srl	Molo Rinascita – Porto 09123 Cagliari – Italy	Subsidiary	70.9
Global Depolama A.Ş.	Rıhtım Caddesi No: 51 Karaköy 34425 Istanbul – Turkey	Subsidiary	100.0
LCT – Lisbon Cruise Terminals, LDA	Rua Da Instituto Industrial,18 1ºE 1200-225 Lisboa – Portugal	Associate	46.2
SATS – Creuers Cruise Services Pte. Ltd.	61 Marina Coastal Drive Singapore, 018947	Associate	24.8
Venezia Investimenti Srl.	Via Cappuccina N 20 Venezia Mestre, 30174 Italy	Associate	25.0
La Spezia Cruise Facility Srl.	Viale San Bartolomeo, 109 19126 La Spezia	Associate	28.5

* Company is controlled directly by GPH PLC

39 INVESTMENTS IN SUBSIDIARIES CONTINUED

SUBSIDIARY UNDERTAKINGS

	USD'000
Cost	
Group restructuring	354,805
At 31 December 2017	354,805
Carrying value	**354,805**

Subsidiary undertakings have not been consolidated by Global Ports Holding PLC as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of the Group.

40 REDEEMABLE PREFERENCE SHARES

On incorporation date of 20 February 2017, the Company issued GBP 50 thousand of non-voting redeemable preference shares, which whilst meeting the legal definition of capital, are redeemable by the holder Global Ports Holding B.V. or the Company and are accordingly presented as a financial liability under FRS 102 as there is a contractual right to deliver cash or another financial entity to another entity. The redeemable preference shares do not carry voting rights or the right to receive dividends. Following the Company's change in functional currency on 17 May 2017, the preference shares were translated at the spot exchange rate giving a liability of USD 65 thousand and a corresponding related party receivable from the holder as the instrument is unpaid.

41 CALLED UP SHARE CAPITAL AND RESERVES

	2017 USD'000
Allotted, called up and fully-paid	
62,826,963 ordinary shares of GBP 0.01 each	811

The Company was incorporated on 20 February 2017 in the United Kingdom under the Companies Act 2006 with 1 ordinary share of GBP 1, issued to Global Ports Holding B.V., a further four ordinary shares of GBP 1 were subsequently allocated on 25 April 2017 and together were consolidated into a single share of GBP 5. In addition, GBP 50,000 of non-voting redeemable preference shares were issued on incorporation, which whilst meeting the legal definition of capital, were callable by the holder Global Ports Holding B.V. and are accordingly presented as a liability under FRS 102.

On 17 May 2017, the Company became the parent company of Global Liman Isletmeleri A.S. and its subsidiaries through the acquisition of the full share capital of Global Liman İşletmeleri A.Ş. in exchange for 55,000,000 GBP 5 shares in the Company issued to the previous shareholders, pro-rated to their previous interests in Global Liman İşletmeleri A.Ş. As of this date, the Company's share capital increased from GBP 5 to GBP 275,000 thousand (USD 354,805 thousand). In accordance with FRS 102, the investment in subsidiary was recognised at the cost of USD 354,805 thousand.

Also on 17 May 2017, the Group completed an IPO, achieving a standard listing on the London Stock Exchange. During the listing, an additional 7,826,962 GBP 5 shares were issued for net proceeds of USD 73,035 thousand, giving additional share capital of USD 50,492 thousand and additional share premium of USD 22,543 thousand. Following the IPO, the Company had 62,826,963 GBP 5 ordinary shares in issuance.

On 12 July 2017, a reduction of capital and cancellation of the share premium account was approved by the High Court of Justice of England and Wales (the "Court"). The nominal value of each of the ordinary shares in the Company has been reduced from GBP 5.00 to GBP 0.01 giving a reduction in share capital from GBP 314,135 thousand (USD 405,297 thousand) to GBP 628 thousand (USD 811 thousand). This reduction of GBP 313,507 thousand (USD 404,486 thousand) in share capital together with the cancellation of the USD 22,543 thousand share premium account, created distributable reserves of USD 427,029 thousand for the Company.

The Company has 1 class of ordinary shares which carry no right to fixed income. The ordinary shares carry full voting rights and the right to receive dividends. The ordinary shares do not confer any right of redemption.

	Share capital	
	Number of shares	Value USD'000
Issued on incorporation at 20 February 2017	**1**	**–**
Group restructuring	55,000,000	354,805
Issuance of shares on IPO	7,826,962	50,492
Share capital reduction by reducing the nominal value of shares	–	(404,486)
Balance at 31 December 2017	**62,826,963**	**811**

	Share premium USD'000
Balance as at 20 February 2017	**–**
Issuance of shares on IPO	22,543
Share capital reduction by reducing the nominal value of shares	(22,543)
Balance as at 31 December 2017	**–**

The cancellation of the share premium arose in conjunction with the court approved capital reduction described in note 41.

42 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

The Company uses an operational lease to rent its office at third floor offices at 34 Brook Street London. This lease have no purchase options and escalation clauses.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2017 USD'000
Within one year	237
In two to five years	947
In over five years	–
Total	**1,184**

43 RELATED PARTY TRANSACTIONS

DIRECTORS' TRANSACTIONS

None.

OTHER RELATED PARTY TRANSACTIONS

The related parties of the Company which are disclosed in this note comprised the following:

Related parties	Relationship	Amounts due USD'000	Amounts owing USD'000
Global Ports Holding B.V.	Parent company	65	–
Global Liman İşletmeleri A.Ş.	Subsidiary	–	387
Global Ports Europe B.V.	Subsidiary	3,573	–
Total		**3,638**	**387**

44 DIVIDENDS ON EQUITY SHARES

	2017 USD'000
Amounts recognised as distributions to equity holders in the period:	
Interim dividend paid of 21.6p per ordinary share	18,239
	18,239
Proposed final dividend for the period ended 31 December 2017 of 20.1p per ordinary share	17,500
	17,500

The proposed final dividend is subject to approval by the shareholders and has not been included as a liability in these financial statements.

The Company's redeemable preference shares are included in the balance sheet as a liability. There are no dividends payable on redeemable preference shares included in financials.

45 CONTROLLING PARTY

In the opinion of the directors, the Company's ultimate parent Company is Global Yatırım Holding A.Ş."GYH", a Company incorporated in Turkey. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is Global Yatırım Holding A.Ş., a Company incorporated and public company in Turkey, Rıhtım Cad. No:51 Karaköy, Istanbul.

Mr. Mehmet Kutman, chairman of GYH, with his shares in Turkcom A.Ş., controls the Company as a result of controlling, directly or indirectly 22.92 per cent of the issued share capital of GYH as of 23 February 2018.

46 EVENTS AFTER BALANCE SHEET DATE

On 20th February 2018, the redeemable preference shares with Global Ports Holding B.V. were cancelled, and the corresponding receivable due from Global Ports Holding B.V. was derecognised as set out in Note 40.

Glossary of alternative performance measures (APM)

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
INCOME STATEMENT MEASURES			
Segmental EBITDA	Profit/(Loss) before tax	Segment reporting (See note 5)	Calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and exceptional and other non-cash items. A full reconciliation, including analysis of the nature and quantum of the exceptional and certain non-cash items, is provided in the Segmental Note to the financial statements. Management evaluates segmental performance on the basis of Segmental EBITDA. This is done to reflect the fact that there is a variety of financing structures in place both at a port and Group-level, and the nature of the port operating right intangible assets vary by port depending on which concessions were acquired versus awarded, and which fall to be treated under IFRIC 12. As such, management considers monitoring performance in this way, using Segmental EBITDA, gives a more comparable basis for profitability between the portfolio of ports and a metric closer to net cash generation. Excluding project costs for acquisitions and one-off transactions such as the IPO as well as unallocated expenses, gives a more comparable year-on-year measure of port-level trading performance.
Adjusted EBITDA	Profit/(Loss) before tax	Segment reporting (See note 5)	Calculated as Segmental EBITDA less unallocated (holding company) expenses. Management uses this measure to evaluate Group's consolidated performance on an "as-is" basis with respect to the existing portfolio of ports. Notably excluded from Adjusted EBITDA are one-off and non-recurring expenses related to the Group's M&A and financing activities. M&A and project development are key elements of the Group's strategy in the Cruise segment. Project lead times and upfront expenses for projects can be significant, however these expenses (as well as expenses related to raising financing such as IPO or acquisition financing) do not relate to the current portfolio of ports but to future EBITDA potential. Accordingly, these expenses would distort Adjusted EBITDA which management is using to monitor the existing portfolio's performance.
Underlying Profit	Profit/(Loss) for the year	Loss for the year of USD 14,131 thousand, adding back amortisation of port operating right intangibles of USD 31,032 thousand (note 13) and IPO costs of USD 9,768 thousand and personnel premiums related based on successful listing on LSE USD 1,841 (note 5) = USD 28,510 thousand.	Calculated as profit/(loss) for the year after adding back: amortisation expense in relation to Port Operation Rights and the one-off expenses related to the IPO. Management uses this measure to evaluate the profitability of the Group normalised to exclude the one-off IPO costs and adjusted for the non-cash port intangibles amortisation charge, giving a measure closer to actual net cash generation, which the directors' consider a key benchmark in making the dividend decision. Underlying Profit is also consistent with Consolidated Net Income (CNI), as defined in the Group's 2021 Eurobond, which is monitored to ensure covenant compliance.
Adjusted earnings per share	Earnings per share	Underlying profit of USD 28,510 thousand above/weighted average number of shares (note 28) of 59,889,171 = 47.6 pence per share.	See definition and rationale for Underlying Profit above.
BALANCE SHEET MEASURES			
Net Debt	None	Capital risk management (see note 32)	Net debt comprises total borrowings (bank loans, Eurobond and finance leases net of accrued tax) less cash, cash equivalents and short-term investments. Management includes short-term investments into the definition of Net Debt, because these short-term investment are comprised of marketable securities which can be quickly converted into cash.
Leverage Ratio	None	Gross debt (see note 32) of USD 341,719 thousand / Adjusted EBITDA (see note 5) of USD 75,277 thousand = 4.54 x.	Leverage ratio is computed by dividing gross debt to Adjusted EBITDA. This APM is in line with the key financial covenant of the Group's 2021 Eurobond, and is used by management to monitor available credit capacity of the Group.
OTHER MEASURES			
CAPEX	None	Equals 'Acquisition of property and equipment' and 'Acquisition of intangible assets' per the cash flow statement.	This represents the recurring level of capital expenditure required by the Group excluding M&A related capital expenditure.
Cash Conversion	None	Adjusted EBITDA of USD 75,277 thousand less CAPEX of USD 13,875 thousand / Adjusted EBITDA of USD 75,277 thousand = 81.6%.	Cash conversion rate is computed as Adjusted EBITDA less CAPEX for the existing portfolio of ports, divided by Adjusted EBITDA. This therefore represents a measure of cash generation after taking account of on-going capital expenditure required to maintain the existing portfolio of ports.

Notes

Notes

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