ANNUAL REPORT 2008

GLOBAL
INVESTMENT HOLDINGS

INDEX

DISCLAIMER

The projects and activities described in this Annual Report are undertaken through a number of different companies affiliated ("Affiliates") with Global Yatırım Holding A.Ş. ("Global Investment Holdings" or the "Company"), also referred to herein, together with such Affiliates, as the "Group."

Unless otherwise specified, the information in this Annual Report is given as at 31 December 2008. The terms "current" and "currently," respectively, denote the status of the related information as at the time this Annual Report goes to print.

The currency of the Republic of Turkey ("Turkey") is Turkish Lira ("TL"), which was introduced as at January 1, 2009 upon the conversion of the New Turkish Lira ("YTL") on a one-to-one basis. Solely for convenience, certain Turkish Lira amounts have been converted into U.S. Dollars ("US$") based on the official US$/TL exchange rate announced by the Central Bank of Turkey as at such relevant date, except where otherwise specified. No representation is being made that any such TL amount was, or could have been, converted into U.S. Dollars at such rate or otherwise.

This Annual Report contains certain forward-looking statements, which typically include words such as "intend," "expect," "anticipate," "plan," "project," "target," and "scheduled". Such statements are based on the expectations of Company management as this Annual Report goes to print, and such statements are inherently subject to operating risks, including factors beyond our control, such as general economic and political conditions; the volatility of market prices, rates and indices; legislative and regulatory developments; and to our own ability to attract and retain skilled personnel; to source, structure and procure financing for projects; to implement optimal technology and information systems; and otherwise to operate successfully in a competitive marketplace. Consequently, our results may vary significantly from time to time and we may not be able to achieve our strategic objectives.

Global Investment Holdings is incorporated in İstanbul, Turkey. The registered headquarters of the Company are Rıhtım Caddesi No: 51, Karaköy 34425, İstanbul, Turkey. Global Investment Holdings is subject to regulation by the Turkish Capital Markets Board ("CMB") and the İstanbul Stock Exchange ("ISE"). Other Group companies are subject to the regulations of the capital markets or other regulatory authorities having jurisdiction over them.

GLOBAL
INVESTMENT HOLDINGS

July 2009

Dear Investors, Stakeholders, Colleagues and Partners

As I glance back at my message of last year to you, the events which have held us all rapt since late 2008 flash before my eyes. I am reminded of the dread-inspiring implosion of the world's most powerful economy, as the United States of America's housing bubble collapsed; of the failure and disappearance, at an incomprehensible speed, of centuries-old Wall Street banking behemoths; of the indiscriminate destruction, across great swaths of the investing public, and of the loss of generations of carefully-guarded wealth, all on a scale once believed unthinkable.

As for Global Investment Holdings, I am well prepared to admit that we, too, have made mistakes over the past years.

When, in last year's Chairman's Statement, I commented that the cataclysm which had seized the global financial system had "little or no impact" on Turkey, I now believe that I misspoke my position.

I had failed to appreciate how very profound an impact the American financial crisis would have on the global economy and, in particular, I was unfamiliar with the new and devastating phenomenon of deleveraging, a market mechanic which grew in the shadow of the credit bubble.

CHAIRMAN'S MESSAGE

The germ of the idea was there in my message, hidden in the analogy to "onion-layered [securitized] products" which lay like "landmines" in the balance sheets of western banks'.

Had I only drawn out the analogy a little further, and had I only warned that, as each layer of poisonous onion were peeled away, that yet another landmine would emerge, that yet more assets would need urgently to be sold, and that ever deeper would the crisis spiral.

And ever more illiquid would be the markets, just when more buyers were desperately sought.

However; just as I am not afraid to admit mistakes, I am also willing to remind you where my strategic vision was and, I am confident, remains true.

The Republic of Turkey indeed holds a vitally important geopolitical role in our region, and I would go further to say that our role becomes more important each day, as western military forces, having been in harm's way put years ago by a former U.S. regime ignorant, apparently, of the hard-learned lessons of "The Great Game," become increasingly enmired in deadly house-to-house battles and innumerable skirmishes with insurgents in Iraq and Afghanistan.

As for our Company's strategy in the present economic climate, I need not recite here the dire figures setting forth the world-wide scarcity of trade and project finance; or the worrying drops in economic output in countries everywhere; or to chart the trade figures which, seemingly, have fallen off a cliff since the vertigo-inducing market crash of late 2008.

We place our hopes for, and confidence in, Global Investment Holdings on two key considerations.

With one's confidence in the efficient markets hypothesis having been deeply shaken by the financial and market crises of 2008, we believe that the government of the United States of America (the "U.S." or "America"), under the leadership of President Barack Obama, is much better placed than America's previous regime to restore confidence and stability to the U.S. markets.

Second, the fiscal stimulus package adopted by the Government of Turkey, as well as the monetary policy of the Central Bank of Turkey, has the potential to serve as the foundation for a period of extraordinary domestic growth in our Republic.

It is my expectation that Turkey's realized inflation for the year ended 2010 – and for subsequent years – will be lower than the rates presently forecast, and that a strong and growing economy, together with moderate inflation, will foster the development and broadening of Turkey's capital markets. We will see the gradual withdrawal of the dead hand of the State from the markets, and the eventual disappearance of the years-old carry trade, to be replaced by a Turkish Lira denominated credit market with long as well as short term tenors.

We may be certain that there will be debate, political maneuvering and misgivings about the substance, implementation and structure of measures such as economic stimulus packages and the development of monetary policy, but such discourse is no more than an essential element of the formulation of such policies and measures in a modern secular democracy such as Turkey.

As for our piece in this, Global Investment Holdings is keenly aware of the formidably challenging market conditions which we and other private sector actors – including our clients and customers, face – in particular with respect to procuring project and other bank financing. We therefore will seek, in each of our businesses, to reduce costs, increase efficiency and enhance synergies wherever possible.

We have also learned, from the difficult markets of late, the crucial importance of keeping a prudent proportion of our assets in liquid holdings. To this end, we shall be seeking, commencing immediately, purchasers for certain of the real estate assets and properties presently reflected on the Company's balance sheet.

Other businesses from which the Company may seek to exit include our natural gas distribution subsidiary, Energaz. In my view, we have progressed rapidly and successfully in developing Energaz into a strong and independent natural gas market participant, and which is expected soon to commence a new phase of activity that being the national gas trading and importation. In light of the rapid growth of Energaz, and its expanded business segments, we anticipate a significant exit value and, accordingly, a lengthier sales process for this business as compared to our hydroelectric business. With respect to the potential return on investment upon disposition of Energaz, as in the case of our hydroelectric business, I would again project a potential return exceeding 100% of invested capital, after deduction for financing, transaction and related expenses.

The phenomenon of global credit scarcity has lead us, and may lead us further, to evaluate the sale and disposition of businesses where we believe that such sale or sales will result in the realization of full value for such businesses, and where the resulting proceeds may effectively be put to use to meet the prior financing commitments of the Group, or for other corporate purposes.

Notwithstanding the extraordinarily challenging credit scarcity and market conditions which prevailed in 2008, we began in late 2008 to negotiate an exit, through a share sale, from our hydroelectric power division, and we successfully completed such sale in June 2009.

To any of our shareholders who might object to the sale of the hydroelectric power division for being too early, I would respond that we realized a return on investment of 110%. I view this return as highly successful, all the more so as it represents proceeds from the sale of a business which was largely in the pre-construction phase and, in order to bring into operation, carried no little operational, regulatory and market risk; an extended investment and construction period, and substantial technical know-how and expertise.

Proceeds realized from the sale of the Group's hydroelectric power division were used in part to repurchase some of the Company's outstanding Eurobonds due 2012, at a very substantial discount to issue price.

The sale proceeds arising from the sale of our hydroelectric power division have also improved the cash reserves of the Company, of particular importance given the financing requirements we face in respect of the prestigious İzmir commercial port transaction, expected to close in 2010.

If you will permit me, now, to express a view forward to the approaching years, I believe that we have now seen the worst of the world financial crisis. In the United States of America, the housing market – the epicenter of the autumn 2008 market and banks crises – is evincing clear signs of stabilizing. Although no swift or painless recovery is expected in America, the freefall of 2008 has ended.

With respect to the Republic of Turkey, we as Turks have been fortunate enough to have been the beneficiaries of the ruling government's policies, in particular the enforcement of stringent capital reserve ratios and other regulatory requirements for Turkish banks; the maintenance of tight monetary policy which shielded Turkey from the brunt of a crisis which had such devastating effect elsewhere; and the support of fiscal stimulus measures recently announced by the Turkish government.

On a note of great importance, we look forward to a world which will benefit from the leadership of a new U.S. government regime which, already, has been warmly welcomed to the world stage; and which has, as its President, a statesman who enjoys a worldwide wellspring of respect and admiration.

The world economic, political and financial order, which has been at imminent threat of chaos, further deterioration and lawlessness, desperately needed regime change in the United States. With the new U.S. regime, we see hope for global economic recovery; the restoration of stability to the world's financial markets; and the normalization of global credit conditions.

Yours very sincerely,

Mehmet Kutman
Chairman and Chief Operating Officer

THE COMPANY AND THE GROUP

Global Investment Holdings owns a diversified portfolio of investments in a number of business segments, including infrastructure, energy, real estate and non-banking financial services.

Global Investment Holdings is listed on the İstanbul Stock Exchange under the ticker symbol "GLYHO.IS."

The Company focuses on enhancing shareholder value and returns by investing in those sectors identified by Company management as having high growth potential, a likelihood for a high rate of return; the effect of enhancing the Group's diversification to risk; and sectors which have geographic, technical, "first mover" or other barriers to entry by potential competitors .

From the standpoint of operations and business growth, the subsidiaries of the Company operate independently and flexibly to develop in their respective areas of operation, subject to the coordination, general management oversight, and overarching corporate and financing strategy developed and implemented at the Global Investment Holdings level.

During recent years, the Holding has, with greater frequency, identified highly attractive infrastructure and energy opportunities as the Turkish economy has undergone a surge of growth and structural changes. Global Investment Holdings has continued to pioneer investments and to expand its existing portfolio of businesses with a particular focus on such sectors. The Company's existing and potential operations in various sectors are highlighted in this Annual Report.

The diversification of risk within the Company's business portfolio reduces the overall risk exposure of the Group and decreases the likelihood of over-reliance on particular business segments or on particular sectors of the Turkish and world economies.

Although the Company, in moving toward a diversified holding business model, has increased investment in existing business lines, as well entering into new business segments deemed to have the potential to create synergies with the Group's existing business lines, Global Investment Holdings management also reserves to itself the flexibility in a tumultuous global financing environment to assess opportunities in new businesses with high expected returns, but which have a less proximate or longer term relevance to existing Group businesses. The Company's lean management structure has also permitted it to surface value in businesses which it has originated and grown by means of disposing of such businesses, when needed, to serve the Group's ongoing financing requirements.

See "Company Overview – Recent Business Developments" and "Business Divisions – Other Businesses."

At present, Global Investment Holdings comprises four principal business divisions:

- The Infrastructure Division, including cruise and commercial sea port operations;
- The Energy Division, including natural gas distribution concessions and investments in both hydroelectric and thermal power generation projects (see, however, "Company Overview – Recent Business Developments");
- The Real Estate Division, including mixed-use commercial, residential and holiday resort development planned and existing developments; and
- The Finance Division, which comprises non-banking financial services, including brokerage, research, corporate finance and asset management.

Parallel with the Company's intensive business development and investments, in particular, the Group's infrastructure and energy sector subsidiaries have evolved into stand-alone operations, with experienced management teams carrying on day-to-day operations independently, with strategic direction determined under the Company's supervision and long-term perspective.

Going forward, the Company intends to increase efficiency in its existing businesses and operations. The Group plans further to pursue investments in commercial and cruise seaports, and to become a major seaport operator in the Mediterranean and Marmara Seas and, possibly, in regional waters.

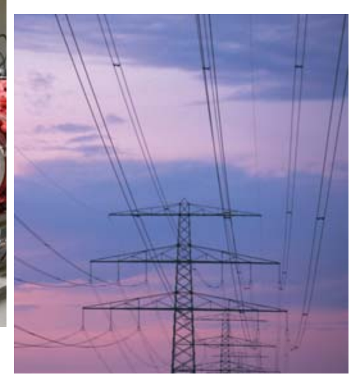
The Company also continues to evaluate the enlargement of its presence in the power generation sector and, to this end, is appraising the further development of its high-yield coal-fired power plant project located in Şırnak, southeastern Turkey.

As Global Investment Holdings has developed substantial holdings in the Turkish infrastructure and energy sectors, the Company intends to create further value by re-assessing and, if necessary, rebalancing, its present business portfolio. Accordingly, the Company may, from time to time, evaluate the potential divestiture of, or the formation of strategic partnerships in connection with, certain of its existing business lines with a view to future financing required for the expansion of its ports and coal-fired power generation businesses. See "Recent Business Developments"

Further to the foregoing discussion, Global Investment Holdings' evaluation of the current environment of challenging changing credit markets proved an important factor by the Company, in 2008, to enter into an agreement to sell a 95% stake in the the Group subsidiary holding its hydro-electric power generation projects. The sale, to a leading European operator in renewable energy of the Group's hydroelectric power division was successfully completed in June 2009.

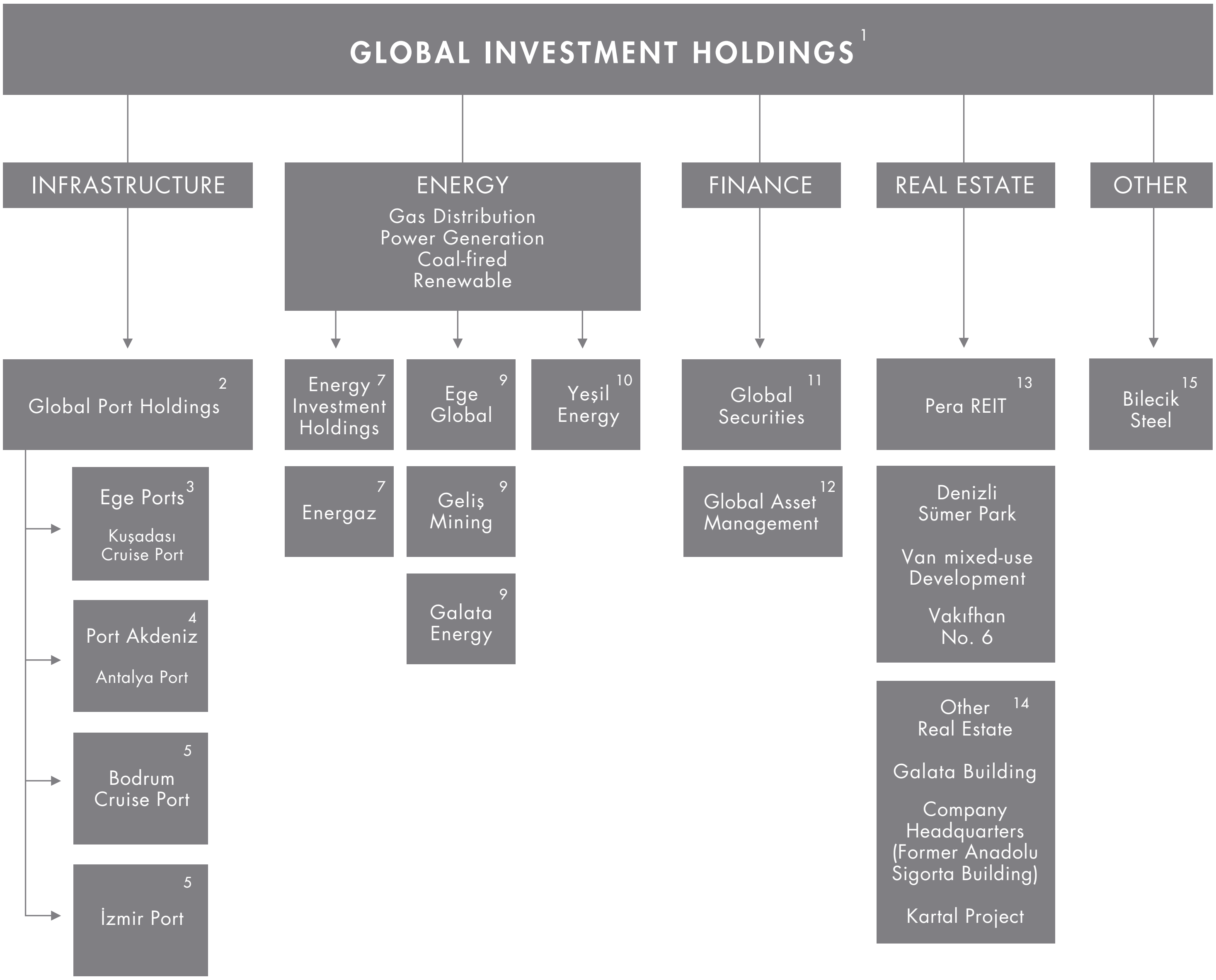
In addition, at present, the Company is conducting discussions for a share sale or a strategic partnership in connection with Energaz, its gas distribution business. Over the mid-term, Global Investment Holdings may also consider the divestiture of its real estate assets, which are characterized by contracting buyer demand and which, at present, lack access to reasonably priced, non-recourse project financing.

OVERVIEW OF BUSINESS AND OPERATIONS



The business divisions of Global Investment Holdings, including the principal companies operating in each such division, are set forth in the following diagram. The information presented below is given as at 31 March 2009 except as otherwise noted:

1. For a list of consolidated entities as at 31 December 2008, see Note 1 to the Consolidated Financial Statements.
2. Global Liman İşletmeleri A.Ş. ("Global Port Holdings") is currently owned as to 99.9% owned by Global Investment Holdings. See "Business Divisions – Infrastructure Division – Global Port Holdings".
3. Ege Liman İşletmeleri A.Ş. ("Ege Ports") is owned as to 72.5% by Global Port Holdings. See "Business Divisions – Infrastructure Division – Global Port Holdings - Ege Ports".
4. Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Port Akdeniz") is owned as to 40.0% by Global Port Holdings. See "Business Divisions – Infrastructure Division – Global Port Holdings - Port Akdeniz".
5. Bodrum Yolcu Limanı İşletmeleri A.Ş. ("Bodrum Cruise Port") is owned as to 60.0% by Ege Ports. See "Business Divisions – Infrastructure Division – Global Port Holdings – Bodrum Cruise Port".
6. Current plans contemplate that İzmir Liman İşletmeciliği A.Ş. ("İzmir Port") will be owned as to a minimum of 50.1% by Global Port Holdings, upon closing of the purchase by the Global Investment Holdings bidding consortium, of İzmir Port. As this Annual Report goes to print, the 1st Chamber of the Council of State is reviewing the draft Transfer of Operating Rights Agreement governing the terms and conditions of the privatization of İzmir Port. See "Business Divisions – Infrastructure Division – Global Port Holdings – İzmir Port" and "Legal Proceedings."
7. Enerji Yatırım Holding A.Ş. ("Energy Investment Holdings" or "EIH") is owned as to 50.0% by Global Investment Holdings. See "Business Divisions – Energy Division – Natural Gas Distribution - Energaz".



8. Energaz Gaz Elektrik Su Dağıtım A.Ş. ("Energaz") is owned as to 53.0% by Energy Investment Holdings. See "Business Divisions – Energy Division – Natural Gas Distribution - Energaz".
9. Galata Enerji Üretim San. ve Tic. A.Ş. ("Galata Enerji") and Geliş Madencilik Enerji İnşaat Ticaret A.Ş. ("Geliş Madencilik") are owned as to 60.0% by Ege Global Madencilik San. ve Tic. A.Ş. ("Ege Global"), which in turn, is owned as to 85.0% by Global Investment Holdings. See "Business Divisions– Energy Division – Power Generation - Ege Global".
10. Prior to 23 June 2009, Yeşil Enerji Üretim San. ve Tic. A.Ş. ("Yeşil Enerji") was owned as to 99.9% by Global Investment Holdings. An agreement to sell 95.0% of Yeşil Enerji was executed with Statkraft A.S.("Statkraft") on 18 March 2009, and the conclusion of the purchase and sale by Statkraft of 95% of Yeşil Enerji was concluded on 23 June 2009. See "Business Divisions – Energy Division – Power Generation -Yeşil Enerji" and "Recent Business Developments."
11. Global Menkul Değerler A.Ş. ("Global Securities") is owned as to 99.9% by Global Investment Holdings. See "Business Divisions – Finance Division – Global Securities".
12. Global Portföy Yönetimi A.Ş. ("Global Asset Management") is owned as to 99.9% by Global Investment Holdings. See "Business Divisions – Finance Division – Global Asset Management".
13. Pera Gayrimenkul Yatırım Ortaklığı A.Ş. ("Pera REIT") is a publicly quoted real estate investment trust traded on the ISE and as at 31 March 2009, was 19.3% owned by Global Investment Holdings. See "Business Divisions – Real Estate Division – Pera REIT and Joint Real Estate Projects".
14. The Galata Building (also known as Veli Alemdar Han), the Global Investment Holdings' headquarter building (formerly the Anadolu Sigorta headquarters building) and the Kartal Project are owned as to 100.0% by Global Investment Holdings. See "Business Divisions – Real Estate Division – Other Real Estate Projects".
15. Bilecik Demir Celik Sanayi ve Ticaret A.Ş. ("Bilecik Steel") is owned as to 40.0% by Global Investment Holdings. See "Business Divisions – Other Group Businesses – Bilecik Steel".

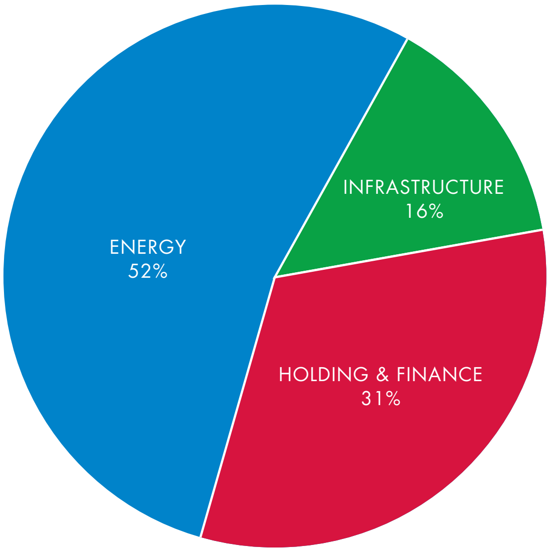
GLOBAL INVESTMENT HOLDINGS CONSOLIDATED FINANCIAL HIGHLIGHTS

Financial highlights for the Group's projects and businesses, classified into divisions under the categories Infrastructure[1], Energy[2], Holding and Finance[3] and Other[4] for the year ended 31 December 2008, are set forth below in summary consolidated form:

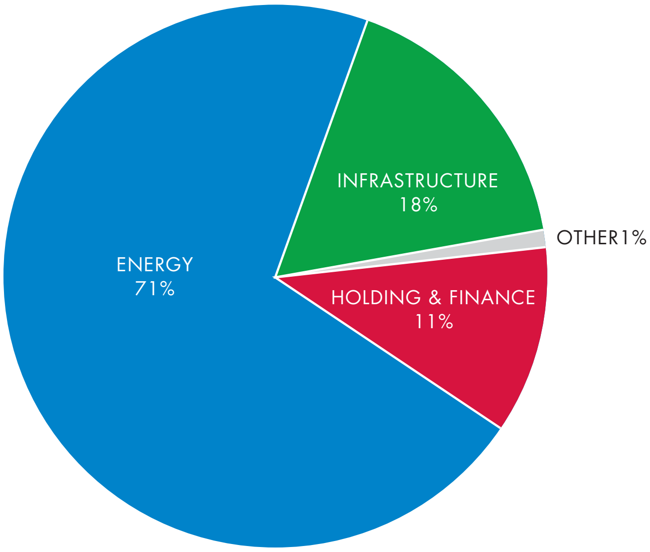
	TL (millions)	US$ (millions)
Turnover		
Infrastructure	**37.4**	**28.3**
Energy	**150.0**	**113.6**
Holding and Finance	**23.5**	**17.8**
Other	**1.1**	**0.8**
EBITDA		
Infrastructure	**27.1**	**20.5**
Energy	**27.0**	**20.5**
Holding and Finance	**(39.0)**	**(29.5)**
Other	**(12.5)**	**(9.5)**
Net Profit		
Infrastructure	**15.7**	**11.9**
Energy	**21.9**	**16.6**
Holding and Finance	**(83.3)**	**(63.1)**
Other	**(21.0)**	**(15.9)**

The following charts set forth, in graphic format, the breakdown of the gross turnover of Global Investment Holdings for the fiscal years ended 31 December 2007 and 2008, respectively.

GROSS TURNOVER 2007



GROSS TURNOVER 2008



1. Comprises Global Liman İşletmeleri A.Ş., Ege Liman İşletmeleri A.Ş., Ortadoğu Liman İşletmeleri A.Ş., İzmir Liman İşletmeciliği A.Ş. and Global Depoculuk A.Ş.
2. Comprises Enerji Yatırım Holding A.Ş., Energaz A.Ş., Kentgaz Denizli Doğalgaz Dağıtım A.Ş., Netgaz Şehir Doğalgaz Dağıtım A.Ş., Çorum Doğalgaz Dağıtım San ve Tic A.Ş., Gaznet Şehir Doğalgaz Dağıtım A.Ş., Kapadokya Doğalgaz Dağıtım A.Ş., Erzingaz Doğalgaz Dağıtım A.Ş., Olimpos Doğalgaz Dağıtım A.Ş., Karaman Doğalgaz Dağıtım A.Ş., Aksaray Doğalgaz Dağıtım A.Ş., Yeşil Enerji Üretim San. ve Tic. A.Ş., Gümüşsan Ges Enerji A.Ş., Çakıt Enerji A.Ş., Anadolu Elektrik Üretim A.Ş., Akel Galata Enerji Üretim ve Ticaret A.Ş., Sancak Global Enerji Yatırımları A.Ş., Osmanlı A.Ş., Aksu Global Enerji Hizmetleri ve İşletmeciliği A.Ş., Çetin Enerji A.Ş. and Özarsu İnşaat Elektrik Turizm San A.Ş.
3. Comprises Global Yatırım Holding A.Ş., Global Menkul Değerler A.Ş., Global Portföy Yönetimi A.Ş., Hedef Menkul Değerler A.Ş., Global Sigorta Aracılık Hizmetleri A.Ş., Global Financial Products Ltd. and Global Valori Mobiliare S.A.
4. Comprises Nesa Madencilik San. ve Tic. A.Ş., Ege Global Madencilik A.Ş., Güney Maden İşletmeleri A.Ş., Kuzey Maden İşletmeleri A.Ş., Doğu Maden İşletmeleri A.Ş., Pera Gayrimenkul Yatırım Ortaklığı A.Ş., GY Elyaf ve İplik San. Dış Tic. A.Ş., Boğaziçi Holding A.Ş., Kuşadası Turizm Yatırımcılığı A.Ş., Vespa Enterprises (Malta) Ltd., Maya Turizm Ltd., Mavi Bayrak Tehlikeli Atık ve İmha Sistemleri San. Tic. A.Ş., Bilecik Demir Çelik San. Ve Tic. A.Ş., Tora Yayıncılık A.Ş. and Sem Yayıncılık A.Ş.

INFRASTRUCTURE DIVISION

The infrastructure division (the "Infrastructure Division") of the Group comprises the cruise and commercial seaport operations of Global Port Holdings, the Group's wholly-owned subsidiary. Set forth below is a narrative of such operations, as well as planned initiatives for Global Port Holdings; pending transactions; and other material considerations.
See also "Recent Business Developments" and "Legal Proceedings."

Ege Ports (Kuşadası Cruise Port) (2003)

Ege Liman İşletmeleri A.Ş. was awarded thirty-year operating rights for Kuşadası cruise port, in the city of Kuşadası on Turkey's Aegean coast in July 2003. Since the take-over of Kuşadası Cruise Port in 2003, the Company has enlarged the Port area by constructing a pile platform; replacing the former passenger terminal building with a modern glass and aluminum cruise passenger terminal building; and rehabilitating the town's waterfront through the creation of "Scala Nuova," a highly popular shopping center . Ege Ports – Kuşadası was the first port in Turkey to be qualified compliant with the International Ship and Port Facility Security Code (the "ISPS Code" International Maritime Organization (the "IMO"). Since then, Ege Ports has won numerous awards and recognition for being the most secure port in Turkey.

Port Akdeniz (Antalya Port) (2006)

A consortium vehicle, including among its shareholders Global Port Holding's Akdeniz Liman İşletmeleri A.Ş. (which subsidiary holds Port Akdeniz as to 40%) was awarded the transfer of the twenty-two-year operating rights for a large multi-functional commercial and cruise seaport near the city of Antalya on Turkey's southern Mediterranean coast. Since the acquisition of Port Akdeniz - Antalya, the Group and its partners in Port Akdeniz have improved operational efficiency, in particular through the acquisition and deployment of cranes and winches to assist in commercial cargo and container operations; have made investments to improve both port security and occupational health and safety ("OH&S"); and plan to rehabilitate the existing cruise passenger terminal to bring it into line both with modern cruise terminal standards and to ensure strict compliance with the ISPS Code.

Bodrum Cruise Port (2007)

Bodrum Yolcu Limanı A.Ş. ("Bodrum Cruise Port") was first awarded a build-operate-transfer ("BOT") agreement by Turkey's Demiryolları, Limanlar ve Hava Meydanları İnşaatı Genel Müdürlüğü (the "DLH") with respect to a Greenfield seaport to be constructed near the center of Bodrum, a touristic and fishing city located on Turkey's southern Aegean coast. The original bidding consortium for Bodrum Cruise Port, which did not originally include the Group, was awarded a BOT concession granting such consortium the right to operate Bodrum Cruise Port for a period of twelve years commencing December 2007.

In December 2007, Global Ports Holding acquired, from an existing Bodrum Cruise Port consortium shareholder, shares comprising a majority 60% shareholding in the consortium vehicle for the port. Following the acquisition by Global Ports Holding of its ownership interest in Bodrum Cruise Port, the Group has undertaken aggressive marketing campaigns directed towards cruise and ferry operators to promote Bodrum Cruise Port as a new cruise destination, with Bodrum's famed nightlife highlighted as a principal attraction.

İzmir Port (2007)

A large and diversified consortium, was purpose formed to enter into the tender, by the Prime Ministry, Privatization Administration of Turkey, of the forty-nine-year operating rights for the Port of İzmir. Based on data available from Turkish State Railways ("TCDD") for the 2008 calendar year, the Port of İzmir was the largest commercial port on Turkey's Aegean Coast as measured by container throughput. The privatization process for İzmir Port is, at present, subject to the review, by the First Chamber of the Council of State of Turkey of the draft form of transfer of operating rights agreement relating to the privatization of the Port of İzmir.
See "Business Divisions - Infrastructure Division – Global Port Holdings" and "Legal Proceedings."

ENERGY DIVISON

The energy division (the "Energy Division") of the Group comprises natural gas distribution concessions and thermal power generation projects. On 23 June 2009, the Company disposed of a 95% shareholding interest in Yeşil Enerji for aggregate consideration of EUR98.1 million, or approximately US$137 million.
See "Recent Business Developments."

Energaz

Natural gas distribution concessions (2004) The Group indirectly holds a majority interest in natural gas distribution rights for ten geographic regions of Turkey through its 50% shareholding in Energy Investment Holdings which, in turn, holds a 53% shareholding in Energaz,
See "Business Divisions - Energy Division – Natural Gas Distribution - Energaz".

Ege Global

Coal-fired power generation project (2008) Ege Global, a 85% owned subsidiary of Global Investment Holdings has, since February 2008, held a 60% stake in Geliş Madencilik A.Ş. ("Geliş Madencilik"), a company which holds exclusive operating rights with respect to a coal mine located in the city of Şırnak, in southeastern Turkey, and coal-fired power plant projects, also to be located in Şırnak province. As this report goes to print, Global Investment Holdings holds the two hydroelectric power plant projects under Ege Global.
See "Business Divisions - Energy Division – Power Generation – Ege Global"

Yeşil Enerji

Hydroelectric power generation projects (2008) Interests in eight hydro-electric power plant projects with approximately 630MW aggregate generation capacity. In 23 June 2009, 95% of Yeşil Enerji with 6 hydroelectric power plant projects in its portfolio was sold to Statkraft of Norway for a consideration of EUR98.1 million. Global Investment Holdings is currently working on advancing the status of the remaining two hydroelectric power plant projects in its portfolio which at a later date will be included in the transaction with Statkraft once a certain progress level is reached with respect to those projects.
See "Business Divisions - Energy Division – Power Generation - Yeşil Enerji".

REAL ESTATE DIVISON

As first conceived, the portfolio development strategy of the Group's real estate division (the "Real Estate Division") was to focus on investments in high-end residential projects in metropolitan İstanbul. In addition, the Real Estate Division targets to finance new projects from the cash proceeds of advance or other sales of the Real Estate Division's residential projects and properties.

PERA REIT AND JOINT REAL ESTATE PROJECTS

Prior to 17 September 2007, Global Investment Holdings' real estate investments and projects were held under two separate entities, namely Global Altyapı Hizmetleri ve İşletmecilik A.Ş. ("Global Altyapı") and by Pera Gayrimenkul Yatırım Ortaklığı A.Ş. ("Pera REIT"), a publicly traded real estate investment trust listed on the ISE, and owned as to approximately 21.4% by Global Investment Holdings as at 30 June 2009.

Pera REIT

As described immediately above, Pera REIT is an ISE-listed real estate investment trust held by Global Investment Holdings as to approximately 21.4% as at 30 June 2009.

Van mixed-use development project (2008)

In-February 2008, Pera REIT and Global Investment Holdings won the Van Municipality tender for an approximately 17,000 m² parcel of land in the city of Van, southeastern Turkey. Plans for the development of the Van mixed-use development project included the construction of a shopping center and a 150 room international-standard four-star hotel on the site.

Denizli Sümerpark mixed-use development project (2006)

The Group's interest in the Denizli Sümerpark mixed-use development represented the first real estate investment project undertaken by Pera REIT. Plans for the site include the construction of commercial mall space; mid-rise block and detached residential units; and a hotel complex and hospital on a site of approximately 98,500 m² net in Denizli, south western Turkey.

Vakıfhan No. VI (2005)

Vakıfhan No. VI is a heritage building, first constructed in 1870, and located in the Karaköy district of İstanbul, close to the headquarters of Global Investment Holdings. In January 2004, Global Altyapı, in conjunction with AOG İnşaat Taahhüt Sanayi ve Ticaret A.Ş., a small İstanbul-based contractor ("AOG") obtained interests in 75% and 25%, respectively, of the restoration, operation and transfer rights for Vakıfhan No. VI pursuant to a 15 year term restore-operate-transfer ("ROT") agreement made with Turkey's General Directorate of Trusts of the Prime Ministry, Republic of Turkey. The 1,700m² ROT re-development was completed in August 2006.
See "Business Divisions - Real Estate Division – Pera REIT and Joint Real Estate Projects".

OTHER REAL ESTATE PROJECTS

Company Headquarters (2004) – currently occupied as offices of the Company and several subsidiaries, located in Karaköy, İstanbul.

Galata Building (2005)

Redevelopment of the building with 12,000m² gross indoor area in Karaköy, İstanbul, immediately adjacent to the Company's corporate headquarters, as a three-star boutique hotel.

Kartal Project (2006)

Development of a commercial center on a 7,376 m² land plot located in Kartal, İstanbul.
See "Business Divisions - Real Estate Division – Other Real Estate Projects".

FINANCE DIVISON

Global Securities

Brokerage, research, corporate finance advisory (1990) – range of services provided through Global Securities.
See "Business Divisions - Finance Division – Global Securities".

Global Asset Management

Domestic fund and portfolio management (1998) – eight open-end Turkish funds and contractual fund management for corporate accounts and high net-worth individuals.
See "Business Divisions - Finance Division – Global Asset Management".

OTHER GROUP BUSINESSES

Steel Production

Bilecik Steel (2007)-40% interest in a green-field steel plant near Bozüyük, Turkey.
See "Business Divisions – Other Group Businesses – Bilecik Steel".

RECENT BUSINESS DEVELOPMENTS

As at 30 June 2009

Sale of Yeşil Enerji - Hydro-electric Generation Portfolio:

In 23 June 2009, 95% of Yeşil Enerji with 6 hydroelectric power plant projects in its portfolio was sold to Statkraft of Norway for a consideration of EUR98.1 million. Global Investment Holdings is currently working on advancing the status of the remaining two hydroelectric power plant projects in its portfolio which at a later date will be included in the transaction with Statkraft once a certain progress level is reached with respect to those projects.

Statkraft, a Norwegian company, is the largest renewable energy generator in Europe. Statkraft develops and generates hydropower, wind power, gas power and district heating, and is a major participant on the European power exchanges. Statkraft's total installed capacity is approximately 15,000 MW. Its hydro-electric power projects have a total annual generation capacity of 50 TWh. Statkraft also develops marine energy, osmotic and solar power and other innovative energy solutions. In 2008, Statkraft posted gross operating revenues of EUR3.1 billion. The group employs 3,000 staff in more than 20 countries.

The estimated total investment for the development and construction of the projects under Yeşil Enerji is between EUR600 million and EUR700 million. The Company, alongside with its long-term strategic view, decided on the realization of an attractive return on the renewable energy portfolio in a period of two years following outset of its development, without committing a significant amount of financing. According to the Share Purchase Agreement, the Company shall remain as a minority shareholder with board representation and shall benefit through incremental returns should there be an outperformance in operational results.

The Company sees this transaction as a strong signal of ongoing appetite from leading global operators to increase their exposure to the growing Turkish energy market. This agreement is a clear indication of confidence both in Global Investment Holdings and in Turkey.

Başkentgaz Tender:

The privatization tender announced by the Ankara Metropolitan Municipality (the "Municipality") regarding the proposed sale of 100% of the shares of Başkent Doğalgaz Dağıtım A.Ş. ("Başkentgaz"), the municipality-owned company which holds the gas distribution rights in Ankara for a period of thirty years, was held on 14 March 2008. A consortium (the "Consortium") comprising Global Investment Holdings and Energaz submitted the highest bid: US$ 1.61 billion. Subsequently, ABN AMRO Infrastructure Capital Management Ltd. and STFA Yatırım Holding A.Ş. ("STFA") joined the consortium in accordance with the tender specifications. The tender was subject to approvals by Turkey's Competition Board, EMRA and the Municipality. The tender was approved by the Competition Board in August 2008 and EMRA started its review process. Subsequent to all of the requisite approvals, a share purchase agreement was to be signed between the Municipality and the Consortium, in which the Company had a 51.66% equity stake.

Pending approval by EMRA, the Municipality applied to forfeit the bid bond of US$50 million that was provided by the Consortium during the bid process. Consequently, in December 2008, the Beyoğlu 1st Commercial Court of First Instance (the "Court") granted an injunction to protect the bid bond of the Consortium against any attempts for liquidation. The Court also rejected the appeal by the Municipality against the injunction decision, acknowledging the Consortium's claims in connection with the tender process. Most recently in March 2009, the term of the Consortium's bid bond expired.

Sale of GY Elyaf:

The Company, together with its partner Yılsan İç ve Dış Ticaret A.Ş. ("Yılsan Group"), agreed to sell 100 % stake of GY Elyaf ve İplik San. İç ve Dış Ticaret A.Ş. ("GY Elyaf") to Koninklijke Vopak NV ("Vopak") of Holland, the world's leading liquid storage terminal operator. According to the agreement signed on 7 November 2008, Vopak agreed to refinance the loan of US$41.3 million on GY Elyaf's balance sheet and pay an additional US$9.8 million to GY Elyaf shareholders in 2009 in return for their assistance in obtaining the necessary permits and usage rights to build the terminal, the jetty and the other components related thereto.

Vopak is planning to establish a new liquid storage terminal with an initial total storage capacity of 200,000 cubic meters for chemicals and petroleum products on the site. The Company is committed to support Vopak on the progress of this investment and has a call option for 25% of the outstanding shares of the terminal which becomes enforceable once the necessary permits and usage rights to build the terminal facilities are received. Should the Company exercises the call option, it intends to add the tank farm project in its ports portfolio under Global Port Holdings.

Sale of Land Located in Balıkesir:

Pera REIT won a tender for a 31,937 m^2 area land in March 2008, located on the Bursa highway into the city of Balıkesir. Tesco Kipa Kitle Pazarlama Ticaret ve Gıda Sanayi A.Ş. ("Tesco Kipa") expressed its interest for the Balıkesir land and the sale of the land to Tesco Kipa for TL 20,500,000 was completed in February 2009.

Real Estate Asset Swap:

In March 2009, the Company agreed to transfer its 20% shareholding in Bosphorus Holding to the existing majority partner. In return, that partner agreed to transfer its 80% share in the Veli Alemdar Han Building ("Galata Building") to the Company. Galata Building property has a 12,000 m^2 gross indoor area and is located directly adjacent to the Company's Headquarters in close proximity to the Galata Port in the historical district of Karaköy, İstanbul. The Company plans to renovate the property and operate it as a three-star boutique hotel.

Subsidiaries of Global Securities in U.S.A., Kazakhstan and Romania:

In early 2009, the Company's finance division subsidiaries in the United States, Kazakhstan and Romania as well as Hedef Securities ceased operations and the respective offices were closed.

TARGET INVESTMENTS

INFRASTRUCTURE DIVISION

Turkish and Regional Cruise and Commercial Sea Ports

Galata Port, İstanbul - participation in the tender for transfer of operating and re-development rights for the Salıpazarı - Karaköy cruise port complex on the Bosphorus Strait in İstanbul. İskenderun Port, Turkey - participation in the tender for transfer of operating rights for the commercial port at İskenderun, eastern Mediterranean.

Liquid Storage Facilities (Tank Farms)

Tank Farm Projects - development or acquisition of storage facilities primarily for liquid petroleum, petrochemic pportunities which may be potentially complementary with the Group's current ports portfolio.

See "Business Divisions - Infrastructure Division – Target Projects".

ENERGY DIVISION

Natural gas importation and wholesale trade – participation in the tender for transfer of state-held contractual purchase commitments for natural gas.

See "Business Divisions - Energy Division –Target Projects".

INFRASTRUCTURE DIVISION

The Group's current infrastructure investments consist of Ege Ports, Bodrum Cruise Port, Port Akdeniz and the award in 2007 to the Company of the tender to operate the Port of İzmir, one of Turkey's largest commercial ports. These investments are carried under Global Port Holdings, a wholly-owned subsidiary of Global Investment Holdings.

Prospective investments for the Infrastructure Division include additional Turkish Mediterranean and Marmara Sea ports as well as liquid storage facilities with access to sea transportation.

GLOBAL PORT HOLDINGS

Turkey's extensive coastlines along the Black Sea, the Marmara Sea, the Aegean Sea, the Mediterranean Sea and the Bosphorus Strait include a number of major cruise ports; commercial and multi-functional ports; and marinas. Traditionally controlled by the Turkish state, many ports are now being privatized and constitute a major focus area for the Group.

Data published by the Turkish Ministry of Culture and Tourism (the "Ministry") indicates that Turkey is becoming an increasingly popular cruise destination. According to the Ministry, the number of tourists arriving in Turkey by sea was 1.5 million, 1.7 million and 2.0 million for the years 2006, 2007 and 2008, respectively, corresponding to 7.3%, 7.5% and 7.7% of the total number of tourists visiting Turkey during those years. The cruise sector in Turkey grew, in terms of the number of cruise ships, by 5% in 2008 as compared to 2007. During the same period, due to the increase in the size of the cruise ships, the number of passengers arriving by cruise vessels grew by 15%. The leading cruise ports in the Turkish cruise market are İstanbul Salıpazarı (Galata) Port, Kuşadası Cruise Port, Bodrum Cruise Port and the Port of İzmir, constituting 90% of the total cruise market.

Turkey's commercial ports are the main hubs for the majority of the country's international trade. Based on TURKSTAT (Statistical Institute of the Prime Ministry of the Republic of Turkey) data, in 2008, 87.4% of Turkey's international trade volume was handled through maritime transportation. According to Türklim (Port Operators Association of Turkey) data, the total container traffic at Turkish ports in 2008 was 5,228,154 TEU (twenty-foot-equivalent-units), growing 9% compared to 2007, and the total volume of general and bulk cargo, including liquid bulk cargo, handled in 2008 was 113,190,203 tons constituting 3.9% growth over 2007.


Ege Ports (Kuşadası Cruise Port)

In July 2003, Ege Ports was awarded a transfer of the thirty-year operating rights for Kuşadası Cruise Port. Ege Ports is beneficially owned as to 72.5% by the Company and as to 27.5% by Royal Caribbean Cruises Ltd., a Miami based cruise operator which had approximately 22% of the world cruise market in 2007 according to the Caribbean Cruise Association.

Since taking over operations at Kuşadası Cruise Port, Ege Ports has, through the addition of modern, International Ship and Port Facility Security Code (the "ISPS Code") compliant and world-class facilities as well as through effective promotion, successfully established Kuşadası Cruise Port as one of the major destinations in the Mediterranean cruise market. The Port's success was recognized during 2008 and 2007 with a number of awards and citations:

• In January 2008, at the invitation of the Port Authority of Monaco and the Monaco Cruise Service Association (Association Monégasque des Services şa la Croisière), Kuşadası Cruise Port was cited as an example of a well-managed cruise port. The Port's Marketing Manager gave a presentation in Monte Carlo on behalf of the Port;

• In July 2007, Ege Ports was named the Best Cruise Port in Turkey and awarded a Golden Anchor, surpassing 499 other nominees across nine categories. Golden Anchor awards are presented jointly by the World Newspaper (Dünya Gazetesi Perşembe Rotası) and the Marine News Agency (Deniz Haber Ajansı) to recognize excellence in the Turkish Maritime sector;

• In the same month, Ege Ports became the only Turkish port operator to become an Executive Member of the Cruise Lines International Association (CLIA), the world's largest cruise association, with a limited membership of one hundred;

• At its 2007 Leadership Forum in Miami, CLIA also recognized Ege Ports, which was the first port in Turkey to be fully ISPS Code compliant, as Best Port in the World in Security and Safety Services;

• Ege Ports was also featured in the August/September 2007 issue of Lloyd's Cruise International Magazine, where it was described as being one of the fastest-growing ports in the sector. Kuşadası Cruise Port was also ranked 14th among the leading thirty European cruise ports by G.P. Wild International Ltd. and Lloyd's research; and

• In October 2007, Ege Ports was named Best Turkish Port of the Year by Skål, the international association of travel and tourism professionals, winning a coveted Skalite Award.

From the very first day of its management, security has been the main focus and asset of Ege Ports, hence on 14 April 2009, Ege Ports' ISPS compliance was re-certificated and, consequently, Ege Ports became Turkey's first port to renew its certification after being Turkey's first ISPS-compliant port.

During 2008, Ege Ports also continued to pursue, both independently and in coordination with the Turkish Ministry of Culture and Tourism, a vigorous marketing program on a number of international platforms, including the London World Trade Market, Miami Seatrade, Seatrade Hamburg and Seatrade Med Venice, to attract additional cruise lines and calls - a program that has been extended to encompass Bodrum Cruise Port.

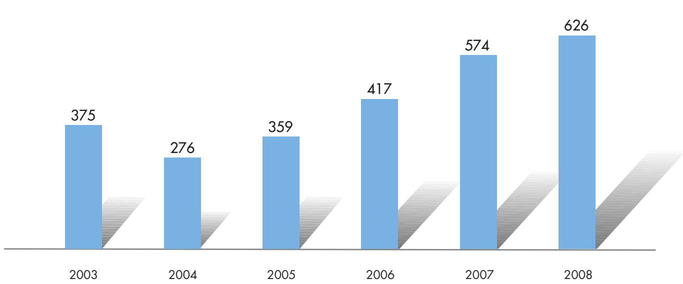
The busiest cruise port in Turkey in terms of passenger arrivals and number of calls, Ege Ports is located in the town of Kuşadası on Turkey's Aegean coast, close to the world-renowned archaeological site of Ephesus and also proximate to the religious site, Meryem Ana, believed to have been home to the Virgin Mary.

In April 2005, Ege Ports completed an investment of approximately US$5.9 million in a new passenger terminal and related facilities at Kuşadası Cruise Port. The Port also houses the Scala Nuova shopping and retail services complex, completed in June 2005 at a cost of approximately US$5.2 million, which features leading national and international retail brands as well as regional and local stores.

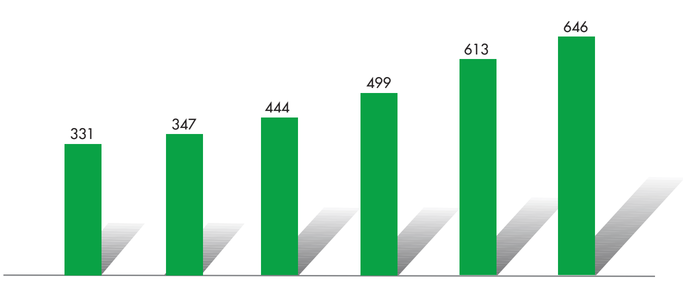
Ege Ports generates its revenues from three main sources: cruise port and ferry operations, the Scala Nuova complex, and duty-free shopping. Revenues from cruise port and ferry operations consist principally of landing revenue, based on the number of passenger arrivals, and revenues from port services, including pilotage, tugboat, sheltering, security, waste removal, fresh water and parking. Scala Nuova complex revenues comprise the rent revenues from retail tenants.

Ege Ports experienced another successful year in 2008. During the year, Ege Ports hosted a total of 646 cruise ships, an increase of 5.4% as compared to 2007. In 2008, for the fifth consecutive year, there were significant increases in both passenger arrivals and revenues at Ege Ports, reflecting ongoing global cruise industry growth, the trend toward larger vessels and the ever-increasing popularity of the eastern Mediterranean as a destination. In addition, non-cruise visitors to the Port facilities and the Scala Nuova complex numbered approximately nine thousand per day during the summer months.

Primarily as a result of the 19.5% growth in passenger arrivals during the year together with the positive impact of Scala Nuova-generated business and duty-free revenues, Ege Ports realized net revenues of US$17.6 million in 2008 and an EBITDA figure of US$13.3 million indicating a 10.0% and 9.0% increase, respectively, compared to net revenue of US$16.0 million and an EBITDA figure of US$12.2 million in 2007.



Port of Kuşadası Total Passenger Arrivals (thousands)



Port of Kuşadası Cruise Ship Arrivals

Port Akdeniz (Antalya Port)

In October 2006, a joint venture 40% owned by Global Port Holdings acquired operating rights for Port Akdeniz (Antalya Port) for a period of twenty-two years. The acquisition price was US$61 million. The Group's partners in Port Akdeniz are Çelebi Holding A.Ş. ("Çelebi Holding") (40%), a privately-owned ground handling services operator in Turkey, and Ant Marin Denizcilik Paz. San. Tic. A.Ş. ("Antmarin") (20%), a small-scale port services provider and chandlery operator.

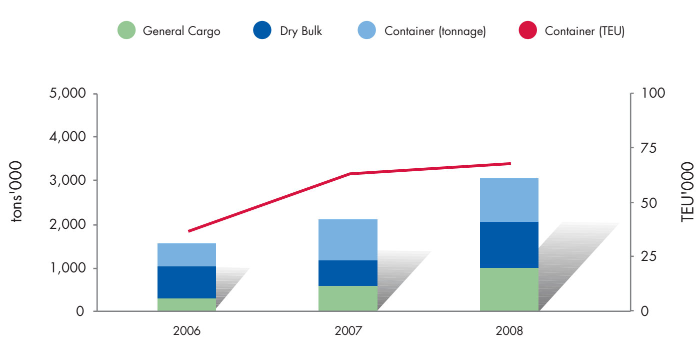
Situated on Turkey's Mediterranean coast, Antalya is the regional center of tourism, agriculture and trade and, as such, plays a vital function in exports.

Ringed by the snow-capped Taurus Mountains, Antalya's beaches and golf resorts, as well as its proximity to important archaeological sites, including the ancient cities of Perge and Aspendos, make it a major center in the Turkish tourism industry. The city attracted nearly ten million visitors in 2008.

As a trading center, Antalya and its surrounding area encompass seven organized industrial zones, various agricultural entities and the Antalya Free Trade Zone.

While traditionally operated as a commercial port, Port Akdeniz is a multi-functional facility spread over a total marine area of approximately 136,000m^2. The Port has ten berths, which can accommodate bulk, general and container cargo vessels, as well as cruise vessels, and also includes a marina with a 250 berth and 150 yacht dry-dock capacity. The marina is operated by a new entrant to the marine operations business which acts as a concessionaire, paying annual rent to the Port operator at the beginning of each year.

As a commercial port, Port Akdeniz is widely used by companies in the cement, clinker, coal, aluminum, marble, mining, chemicals and agriculture sectors, and has a dry bulk and general cargo handling capacity of approximately 5.0 million tons and container handling capacity of 350,000 TEU per year. Since the take-over of the Port in October 2006, and following improvements to operations by the new management, the container cargo volume at Port Akdeniz increased by 31%, 73% and 7% in 2006, 2007 and 2008, respectively, and the container handling volume in 2008 reached 67,686 TEU. In 2008, mainly due to the increase in the cargo volume, Akdeniz Port realized total revenues of US$25.9 million and an EBITDA figure of US$15.8 million, representing a 36% and 46% increase compared to 2007, respectively, as a result of improvements and efficient management measures.



Port of Antalya - Cargo and Container Volume Growth

Bodrum Cruise Port

Bodrum Cruise Port was privatized in June 2004 under a twelve-year BOT concession agreement, the term of which commenced in December 2007. Pursuant to a share sale and purchase agreement made and entered into in April 2007, the Group acquired 60% of the shares of the Port's operator. Since June 2008, the Group continues to hold the shares of Bodrum Cruise Port through Ege Ports. The other shareholders of Bodrum Cruise Port are Setur Turistik Servis A.Ş., a duty-free operator ultimately owned by Koç Group of Turkey, and Yüksel Çağlar, a local entrepreneur, with shareholdings of 10% and 30%, respectively.

Located in the popular resort town of Bodrum on the south-west Aegean coast of Turkey, Bodrum Cruise Port is positioned to service cruise and motorboat traffic around the Bodrum Peninsula, as well as between Bodrum and the Greek island of Kos.

Bodrum Cruise Port covers a total area of 22,000m^2 and can accommodate two large-sized or four smaller cruise ships at the same time. The Port also includes three motorboat ramps in addition to quays to harbor small boats. The terminal building houses a duty-free shopping area, exchange office, restaurants, travel agency, car rental office, bank and lounge.

Bodrum Cruise Port's first season under the new management commenced in March 2008. Immediately after taking over the management, Bodrum Cruise Port undertook several initiatives to promote the Port as a new destination for the 2008 season, including the participation to major industry fairs, such as Seatrade Miami. In December 2008, the success of Bodrum Cruise Port was recognized internationally by the famous organization Seatrade Insider, which chose Bodrum Cruise Port as a finalist for the "Destination of the Year".

In addition to the intensive marketing campaign, Bodrum Cruise Port has initiated a small budget capital expenditure program, which aims to increase the attractiveness of the Port for both local tourists and cruise passengers. Bodrum Cruise Port started the installation of marine structures including trim anchors for hydrofoils and mega-yachts. Bodrum Port also commenced the implementation plans for mooring dolphins that will enable larger cruise vessels to call at the Port. In order to enhance the accessibility of the Port, the Port management plan to commence water taxi services to carry the visitors of the Port to and from the surrounding locations. During 2009, as part of the capital expenditure program, the existing shopping area together with the neighboring beach will be converted into a common concept entertainment and attraction center, named the "Angel's Souq."

During 2008, the Port received 169 cruise ship and 12 motorboat calls with a total number of 65,501 and 109 passengers, respectively. Bodrum Cruise Port generated total revenues of US$1.3 million and an EBITDA of US$0.2 million in 2008.

İzmir Port

In May 2007, the Group, together with its partners Hutchison Port Holdings Limited ("HPH"), Hutchison Ports Turkey B.V. ("HPT"), DB Infrastructure Holding (UK) No. 2 Limited and Ege İhracatçı Birlikleri Liman Hizmetleri ve Taşımacılık A.Ş. ("EIB-Limaş"), bid US$1.275 billion and was awarded the tender for the forty-nine-year operating rights in respect of İzmir Port pursuant to a tender process managed by the Privatization Administration of Turkey ("PA"). The acquisition has, to date, been approved by Turkey's Competition Board and the Privatization High Council and is currently subject to the review of the transfer of operating rights agreement by the 1st Chamber of the Council of State.

Privatizations in Turkey are frequently challenged in the courts, and a similar challenge to the transfer of operating rights for the Mersin Port brought in 2005 was unsuccessful. The privatization tender for İzmir Port has encountered similar judicial challenges throughout the tender process, details of which are summarized below. The Group and its partners are not parties to the court proceedings.

Türkiye Liman ve Kara Tahmil-Tahliye İşçileri Sendikası "(Liman-İş"), a union of harbor workers, had filed two lawsuits against the Privatization High Council prior to the tender for İzmir Port in 2005 and 2006 before the Council of State, the high court for administrative cases. One of the lawsuits related to cancelling the privatization decision of the İzmir Port; the other lawsuit related to cancelling the preliminary transactions with respect to the İzmir Port tender and obtaining a stay of execution against the tender. Both lawsuits were dismissed by the 13th Chamber of the Council of State on 21 January 2008, but were subsequently appealed by Liman-İş. These lawsuits are currently before the Plenary Session of the Administrative Law Divisions of the Council of State ("Plenary Session").

In July 2007, the Foundation for the Development of Public Management of Operations (the "Foundation") had filed two further lawsuits against the PA at the Council of State seeking both to cancel the İzmir Port tender and to obtain a stay of execution. Although the 13th Chamber of the Council of State refused to grant a stay of execution in November 2007, the Foundation appealed the decisions before the Plenary Session, which as a result granted two separate stay of execution decisions against the tender on 28 February 2008. Subsequently, the 13th Chamber of the Council of State dismissed the lawsuits on 13 October 2008 annulling the stay of execution decisions. The Foundation appealed the decision and the lawsuits are currently before the Plenary Session.

As this Annual Report goes to print, the concession agreement with respect to the İzmir Port tender is under review by the 1st Chamber of the Council of State as the last step of the tender approval process. The 1st Chamber of the Council of State is in charge of consideration, legal review and final approval of all kind of concession agreements to be signed by and between the state institutions and the private sector bidders.

Under the proposed shareholding structure, the operator of İzmir Port will ultimately be owned around 50.1% by Global Port Holdings and remaining shares to be held by HPT, HPH, DB and EIB-Limaş. HPH and HPT are part of Hong Kong-based conglomerate Hutchison Whampoa Ltd. ("Hutchison"), which invests in, and operates five core businesses including: (i) port and related services; (ii) telecommunications and e-commerce; (iii) property and hotels; (iv) retail and manufacturing; and (v) energy, infrastructure and finance. Hutchison has investments in 41 countries with over 220,000 employees. HPH, which was formally established in 1994 to manage the Hutchison's global port and related services businesses, is one of the world's leading port investors, developers and port operators with its 45 ports located in 24 countries throughout Asia, the Middle East, Africa, Europe and the Americas, along with a number of transportation related service companies.

EIB-Limaş is a special purpose vehicle established by the members of the Turkish Exporters' Assembly ("TİM"), which represents more than 40,000 exporter companies in Turkey. TİM's primary mission is to promote exports from the country, ensure coordination between the public and private sectors, and represent exporters nationwide and abroad.

İzmir Port is on the Aegean Coast at the heart of the transportation route between the western Mediterranean and the Black Sea. İzmir is the third most populous city in Turkey with over three-and-a-half million residents and close to US$20 billion in foreign trade activity, and the Port services a large hinterland, including cities in the Aegean region and the south Marmara region. The main industrialized cities in the Aegean region are İzmir, Denizli, Aydın, Manisa, Uşak, Kütahya, Afyon and Muğla, encompassing eighteen organized industrial zones, various agricultural entities and the Aegean Free Trade Zone. Economic activities in the Aegean region cover a broad spectrum, and include the tobacco, automotive, chemicals, machinery, electronics, textiles, cement, steel and iron, and food sectors. Based on the Undersecretariat of Maritime Affairs data, during 2008, İzmir Port handled 10% of Turkey's total export tonnage realized by sea, and was the largest commercial port in Turkey in terms of number of containers handled, representing 71% of the total containers handled at all the Turkish State Railways ("TCDD") ports and 20% of the total containers handled in all Turkish ports during the year.

İzmir's proximity to historical sites, including Pergamum and Sardes, and the sea-side holiday towns of Çesme and Foça also creates significant tourism potential.

İzmir Port covers a total area of 525,000m^2 and comprises twenty-four berths, of which twenty-two are used for cargo operations, and a total quay length of 3,319 meters. İzmir Port's container terminal has ten berths, and a total quay length of 1,050 meters. A significant amount of bulk cargo is also handled at twelve berths at the Port, which has an annual capacity of 3.9 million tons and 1.2 million tons of dry bulk and general cargo, respectively. In addition, two berths on either side of a single quay at the Port are allocated to providing service to cruise and other passenger ships.

The tender specifications of the İzmir Port privatization include investment commitments aiming at increasing the Port's capacity, according to which the operator is required to complete within a period of seven years following the transfer, on condition that necessary environmental and legal approvals are obtained. These include (i) the dredging of the approach channel to 10 kilometers by 0.25 kilometers and the turning basin to 14 meters depth, which will allow for larger vessels to call the port, (ii) the reclamation and pavement of the enlargement area which will expand the total port area to up to more than 1.0 million m^2, and (iii) equipment investments aimed at increasing the port's handling to 1.5 million TEU. Should it prove unfeasible to complete the enlargement construction due to legal, environmental, or other reasons specified in the İzmir Port tender document, the capacity of the Port should be 1.0 million TEU.

The due diligence carried out by the Group during the İzmir Port tender process highlighted a number of areas with operational inefficiencies at the Port. Company management believe that with a relatively modest investment, significant improvements in efficiency levels can be achieved in a short period of time following the take-over.

TARGET PROJECTS

Turkish and Regional Cruise and Commercial Sea Ports

Galata Port, İstanbul:

Galata Port, the second busiest cruise port in Turkey in terms of passenger arrivals, extends 1.2 km along the Bosphorus Strait and comprises a total land area of approximately 100,000m^2. Galata Port is ringed by the historic Eminönü, Galata, Karaköy, Topkapı and Fatih districts of İstanbul.

The Company was a member of a consortium that submitted the highest bid in a build-operate-transfer ("BOT") tender for Galata Port in August 2005. The project envisaged the re-development of Galata Port into a modern cruise port; tourism, hotel and shopping complex, integrated with inter-modal transportation; combining the highest international standards of modern design, technology and security with the preservation and restoration of existing historical buildings and monuments on the site.

At the beginning of 2006, the Turkish Authorities announced that the tender was cancelled on technical and legal grounds. The Company intends to participate in the new tender, which Company management expect to be announced in 2010.

İskenderun Port, Turkey:

İskenderun Port is situated on the southeast side of İskenderun Bay, which extends northeast from the Mediterranean Sea at the far eastern end of Turkey's Mediterranean coast, near the country's border with Syria.

İskenderun Port serves the south eastern and eastern regions of Turkey, as well as transit traffic to Middle Eastern countries. The Port services various types of commodities and cargo groups, including general cargo, dry and liquid bulk, container handling and Ro-Ro (roll-on roll-off) vessels.

İskenderun Port, which has 1,400 meters of breakwater, covers a total area of 1,024,000m^2 and comprises ten cargo berths. In 2008, İskenderun Port handled 2.5 million tons of primarily bulk and general cargo.

Currently operated by TCDD, İskenderun Port was originally tendered to the private sector in September 2005. However, the tender was cancelled on legal grounds. The Port remains on the privatization agenda and Company management intend to participate in its re-tender, which is expected to be announced in 2010.

Liquid Storage Facilities (Tank Farms)

Tank Farm Projects:

Tank farms are liquid storage facilities primarily for liquid petroleum, petrochemical and chemical products. Company management have identified a promising market for "independent" tank farms in Turkey, being tank farms that are operated by companies that do not pursue other lines of businesses such as trading. In turn, of the few tank farms in the Marmara region which might be classified as independent or semi-independent, few are considered to operate in line with international standards.

Due to high growth in the chemical and petrochemical industries in Turkey, averaging 11% per annum over the past decade (TURKSTAT), demand for liquid storage facilities has risen. Therefore, investments in the sector would seek to exploit the gap between the current supply of, and current and anticipated demand for, storage facilities. Moreover, increasing gas and oil trade from the Black Sea to Turkey and European countries may also be expected to compound tank farm storage demand in Turkey.

Tank farms present potentially complementary investment opportunities which could enhance the ports portfolio within Global Port Holdings by extending the Group's port-related businesses into liquid storage.

ENERGY DIVISION

As this Annual Report goes to print, the Energy Division portfolio encompasses the Group's interests in natural gas distribution concessions in ten regions of Turkey, eight hydro-electric power generation projects and one coal-fired power plant project. Energaz, Yeşil Enerji and Ege Global are the main subsidiaries of the Company in gas distribution, hydro-electric power generation and coal-fired power generation, respectively.

GALATA ENERJİ

energaz

NATURAL GAS DISTRIBUTION

Natural gas was introduced to Turkey in 1987. Residential as well as industrial consumption started in 1989. Until 2003, natural gas was primarily available to power generators and to meet the both public and private sector requirements of a few major cities due to the high cost of required infrastructure investment and limited government resources. In 2003, the government initiated privatization for natural gas distribution in urban areas around the country. The private sector involvement was beneficial for end users in regions with non-existent networks; speeding up infrastructure investment. Also supported by privatization, natural gas consumption in Turkey has increased at 13.5% per annum since 1996 and reached a consumption level of 36 billion m^3 in 2008.

Despite the extensive infrastructure investments by the private sector, the overall penetration rate for natural gas in Turkey still remains low, and has ample room for growth in line with the developments in urbanization and industrialization throughout the country. Boru Hatları ile Petrol Taşıma A.Ş. ("BOTAŞ"), the Turkish state-owned enterprise which owns and operates petroleum and gas pipeline infrastructure and holds long-term natural gas import contracts, foresees that the demand for natural gas in Turkey will further increase to 56.9 billion m^3 and 66.9 billion m^3 in the years 2015 and 2020, respectively.

Furthermore, in order to move towards cleaner energy, many local communities and municipalities have passed laws providing that households must convert from coal to natural gas where natural gas is available. Company management anticipate that such laws will result in a material increase in penetration rates in related areas.

Energaz

The first energy sector projects realized by Global Investment Holdings started in 2003 with the acquisition, jointly with STFA Yatırım Holding A.Ş. ("STFA") and local partners, of rights from the state to establish and operate natural gas distribution networks servicing both households and industrial facilities in certain concession regions for a period of thirty years.

The Group's natural gas distribution investments are held indirectly through Energaz, which is responsible both for running existing operations and expanding the natural gas business. Energaz is majority-owned by Energy Investment Holdings, a strategic joint venture between the Company and STFA, formed to pursue opportunities in the natural gas sector. Global Investment Holdings owns 50.0% of EIH and STFA holds the remaining 50.0%. STFA was founded in 1938 and is one of the leading contracting and construction groups in Turkey. It also has operations in engineering, catering and facility management, industrial chemicals and heavy equipment both within Turkey and for clients in other countries including Libya, Saudi Arabia, Iran, Tunisia and Pakistan.

The Group's natural gas distribution investments consisted, as at the end of 2008, of thirty-year natural gas distribution rights for ten regions of Turkey. The Group acquired its tenth region in February 2008, through a tender by EMRA for the thirty-year natural gas distribution rights for Aydın region. Based on TURKSTAT's estimated 2008 population figures, with the addition of Aydın region (estimated population of around one million), Energaz is the second largest privately-owned gas distributor in Turkey, covering regions collectively representing over 11% of the country's total population of over seventy million.

The first natural gas distribution companies in which the Group holds stakes became operational in 2004, servicing the Konya and Çorum regions of central Turkey. One further distribution company, servicing the Ereğli region, became operational in 2005. During 2006, natural gas distribution commenced in the Niğde-Nevşehir and Denizli regions, and during 2007, in the regions of Karaman and Erzincan. In addition, Energaz acquired 100% ownership of the operational natural gas distributor for the Aksaray region from the original concessionaire in the third quarter of 2007. In Antalya, natural gas distribution commenced in November 2008 and distribution activities are expected to be fully operational during 2009. Investments in Aydın, the last region added to the portfolio, are expected to be initiated by the second quarter of 2009 and natural gas delivery by the end of 2009.

The Group's natural gas distribution companies have seen dramatic increases in subscription and in gas consumption growth since the start of operations. As the end of 2008, the total number of subscribers in the Konya and Çorum regions exceeded 198,500, compared to 155,500 in 2007, while subscribers in the Ereğli and Aksaray regions reached 41,100, compared to 31,300 in 2007, and subscribers in the Niğde-Nevşehir and Denizli regions numbered 71,200, compared to 41,400 in 2007. The distribution companies in the Karaman and Erzincan regions, which became operational in 2007, added 9,200 subscribers during 2008, reaching 14,700 subscribers. As for the Antalya region, which was operational only for the last two months of 2008, the region ended its first year with 233 subscriptions. The total number of subscribers serviced by the Group's operational natural gas distribution companies as at 31 December 2008 exceeded 325,000, indicating an increase of 39% since 2007 year-end. During the same year, the total gas consumption in all the regions grew in excess of 22% reaching 669 million m3, despite the economic crisis that deepened especially during the second half of 2008. The operating results of all natural gas distribution companies are consolidated in Global Investment Holdings' 2008 financial statements.

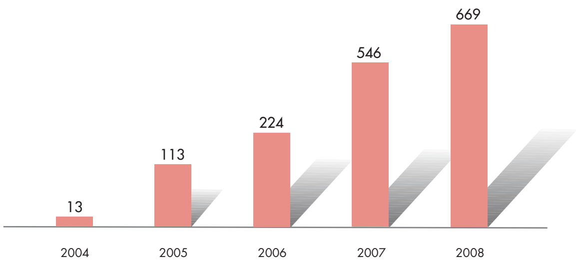
The table below presents the estimated population, the number of subscribers, natural gas consumption and the network penetration rate for the year 2008 for the ten concession regions in the Energy Division portfolio during that period:

Year ended 31 December 2008

Concession Region	Population(1) ('000)	Total Subscribers ('000)	Total Subscribers (YoY Growth)	Network Penetration Rate (2)	Natural Gas Consumption (million m^3)	Natural Gas Consumption (YoY Growth)
Konya	1,835	135.6	34%	62%	229.5	19%
Çorum	545	62.9	15%	79%	112.1	31%
Ereğli	135	18.7	18%	77%	28.3	13%
Niğde-Nevşehir	620	14.9	101%	22%	24.1	30%
Denizli	917	56.3	66%	55%	180.1	-2%
Karaman	230	10.0	145%	34%	43.1	241%
Erzincan	211	4,7	221%	37%	2.1	1,425%
Aksaray	371	22.4	45%	33%	49.4	83%
Antalya	1,859	0.2	n/a	16%	n/a	n/a
Aydın	966	n/a	n/a	n/a	n/a	n/a
Total	**7,689**	**325.7**	**39%**	**55%**	**668.7**	**22%**

(1) TURKSTAT 2007 address-based census estimated population figures.
(2) Total number of households subscribed divided by total number of households within the existing network coverage

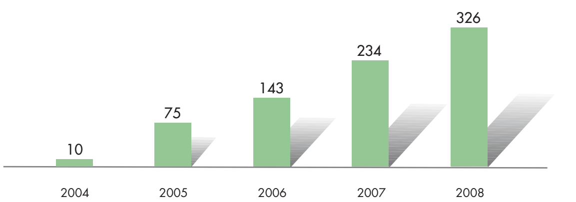
Company management estimate that the combined investment requirements of the natural gas distribution companies for the ten regions in which concession rights are currently held are approximately US$350 million, and expect over US$285 million of the total amount to be realized before the end of 2012. As at the end of 2008, realized total capital expenditure for infrastructure and other investments exceeded US$155 million.



Total Gas Consumption (million cubic meters)

The financing plan for the ten natural gas distribution companies envisages that a significant portion of the aggregate investment will be covered by cash flow from operations, consisting primarily of subscription fees, gas sales margins and security deposits.

The consolidated revenues of the distribution companies reached TL150 million (US$113.6 million) in 2008 representing an increase of 51% from TL99.4 million (US$76.5 million) in 2007.



Total Number of Subscribers (thousands)

POWER GENERATION

According to TEİAŞ (Türkiye Elektrik İletim A.Ş.), the Turkish state-owned electricity grid operator, the demand for electricity in Turkey has increased rapidly over the last decade, with gross electricity demand rising from approximately 85.6 TWh in 1995 to 198 TWh in 2008, representing a compounded annual growth rate of 6.7%. Furthermore, a study prepared by TEİAŞ on electricity generation capacity projections for Turkey from 2007 to 2015 concludes that the total capacities and annual projected or reliable outputs of the existing power plants and other licensed plants which are under construction or planning will not be sufficient to meet the country's electricity demand in terms of peak capacity, projected output or reliable output within the next two to eight years. Accordingly, Company management intend to continue to invest in electricity generation projects, particularly using domestic natural resources such as coal.

Yeşil Enerji

Global Investment Holdings is one of the early entrants to the booming renewable energy market in Turkey. Beginning in 2007, a portfolio of 630 MW consisting of eight assets, most of which were at pre-licensing period, was established. Generation licenses and various other consents for the projects were obtained during 2008. In addition, substantial engineering and design work as well as civil and electro mechanical studies were undertaken. Of these projects, six held generation licenses issued by EMRA, and the remaining two were at the final stages of obtaining their generation licenses.

In 23 June 2009, 95% of Yeşil Enerji with 6 hydroelectric power plant projects in its portfolio was sold to Statkraft of Norway for a consideration of EUR98.1 million. Global Investment Holdings is currently working on advancing the status of the remaining two hydroelectric power plant projects in its portfolio which at a later date will be included in the transaction with Statkraft once a certain progress level is reached with respect to those projects.

The construction of one of the projects, a 20 megawatt facility, commenced in May 2008 and is expected to be operational by the first quarter of 2010.

Set forth below are details of the projects under Yeşil Enerji's portfolio:

Project	Location	Capacity (MW)	Annual Generation (GWh)	License Status	Date for Envisaged Start of ConstructionKargı
HEPP	Kızılırmak River \ Çorum	102	490	Nov 2007	Q4 \ 2009
Çamköy HEPP	Kızılıdere River \ Giresun	20	100	Q4 \ 2009	Q2 \ 2010
Ilıca HEPP	Zeylan Stream \ Van	7	24	Sep 2008	Q4 \ 2009
Çakıt HEPP	Çakıt River \ Adana	20	96	Feb 2006	Q1 \ 2008
Çetin HEPP	Botan River \ Siirt	350	1.209	Q2 \ 2009	Q2 \ 2010
Akşar HEPP	Sutopu Steam \ Bitlis	33	98	Feb 2008	Q4 \ 2009

Ege Global

In February 2008, the Company, through its subsidiary Ege Global, signed a share purchase agreement to acquire 60% stake in Geliş Madencilik, a company which holds exclusive operating rights of the coal mine with 200 million tons of possible coal reserves, in Şırnak, Turkey. Following the signing of the agreement, Ege Global, through its subsidiary Galata Enerji where Ege Global holds 60% of the outstanding shares, commenced developing a 270 MW coal-fired circulating fluidized-bed boiler ("CFBB") type power plant. As of the date of this Annual Report, Galata Enerji has been granted a generation license for forty-nine years by the Ministry of Energy, environmental impact assessment has been conducted and approved by the Ministry of Environment, connection points to national transmission grid has been assigned by TEİAŞ and quantitative reserve assessment as well as the evaluation of the combustion characteristics of the coal have been completed by third party advisors.

The mining company, Geliş Madencilik, is entitled, pursuant to a royalty agreement signed with Special Provincial Administration of the Turkish state as at 29 June 2007, the operating rights for a 25 km coal mine field in Şırnak, comprising seven known pylons. As at 11 June 2009, the existing royalty agreement was extended for an additional term of thirty-three years, a period sufficient to both cover the projected three years of construction period and thirty-year economic life of the planned 270 MW power plant at Şırnak.

The General Directorate of Mineral Research and Exploration (the "General Directorate") had previously performed a limited amount of drilling on each of the seven known pylons of the coal mine. Therefore, in 2008, Geliş Madencilik appointed Golder Associates ("Golder"), an international advisor, to conduct reserve estimations and modeling studies and to assess the reserves on one of the seven pylons, Avgamasya. The drilling campaign commenced early 2008, and 8,600 meters of drilling have been performed in thirty-five drill holes under the supervision of Golder. The reserve assessment report of Avgamasya suggests that approximately 36 million tons of probable coal reserves, a figure considerably higher than that stated by the General Directorate. Geliş Madencilik also believes that the remaining six pylons may contain higher reserves than those estimated in the previous studies by the General Directorate, and that the mining field may potentially include further pylons as well, with overall estimated possible coal reserve of the field exceeding 200 million tons.

The results of the combustion tests performed by Geliş Madencilik in 2008 for the coal reserves in Avgamasya in a circulating fluidized-bed combustor ("CFBC") test plant in Germany (at the facilities of Ruhr-Universität Bochum, Faculty of Mechanical Engineering, and Department of Energy Plant Technology or LEAT) have suggested that coal from such pylon has one of the highest calorific values observed in Turkey, at 4,000-4,500 kcal per kilogram of coal. The combustion reactions of the coal and the additives have also complied with CFBC technology and the relevant environmental regulations.

Currently, Geliş Madencilik is extracting approximately 700,000 tons of coal per annum and is selling the extracted coal to the state and to provincial authorities. The coal sales generate around US$30 million EBITDA per annum, which are expected to continue during the construction of the power plant. Ege Global plans to use the proceeds from coal sales to support the equity investment requirement for the plant.

Galata Enerji plans to source the coal required for the proposed power plant from the mine owned by Geliş Madencilik under a long-term supply agreement. Currently, excavation in the field is carried out through open pit mining which results in a relatively lower unit cost per ton of coal excavated compared with other mines in general. Depending upon the results from the reserve studies for the remaining six pylons, which will be completed subsequently, Galata Enerji expects to increase the generation capacity of the power plant up to 1,500 MW in the future.

As the development of a coal-fired power plant was the primary rationale behind the acquisition of Geliş Madencilik mining company, Ege Global has formed a dedicated team of professionals experienced in mining and coal-fired power generation in order to facilitate plant construction and equipment procurement, as well as to ensure the orderly progression of legal, regulatory and administrative matters. It is estimated that the 270 MW power plant will consume approximately one million tons of coal and generate 1,600 GWh of electricity per year, net of internal consumption in its first year of operations, corresponding to an estimated US$160 million annual turnover, assuming current electricity prices of US$0.10 per KWh. Fluidized bed combustion technology was chosen for the Şırnak power plant on the basis of environmental considerations as compared with conventional boilers. This technology has come into wide use over the past ten years. Chinese manufacturers, in particular, provide competitive pricing and technical expertise.

Global Investment Holdings' intention is to award the civil and mechanical works contracts relating to the Şırnak coal-fired power plant on a turn-key basis under an engineering, procurement, and construction ("EPC") umbrella and separately to appoint the owner's engineer for oversight of the EPC contractor. The EPC contract will be supported by long term maintenance and operation agreements with performance guarantees. Domestic staff is expected to take over the operations gradually after sufficient training has taken place on site. Initial commercial and technical proposals have recently been received from a number of EPC contractors, with the Company to proceed into detailed negotiations with a short list.

The estimated construction period for the power plant ranges between thirty and thirty-six months, based on initial quotations from potential EPC subcontractors. The construction of the plant is expected to start by the end of 2009, and the plant is expected to commence operating by the second half of 2012.

As this Annual Report goes to print, Ege Global holds two hydroelectric power plant ("HEPP") projects, namely Aksu HEPP and Dağören HEPP in its portfolio with a view to sell those assets to Statkraft, at a later date, once certain procedures are completed.

TARGET PROJECTS

Natural Gas Importation and Wholesale Trading

In June 2005, a law was adopted prohibiting BOTAŞ from undertaking any further contractual purchase commitments for natural gas and further requiring BOTAŞ to tender its existing contractual purchase commitments to the private sector until such time as its total annual imports had decreased to below 20% of annual national consumption. To date, BOTAŞ has transferred approximately four billion m3 of natural gas in sixteen lots of 250 million m3 of natural gas each. The management of the Company will evaluate the Group's participation in tenders for additional lots, which the Company expects to take place within the next two to three years. Furthermore, the Company is currently considering a potential partnership with strategic players in the natural gas market that have access to natural gas supplies, with a view to expanding the Group's natural gas business and achieving vertical integration with its retail gas distribution businesses.

REAL ESTATE DIVISION

Parallel with the economic expansion over the last decade, the Turkish real estate market has grown significantly. Although, in 2008, the U.S.-led contraction in project lending has resulted in a recent downturn in new property development, Company management believe that prior to late 2008, such growth reflected a number of factors, including a strong and stable economic environment, demographics-driven demand, introduction of mortgage legislation, tighter government regulation of the market and enforcement of building codes, and the call for earthquake-resistant construction to international best practices. In turn, the growing real estate market has fuelled, and been fuelled by, increasing participation by international investors.

The Group's real estate portfolio development strategy has been three-pronged, focusing on investments in (i) commercial projects in İstanbul, (ii) multi-use commercial development projects, including shopping malls, offices, residential units, hotels and/or hospitals, in Turkish cities where Group management have identified untapped demand for such developments, and (iii) high-end summer residence and hotel development projects in resort areas.

Two of the Group's real estate investments are held solely through Pera REIT, an ISE-listed real estate investment trust. Ownership of three other real estate investments is directly held by the Company. An interest in one further project is currently held jointly by the Company and Pera REIT.

The underlying reason for the allocation of several real estate assets of the Group under direct ownership of the Company has been the lack of existence of a REIT within the Group organization at the initial acquisition date of the relevant real estate assets. However, Company management expect to transfer the Group's entire real estate portfolio to Pera REIT in due course.

PERA GAYRİMENKUL YATIRIM ORTAKLIĞI

PERA REIT AND JOINT REAL ESTATE PROJECTS

Pera REIT, like other real estate investment trusts, which benefits from incentives, including exemption from corporate tax, is subject to rigorous corporate governance regulations, and offers the most attractive real estate investment vehicle for institutional and individual investors alike. Fourteen REITs were listed on the İstanbul Stock Exchange, having an aggregate market capitalization of approximately TL3 billion (US$2 billion) as at the end of 2008.

As at the 2008 year-end, the Net Asset Value of Pera REIT, which trades on the İstanbul Stock Exchange under the ticker symbol "PEGYO.IS", was over TL101 million (approximately US$66.4 million).

Pera REIT's real estate portfolio currently consists of four investments: Denizli Sümerpark, the REIT's first real estate investment; and the historic Vakıfhan No. VI building, which are held wholly by the REIT. The other project which is held jointly with the Company and Pera REIT is the Van mixed-use development project, of which Pera REIT and the Company owns 25% and 75%, respectively.

Vakıfhan No. VI

The Group, together with a joint venture partner, acquired the unoccupied Vakıfhan No. VI building pursuant to a restore-operate-transfer ("ROT") agreement dated 01 February 2005 with the General Directorate of Foundations of the Prime Ministry of Turkey for a period of fifteen years. Pera REIT acquired the lease rights to Vakıfhan No. VI from the Company's joint venture, and the building was transferred to Pera REIT in October 2007.

Located in the Karaköy district of İstanbul, close to the Galata Building and the Company's headquarters, Vakıfhan No. VI was originally built in 1870.

The six-storey building, which has a total indoor area of 1,700m^2 and a gross lease area of 1,500m^2, was reinforced in accordance with applicable earthquake codes and restored as offices in 2006. The building generates approximately TL255,000 (approximately US$193,000) rental income per annum.

Denizli Sümerpark

In February 2006, the Company and a partner acquired a tract of land having a net area of 98,418m^2 in the city of Denizli. Pera REIT purchased the Company's 50% interest in the project in October 2006, and subsequently acquired full ownership in the fourth quarter of 2007.

Located in inland south western Turkey, Denizli is a major center for textile production, as well as being in close proximity to a number of tourism sites, including Pamukkale, a thermal center famous for its white travertine terraces and home to the ruins of the ancient city Hierapolis; the thermal center of Karahayıt; and the ruins of the ancient city of Laodicea. Greater Denizli had a population of approximately 917,000 as of 2007.

The Denizli Sümerpark project envisages a mixed-use development, including commercial mall space, mid-rise block and detached residential units, a hotel complex and a hospital.

Construction of the shopping mall commenced in February 2008, and is expected to be completed in 2010. The prospective anchor tenants of the mall include Tesco Kipa, Koçtaş and a large electronic store. In addition, construction permits for other components of the project have already been applied for.

Van Development Land

In February 2008, Pera REIT and the Company won the tender for a 16,611m^2 parcel of land located on a main commercial street in Van, south eastern Turkey.

Located 5 kilometers from Lake Van, the largest lake in Turkey, the city of Van is an important commercial center and a transportation hub for hides, grains, fruits, vegetables and other products, regionally and across borders with neighboring countries, including Iran, Iraq and Armenia, and is an air and ground transportation hub for surrounding cities such as Bitlis, Hakkari, Siirt and Muş. Van is also in close proximity to a number of scenic sites, including Lake Van, Akdamar Island, and surrounding mountain peaks, as well as archaeological remnants from the Seljuk and Ottoman periods, including Hosap Castle, Sarduri Palace, and the 10th Century Church of the Holy Cross.

According to 2007 census figures, Van Province has a population of over 979,500, with the population of Van's city center numbering over 350,000. The city is also home to Yüzüncü Yıl University, which has an enrolment of over 18,000 students.

The development plan for the Van land envisages a mixed-use project encompassing a shopping center with an investment cost of US$25 million, and having a gross building area of 40,042 m^2 and an approximate gross lease area of 19,638m^2; an underground parking with a capacity of 650 cars; and a 130-150 room international-standard four-star hotel. Van Province currently lacks a modern shopping center, while existing hotel accommodation in the city is generally outdated and caters to low and medium budget travelers. The Group's development is expected to be a landmark both in concept design and location.

As this Annual Report goes to print, architects have completed project designs and drawings, and applications for construction permits have been submitted to chambers of architects, civil engineering and mechanical engineers, and are pending the approval of such agencies.

OTHER REAL ESTATE PROJECTS

Global Investment Holdings owns four real estate properties apart from those held jointly with Pera REIT. Based on Company management valuations and third party appraisal reports, the total estimated value of these four properties under Company's direct ownership is approximately US$ 60 million.

Global Investment Holdings Headquarters Building

The Headquarters Building of the Group is located in Karaköy, one of the most historic and commercial districts of İstanbul. Currently, the Company and several affiliates of the Group, such as Global Securities, Global Asset Management and Pera REIT utilize the building as office space.

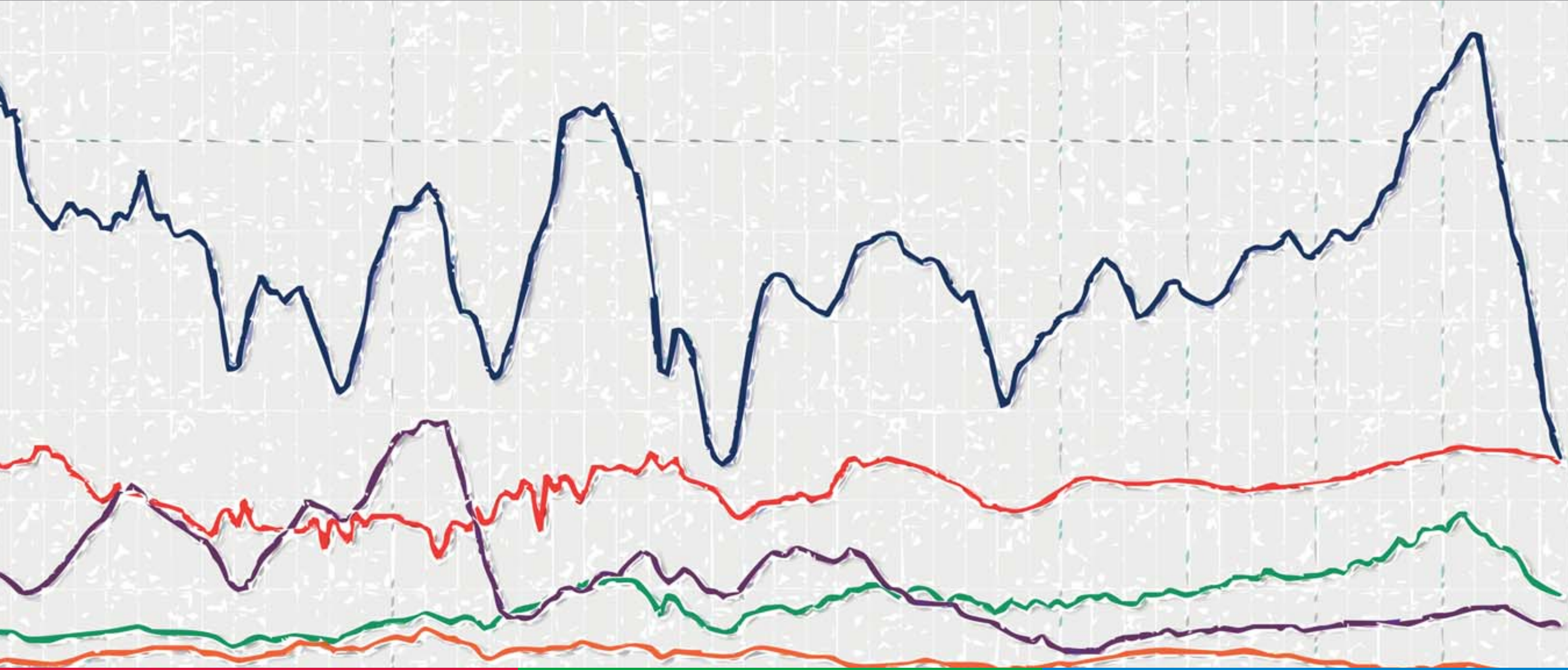
Galata Building

The Group and its partners acquired the historic Galata Building, situated adjacent to the Company's headquarters in the Karaköy district of İstanbul, bordering the Galata Port. Following the asset swap deal with its former partners and subject to the acquisition of property interests held by a few hold over tenants, the Company will be entitled to 100% ownership of Galata Building.

The project envisages the renovation and redevelopment of the nine-storey, 12,000m^2 property as a three-star boutique hotel.

Kartal Project

Global Investment Holdings acquired 7,376m^2 of land located in Kartal in 2006. Located on the Asian side of İstanbul, Kartal has been chosen by the municipality as the focal point for urban transformation on the Asian part of İstanbul. Parallel to the progress in urban development, the Company plans to establish a commercial complex on the land located at the center of Kartal.



FINANCE DIVISION

The stable and growing economy of Turkey, together with liberalizing regulatory changes, have led to a significant influx of foreign financial institutions, resulting in increased competition within the Turkish financial services sector. Nevertheless, Company management believe that the Group maintains significant positive brand recognition within the brokerage sector which distinguishes Global Securities from other investment banking firms.

GLOBAL MENKUL DEĞERLER

GLOBAL SECURITIES

GLOBAL PORTFÖY

GLOBAL SECURITIES

Global Securities carries on the brokerage, research and corporate finance advisory business first established in 1990 and which brought the Company to prominence within the Turkish financial services sector among domestic retail and foreign institutional investors alike. Global Securities is a member of both the ISE and the Turkish Derivatives Exchange (Vadeli İşlem ve Opsiyon Borsası A.Ş., or "VOB").

In 2008, Global Securities ranked 13th among all brokerage firms in Turkey, with a market share of 2.6% and equity trading volume of TL17.4 billion (US$13.4 billion). Its net brokerage commissions reached a total of TL13.7 million (US$10.5 million) in 2008, compared to TL20.7 million (US$15.9 million) in 2007. Aggregate equity trading volume was TL17.4 billion (US$13.4 billion) in 2008, 12% lower than the comparable figure of TL21 billion (US$16.2 billion) in 2007.

Global Securities' gross operating profits decreased from TL31.9 million (US$24.5 million) in 2007 to TL22.1 million (US$17 million) in 2008. The operational loss in 2008 amounted to TL4.8 million (US$3.7 million), while the Company had an operating profit of TL4.4 million (US$3.4 million) in 2007.

The Company undertook on structural changes at Global Securities throughout 2008 to reach a much leaner operation. The outcome of such measures has recently started to materialize, and profitability has been increasing significantly.

GLOBAL ASSET MANAGEMENT

Global Asset Management, Global Investment Holdings' dedicated subsidiary for domestic asset management, is one of the few independent, non-banking affiliate asset management companies in Turkey.

Turkish asset management companies are generally affiliated with banks or bank-owned brokerage firms. Due to this vertical integration in the sector, penetration to pension funds, corporate clients and high-net-worth individuals are dominated by bank-owned asset management companies. Global Asset Management, in this highly competitive environment, stands as one of the largest asset management companies considering its asset size and client base.

Global Asset Management currently manages eight mutual funds and the total assets under management reaches approximately TL50 million (US$30 million). As at year end 2008, Global Asset Management had been the manager of five open-end mutual funds launched by the Company since 1992. Most recently in 2009, Global Asset Management overtook the management of additional three mutual funds which were formerly founded and managed by Global Securities. Among the total eight funds managed by Global Asset Management, Global A-Type Piri Reis Fund succeeded to be the leading A-Type fund among all 120 peers in 2008 in Turkey by achieving a 11.5% annual return where ISE100 Index declined by 51.6%, as a result of which made Piri Reis one of the largest non-banking affiliated A-Type funds in Turkey.

In addition to the existing funds, Global Asset Management also manages discretionary funds on a contractual basis for corporate accounts and high-net-worth individuals. Due to sharp decrease in both nominal and real interest rates for Turkish Lira dominated assets and bank deposits, asset management business in Turkey is expected to become more popular especially among domestic investors. Global Asset Management expects to receive the maximum benefit from the future growth of the sector through its well-known brand name, track record and innovative management.

The asset size as well as the number of investors in each of the eight funds managed by Global Asset Management is listed below:

Fund	Asset Size (YTL)*	Asset Size (US$)*	Number of Investors*
Global B-Type T-Bill Fund	16,353,718	9,803,212	868
Global B-Type Money Market Fund	8,985,219	5,386,176	1,768
Global A-Type Piri Reis Fund	8,140,678	4,879,917	562
Global A-Type Aktif Strateji Fund	2,871,142	1,721,102	261
Global B-Type Variable Fund	519,401	311,354	103
Global A-Type Variable Fund	486,914	291,880	132
Global A-Type Composite Fund	299,896	179,772	25
Global A-Type High Dividend Equity Fund**	-	-	-

* As of March 2009
** Global A-Type High Dividend Equity Fund is converted from Global A-Type ISE100 Index Fund and planned to be launched by the second half of 2009

OTHER GROUP BUSINESSES

Diversification of the Group's investment portfolio reduces the overall business risk of the Group and over-dependence on particular areas of operation. Although the Group focuses on investment in existing business lines and new businesses having the potential to create synergies across existing business lines and core management expertise and strengths, Company management will also assess opportunities in businesses with high expected returns, but which may have a less proximate nexus or longer term relevance to existing investments.

Accordingly, in 2007, the Group made an initial green-field investment in the steel production.

BDC BILECIK IRON & STEEL INC.

STEEL PRODUCTION

Finished steel production in Turkey increased from 14.3 million tons in 2000 to 26.8 million tons in 2008, growing at 8.2% per annum, compared to an annual growth rate of 7.2% in world steel production. Turkey's steel output ranked the fourth in Europe (after Germany, Italy and Ukraine) and the eleventh worldwide in 2008.

Despite the fast-growing steel market, domestic supply remains lower than domestic demand, and Turkey is still a net importer of stainless steel (300,000 tons in 2007). Moreover, the annual domestic consumption of 4.2 kilograms per capita is expected to increase significantly in the future, given annual consumption rates in developed countries of an average of 13 kilograms per capita, as new standards and improving national income lead to utilization of stainless steel or high-quality steel instead of regular crude steel.

In August 2007, the Company participated at 40% stake in Bilecik Demir Çelik San. Ve Tic. A.Ş. ("Bilecik Steel"), to develop a green-field steel plant project in Bozüyük, located at the junction of the major industrial areas of İstanbul, Bursa and Eskişehir. The Company's other partners in Bilecik Steel are Ada Metal Demir Çelik Geri Dönüşüm San. Ve Tic. A.Ş. (40% shareholding) and Besan İnşaat ve Makine San. ve Tic. A.Ş. (20% shareholding), that are experienced in the Turkish scrap steel brokerage and construction sectors, respectively. The construction of the plant commenced in the fourth quarter of 2007.

The plant will employ induction furnaces to convert scrap steel and semi-precious metals like chromium, molybdenum, and vanadium in order to produce quality steel, stainless steel and standard square billets, which are primarily used in the construction sector. Compared to arc furnaces, induction technology is more feasible for the targeted production volumes at the plant, involves a lower investment requirement, and is also more environment-friendly.

Bilecik Steel's product mix will be determined by market demand for each of its products. Nevertheless, the Company expects Bilecik Steel's product mix to include mostly high value-added stainless and quality steel. Excess capacity will be utilized towards production of billets.

The total investment requirement for the plant is US$27 million, of which US$19.7mn is for equipment and US$7.3 million for construction and infrastructure. The capital expenditures have been largely completed and the production tests continue. The plant is expected to begin production by the beginning of the third quarter of 2009 with an initial capacity of 220,000 tons per annum.

CORPORATE GOVERNANCE

Global Investment Holdings continues to pursue a major initiative launched in 2006 toward formalizing and institutionalizing the governing principles of the Company and the Group.

Further to that review, action was initially taken to strengthen the independence of the Board by increasing its complement of non-executive members. As a result, the Company welcomed to the Board Messrs. Thomas and Skerman in 2006 and 2007, respectively.

In turn, anchored by the Board's increased non-executive complement, a Board committee structure has been implemented, and meetings of the Company's Audit Committee, Corporate Governance Committee and Compensation Committee are to be scheduled throughout the latter part of 2009 to coincide with meetings of the full Board.

While the Company continues to make annual corporate governance compliance reports to its General Assembly and the CMB, the Corporate Governance Committee, assisted by legal counsel, has been given the mandate to prepare a comprehensive corporate governance policy which will be formally adopted by the Board in due course.

The Company also appointed Dr. Yılmaz Argüden to advise on enhancing its corporate governance policies and applications. Dr. Argüden, a strategist and a corporate governance adviser, assists companies with defining their corporate objectives and setting the organizational systems for their institutions. Dr. Argüden was formerly the Chairman of Erdemir and has served on the Board of Directors of Anadolu Endüstri Holding, Borusan Holding and Koç Holding companies, as well as those of Inmet Mining, Vestel, Petkim and Sümerbank.

CORPORATE CITIZENSHIP

The Group maintains a strong commitment to bettering the numerous communities of which we are a part. Toward that end, from time to time, the Group contributes to, and sponsors, educational, charitable, cultural, social and sporting causes, projects and events.

In the major port city of Kuşadası, our subsidiary, Ege Ports, has undertaken numerous initiatives to benefit the community in and around the Port since commencing operations in 2003. Our contributions to the community have included the donation of computer and other equipment to local schools, funding to rehabilitate local beaches, and technical assistance to Turkish state-run institutions.

During 2008, Ege Ports continued its tradition of giving back to the community by supporting Pakize Kamil Caglayan Elementary School, a recently established school, to assist in the provision of better educational services to the Kuşadası community.

Ege Ports also contributed to artistic performances organized by the Ankara Handicapped Association in Kuşadası.

In addition to materiel and financial sponsorships, Ege Ports has organized, and has made its piers and other facilities available for, various public concerts and other social, sporting and cultural events. Among such events in 2008, Ege Ports hosted a number of activities to celebrate the important Ramadan religious holiday and ensuing festival in September, when the Port welcomed over 3,500 visitors through its doors. The Port also marked Mothers' Day and Fathers' Day with the distribution of gifts at Scala Nuova, the port facility's popular shopping center. Ege Ports capped the year with its third annual fishing derby, a highlight of the winter season, and an event which attracted some 3,000 avid fishermen.

The Company has continued in 2008 to give director's pledges to the Institute of Nautical Archaeology ("INA") of Texas A&M University, a world leader in the field of nautical archaeology, renowned for its central role in recent excavations at the Yenikapı/Marmaray Tunnel excavation in İstanbul (which uncovered Theodosius, the ancient harbor of Byzantium, in İstanbul. Throughout the excavations in Yenikapı, Prof. Cemal Pulak of Texas A&M has discovered over 30 ancient shipwrecks and assisted in their successful salvage. INA is also known for having famously recovered the Bronze Age Uluburnu shipwreck in the late 1960s. The artifacts of the Uluburnu shipwreck were presented outside Turkey for the first time ever at the "Beyond Babylon" exhibit held at the New York Metropolitan Museum of Art in November 2008.

Global Investment Holdings has taken an active interest in creating employment opportunities and raising standards in the Turkish hospitality industry. During 2008, the Company continued an educational initiative, in collaboration with the Ministry of Education, to construct a tourism training college in the port town of Kuşadası for approximately US$1.5 million. The tourism college facilities will serve the Kuşadası community and environs, as well as the students of Adnan Menderes University.

In addition to the construction of the college facilities in Kuşadası, the Company contributes to improvements in educational facilities by building dormitories for students in Refahiye, Erzincan.

Holding management believes that by engaging in philanthropic undertakings, the Group can make a valuable contribution toward promoting Turkey and improving, and fostering the growth of, the local and national economic, social, cultural and economic environment for the benefit of the Republic of Turkey and its citizens.

INTERNAL CONTROLS; RATIONALIZATION

Operationally during 2008, Company management also strengthened the Company's system of internal controls, including management reporting systems, proprietary trading limits and guidelines and Internet usage restrictions.

Particular emphasis continued to be placed on strengthening controls within the Company's Treasury Department, with a view to implementing a fully-centralized treasury function where financial market risk can be consolidated and effectively managed on behalf of all business operations.

To further promote the rationalization and centralized oversight of activities within the Group, the Company also has expanded its internal audit team, which has the mandate to improve and harmonize accounting and reporting systems across the various businesses within the Group and to increase the amount of reporting which is centrally controlled, and has appointed a Budgeting and a Planning Manager, who will report directly to the Company's Chief Financial Officer ("CFO") and assist the CFO and the Board in planning out the Group's future activities and analyzing its current and long-term finance requirements.

BOARD OF DIRECTORS

Under Turkish law and the Articles of Association of Global Investment Holdings, the Board is responsible for company management and approves all major decisions. The Board meets regularly and is instrumental, with the guidance of the Company's senior management, in planning the medium and long-term strategy of the Group.

The Company has, throughout its history, benefited from the knowledge and experience of its non-executive Board members representing a spectrum of financial, commercial and industrial sectors within Turkey and abroad. An important component of the Company's corporate governance initiative is to further strengthen the independence of the Board and, since December 2007, non-executive members have occupied three of seven seats on the Board.

As at 30 June 2009, the Board consists of the following members:

Mehmet Kutman, Executive Chairman.

Mr. Kutman is a founding shareholder, the Chairman and the Chief Executive Officer of the Company. As well as being actively involved in business development at the Company level, Mr. Kutman serves on the boards of directors of several of Global Investment Holdings' operating subsidiaries and affiliates, including Global Port Holdings, Ege Ports, Port Akdeniz, Bodrum Cruise Port, İzmir Port and energy sector companies involved in natural gas distribution and hydroelectric power generation.

Mr. Kutman also serves on the board of directors of Alarko REIT (Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.), an ISE-listed real estate investment trust. He is a member of TÜSİAD (the Turkish Industrialists' and Businessmen's Association) and DEİK (the Foreign Economic Relations Board).

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

Erol Göker, Executive Vice-Chairman.

Mr. Göker is a founding shareholder of the Company, and has served as Chairman of the board of directors of the finance division of the Company since its formation. He is also a member of the boards of directors of Global Port Holdings, Ege Ports and İzmir Port.

Beyond the Group, Mr. Göker sits on several committees of the İstanbul Stock Exchange and is a member of TÜSİAD.

Prior to the establishment of the Company in 1990, Mr. Göker was Head of the Capital Markets Department at Net Holding A.Ş. Previously, he spent four years at the Capital Markets Board and four years at the Ministry of Finance in the Tax Auditing Department. Mr. Göker holds a BA in Political Science and an MA in Economics both from Ankara University.

The other members of the Board are (in alphabetical order):

Ayşegül Bensel, Executive Member.

Mrs. Bensel originally joined the Board in 1999. Until the sale of Global Life Insurance in March 2007, Mrs. Bensel was Chairman of the board of directors of that entity and had served as its CEO since 2005. Mrs. Bensel has been a member of the board of directors of the finance division of the Company since its formation and is also a member of the board of directors of Global Port Holdings. Previously, Mrs. Bensel was Co-Director of Research at the brokerage business from 1998 to 1999 and Assistant Director of Research from 1993 to 1998. Prior to joining the Group as an equity research analyst in 1991, Mrs. Bensel was a manager in foreign exchange dealing in the Turkish banking sector. Mrs. Bensel holds a BA in Business Administration and Finance from Hacettepe University, Ankara.

Gregory M. Kiez, Executive Member.

Mr. Kiez joined the Board in 2005. He has been Chairman of the board of directors of Ege Ports – Kuşadası since 2003, Chairman of Bodrum Cruise Port since 2008, and Vice-Chairman of the board of directors of Port Akdeniz since 2006. He is a director of Global Port Holdings, and İzmir Port. Mr. Kiez previously held the senior executive positions of Director of International Business Development for the Company from 1997 to 1999, and Director of its Corporate Finance Department, which he founded in June 1993. Prior to that time, Mr. Kiez was a corporate and securities law attorney at Torys LLP from 1989 to 1992. Mr. Kiez read political science, Latin and English literature at Queen's University and McGill University, and holds a JD from the University of Toronto, Faculty of Law. He is a member of the Law Society of Upper Canada. Mr. Kiez is a director of the Institute of Nautical Archaeology ("INA") and a director of the Turkish Institute of Nautical Archaeology ("TINA").

Tim Skerman, Non-Executive Member.

Mr. Skerman joined the Board in November 2007. He has held the position of Senior Investment Analyst, Special Situations at Ecofin Limited, an investment management firm specializing in the global utility and infrastructure sectors, since March 2006. Prior to joining Ecofin Limited, Mr. Skerman provided consultancy advice to industry and investment banking clients on acquisitions, asset development projects and financings in the European utility sector. As Manager, Origination, he sourced international energy investment opportunities in Europe and Australia for Duke Energy Corporation during the period 1999 to 2003. Previously, Mr. Skerman was Senior Financial Analyst at Epic Energy Australia Limited, executing over AU$3.0 billion in asset acquisitions. Mr. Skerman holds a Masters of Applied Finance from Macquarie University in Sydney and undergraduate degrees in Commerce and Economics from the University of Queensland.

Landon Thomas Sr., Non-Executive Member.

Mr. Thomas joined the Board in February 2006. Formerly Director and Vice Chairman of Fiduciary Trust Company International until his retirement in 1996, he has extensive experience in company and fund management in the U.S. and Europe. Mr. Thomas has also had a long association with Turkey, having first visited it in 1962, and maintains a residence in İstanbul. Mr. Thomas has served on the boards of directors of various charitable and educational organizations, including Bryn Mawr College (between 1973 and 1977) and Robert College of İstanbul (from 1968 to the current time). He was an Officer in the United States Marine Corps between 1956 and 1960, and holds a BA (Magna cum Laude) from Harvard University, a degree in history and literature from the University of Munich and a degree in business administration from the Center d'Études Industrielles, Genève.

The Hon. **Trevor Trefgarne,**
Non-Executive Member.

Mr. Trefgarne, who joined the Board in 2002, has extensive experience in the management of listed companies in the United Kingdom and Africa and investment funds, having been a non-executive and executive director, including chairman, of such companies since 1972. Currently, he serves as chairman of Garro Securities Limited and Recovery Trust Plc in the United Kingdom and Enterprise Insurance Company Limited in Ghana, and is a non-executive director of Franklin Templeton Investments Funds SICAV (Luxembourg) and Gartmore High Income Trust Plc. Mr. Trefgarne graduated in Industrial Management at Cranfield School of Management in 1969.

FINANCIAL OVERVIEW

2008 Financial Summary

During a difficult year, Global Investment Holdings' gross revenues totaled TL212 million (US$160.6 million) in 2008, representing a 12% increase over 2007 (TL189.6 million or US$145.8 million). However, primarily due to currency losses and a decrease in revenues by the finance arm including the Company's Treasury Department, net consolidated losses of the Company amounted to TL66.8 million (US$50.6 million) for the year 2008. These losses were the outcome of the recent economic turmoil triggered by the sub-prime and CDO debacles on Wall Street, which deepened particularly during the last quarter of 2008.

The contribution of the Energy Division to the Company's gross operating revenues was 71% (52% in 2007), and that of Global Port Holdings, the port management subsidiary was 18% (versus 16% in 2007). The Holding's Finance Division, when considered together with other divisions including real estate, contributed only 11% to the gross operating revenues of the Company (31% in 2007).

The Company reported an EBITDA of TL2.6 million (US$2.0 million) on a consolidated basis as compared to TL31.8 million (US$24.5 million) in 2007. The decrease in the consolidated EBITDA is mainly attributable to the decline in trading and brokerage revenues of the Finance Division, including the Treasury Department. In addition, although non-cash items, non-core businesses, including real estate and mining, contributed negatively to consolidated EBITDA by an amount of TL12.5 million (US$ 9.5 million), due to impairment provisions made in respect of the assets of such divisions.

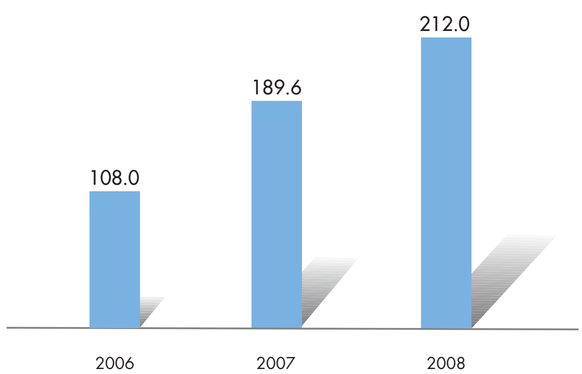
The Company's consolidated net loss for the year was TL66.8 million (US$50.6 million). A principal cause for such consolidated loss, apart from the deterioration of revenues in the finance arm, was foreign exchange losses as a result of foreign exchange denominated bank borrowings. The total consolidated foreign exchange loss was TL54.7 million (US$41.4 million) in 2008 (TL11.5 million or US$8.9 million income in 2007). However, it should also be noted that most of the Company's consolidated bank borrowings are long-term in nature (including the US$ 100 million Eurobond loan at the Company level), and the exchange losses have not been realized. As all of the earnings of the Group, with the exception of the brokerage arm, which constitutes a very small portion of the consolidated earnings, are hard currency denominated, they offer a natural hedge against the outstanding foreign exchange denominated debt.

Global Port Holdings once again continued its solid performance in 2008, generating total revenues of TL37.4 million (US$28.3 million), representing a 22% increase, compared to TL30.6 million (US$23.5 million) in 2007. With TL27.1 million (US$20.5 million) EBITDA registered in 2008 (TL24.5 million or US$18.5 million in 2007), Global Port Holdings has been one of the main contributors to the consolidated EBITDA of the Company. Global Port Holdings also completed the acquisition of 60% shares of Bodrum Cruise Port in 2008, which Management of the Company intend to develop into one of the major cruise destinations in the Eastern Mediterranean region.

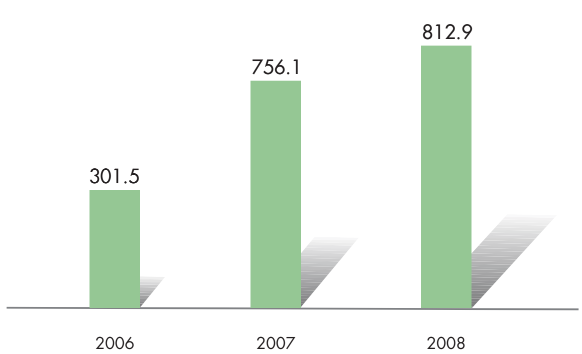
Energy Division revenues were comprised of revenues generated by Energaz, the Company's main gas distribution subsidiary. Following EMRA approval in 2007, the Company started to consolidate all natural gas distribution companies at Energaz level, employing the proportionate consolidation methodology calculated based upon the ultimate ownership percentages at the Company level. The consolidated revenues of the regional gas distribution companies in 2008 totaled TL150.0 million (US$113.6 million), representing an increase of 51% from TL99.4 million (US$76.5 million) in 2007. In addition, Energaz acquired its tenth region, Aydın, in February 2008. The investments as well as gas delivery are scheduled to commence within 2009 in Aydın. In the city of Antalya, infrastructure investments continued during 2008 and first gas delivery started in 4Q2008.

The Energy Division reported an EBITDA of TL27 million (US$20.5 million), versus TL-0.6 million (-US$0.5 million) in 2007. The Company's gas distribution companies generated a negative EBITDA of TL6.5 million (US$4.9 million) (negative TL4.4 million or US$3.4 million in 2007), which is attributable to the accounting treatment of concession operations (IFRIC#12) pursuant to which connection fees collected from subscribers are deferred over the life of concessions. The adoption of IFRIC#12 has been made compulsory for financial periods commencing on or after 1 January 2008. The deferred amount within the consolidated revenues of the Energy Division was TL7.5 million (US$5.7 million) in 2008 (TL9.2 million or US$7.1 million in 2007). TL33.5 million (US$25.4 million) in respect of additional revenues were incurred in 2008 from the fair value adjustment made pursuant to IFRS#3 in companies that hold hydro-electric power plant licenses.

Gross Revenues (TL, millions)



Total Asset Size (TL, millions)



LOAN PARTICIPATION NOTES

The Company currently has outstanding obligations under a US$100 million loan (the "Loan") from Deutsche Bank Luxembourg S.A. (the "Lender") to the Company which is funded by US$100 million 9.25% Loan Participation Notes (the "Notes") due on 31 July 2012.

The Notes may be redeemed in whole, but not in part, at any time, at the principal amount thereof together with accrued and unpaid interest to the date of redemption and any additional amounts in respect thereof, for tax reasons or in the event that it becomes unlawful for the issuer to fund the advance or to allow to remain outstanding the Loan. As long as any of the Notes remains outstanding, the Lender shall not, without the prior written consent of the Note trustee, agree to any amendments to or any modification or waiver of, or authorize any breach or proposed breach of, the terms of the Loan.

The Notes are admitted to listing on the Official List and trading on the Luxembourg Stock Exchange's Regulated Market.

Interest is payable on the Loan in U.S. dollars semi-annually in arrears on the principal amount of the Loan outstanding at the rate of 9.25% per annum.

The Company has remained in compliance with the terms of the Loan at all times.

The Group targets to finance the ownership, acquisition, development and/or operation of an asset or project where there is no recourse whatsoever for repayment thereof other than:

(a) recourse to the cash flow or net cash flow from such asset or project (including insurance proceeds); and/or
(b) recourse, for the purpose only of enabling amounts to be claimed in respect of such indebtedness, over such asset or project or the income, cash flow or other proceeds deriving there from, provided that the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement.

Ege Ports

On 25 May 2006, Ege Ports obtained a US$20 million loan from Garanti Bank due in 2013 to refinance the bridge loan used to acquire the operating rights of Kuşadası Cruise Port. The loan carries interest at a rate equal to LIBOR plus 2.50%. Security under the loan includes a pledge of the borrower's operational accounts, its debt service reserve account and other accounts, as well as a pledge over the borrower's shares and an assignment of receivables from the port's rental agreements and assignment of termination indemnification rights under the concession agreement.

Port Akdeniz

On 30 October 2006, Port Akdeniz received a US$40 million loan for the acquisition of Antalya Port from Garanti Bank, due in 2016. The loan carries interest at a rate of LIBOR plus 2.90% with an initial 24 month grace period. Security for the agreement includes all of the borrower's rights under the Antalya Port concession agreement, the proceeds under business interruption insurance relating to the port, a pledge of the borrower's collection and other accounts, a pledge over the shares of the borrower and an assignment of receivables under the Port's rent agreements.

Furthermore, on 24 May 2007, Port Akdeniz received an investment loan of US$6.5 million from Garanti Bank with a maturity of 6 years. The loan carries weighted average effective interest at 7.25%.

Energaz

In April 2007, the following subsidiaries of Energaz obtained a U.S. dollar indexed TL loan with a total cash limit equivalent to US$ 70 million and a total non-cash limit equivalent to US$35 million from Asya Katılım Bankası A.Ş: Gaznet Şehir Doğalgaz Dağıtğm A.Ş., Netgaz Şehir Doğalgaz Dağıtım A.Ş., Kentgaz Denizli Şehir Doğalgaz Dağıtım A.Ş., Kapadokya Doğalgaz Dağıtım A.Ş., Olimpos Doğalgaz Dağıtım A.Ş., Erzingaz Doğalgaz Dağıtım A.Ş., and Karaman Doğalgaz Dağıtım Ltd. Şti. Aksaray Doğalgaz Dağıtım A.Ş. joined the loan facility as additional borrower by an amendment dated 1 November 2007.

The purpose of the loan was to fund construction of natural gas distribution networks. The loan matures in October 2012 and carries interest at 8.5% with an initial two year grace period. As at 30 December 2008, US$4.4 million was not drawn under the cash limit of the loan. Energaz is the guarantor under the loan for both the principal and the interest. Security under the loan includes a pledge of the guarantor's shares in each borrower and the pledge of revenues (subscription fees, gas distribution tariffs and any other receivables including the proceeds that will be generated in the event of the sale of the distribution grid by EMRA).

Çakıt Enerji

On 12 May 2008, Çakıt Enerji obtained a EUR14.3 million term loan facility and a EUR0.5 million revolving facility from Garanti Bank to fund the construction of Çakıt HEPP. The facilities mature in 2018 and carry interest at a rate of EURIBOR plus 2.80%, with an initial thirty-month grace period. Security under the facilities includes a pledge of the borrower's shares, the pledge of its operational accounts and debt service reserve and cash sweep accounts, an assignment of borrower's receivables under project contracts and insurance receivables as well as the establishment of commercial pledge following the start of operation of the power plant and assignment of any future shareholder loan receivables. All of the borrower's shares are pledged as security for this loan. As at 30 December 2008, EUR10.2 million was not drawn under the loan.

Bilecik Steel

On 28 December 2007, Bilecik Steel obtained a US$18.1 million leasing facility from Deniz Finansal Kiralama A.Ş., due in 2012 to purchase equipment and machinery. The facility carries interest at a rate of LIBOR plus 1.75%, with an initial two year grace period. The interest payments will be due from the date of delivery of the purchased equipment and machinery. The facility is secured by a second mortgage on the land held by the borrower. On 25 February 2008, Bilecik Steel obtained an additional US$2 million loan from Denizbank A.Ş. Bahrain Branch due in 2013 to fund construction works. The loan carries interest at a rate of LIBOR plus 2.25%, with an initial two year grace period. The loan is secured by a mortgage on the land held by the borrower and is guaranteed by the Company.

A financial instrument is any contract that gives rise to the right to receive cash or another financial asset from another party (a "financial asset") or the obligation to deliver cash or another financial asset to another party (a "financial liability"). Financial instruments result in certain risks to the Group. The most significant risks facing the Group are discussed below.

Interest Rate Risk
The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities, the Group is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as six months LIBOR and different types of interest. Risk management activities are intended to optimize net interest income, given market interest rate levels consistent with the Group's business strategy.

The Group uses interest rate derivatives (swaps) to manage the effects of interest rate movements on its bank loans.

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Group's receivables from customers and investment securities. The Group's principal financial assets are cash and cash equivalents, trade and other receivables, and investment in equity and debt securities.

The Company management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Liquidity Risk
Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund liabilities at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Group has access to funding sources from banks and keeps certain levels of assets as cash and cash equivalents.

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.

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return.

Market risk for all subsidiaries is monitored and managed by the Company's Treasury Department. The Treasury Department uses forward transactions and option contracts to seek to minimize the possible losses from money market fluctuations. In July 2008, the Company retained an international investment bank to provide consultancy services regarding the management of market, financial and operational risks.

Foreign Currency Risk
Currency risk is defined as the risk that the value of a financial obligation will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies and uses derivatives to manage foreign currency risk exposure.

TREASURY OPERATIONS

The Company maintains a centralized Treasury Department, with three employees, which is responsible for cash management, asset and liability management and risk management.

The Treasury Department monitors the daily cash balances of the Company's subsidiaries, as well as the projected cash needs of these entities. It seeks to ensure liquidity within the Group and to manage any idle cash held by Group companies to increase the returns on these funds. To minimize effects on the Group's liquidity which may be caused by variations in demand for funding with respect to new or existing businesses, the Group has entered into ISDA-CSA (Credit Support Annex) agreements with international financial institutions, and subsidiaries are encouraged to fund their primary operations through unsecured non-recourse loans, particularly short-term money market funding.

The Treasury Department plays a significant role in meetings of the Group's Asset-Liability Committee at which feasibility studies; targeted costs of funding and management of balance sheet items are debated. Asset management decisions are subject to risk limitations defined by the Company's board of directors and proprietary activities are reported regularly to the upper management of the Company to ensure that such activities are in accordance with applicable guidelines.

The Treasury Department is also responsible for managing the Group's risks. When appropriate, it enters into hedging arrangements in order to reduce the effects of fluctuations in earnings which may result from fluctuations in currency exchange rates, interest rates or other market factors. It does not engage in speculative hedging.

The Treasury Department also engages in proprietary trading activity from time to time to the extent that management identifies an opportunity to increase returns on excess cash. This includes foreign exchange and equity trading, including long and short sales and transactions in derivatives. Trades are analyzed by trader, book and by product levels to facilitate accurate performance monitoring, and the results of this analysis are reported daily to upper management of the Company. It is expected that the Group's limited proprietary trading activities will be of diminishing significance as the Group continues to grow in its core business sectors, and liquidity management will become increasingly significant.

LEGAL PROCEEDING

Başkentgaz

Legal Background

On 14 March 2008, Global Investment Holdings, as part of the joint venture ("JV") comprising Energaz, has submitted the highest bid for the privatization tender of Başkentgaz via block sale method.

Tender specifications document for the privatization tender of Başkentgaz required the approvals from both the Turkish Competition Authority ("CA") and the EMRA to be obtained before the final approval of the tender by the Ankara Metropolitan Municipality can be granted. Following the final approval, the Municipality would notify the JV to establish a new company ("BidCo"), which would then take over the shares of Başkentgaz.

Following its application, the JV was granted the approval by the CA on 24 July 2008. Subsequently, JV applied to EMRA to obtain the other approval required, as per the tender specifications, before the Ankara Metropolitan Municipality can grant the final approval.

During its review of JV's application, EMRA demanded additional documents in connection with the BidCo. Following JV's submission of the majority of the documents, the review process by EMRA was still in process.

On 28 November 2008, JV received a notification from the Municipality asking for the completion of the document submission process to EMRA, and to finalize the establishment of the BidCo together with an additional Letter of Guarantee ("LG") to be able to grant an extension of the period.

Legal Action - Precautionary Measure and Main Case

Given the Municipality's precipitance to close the transaction, JV was concerned that the Municipality would attempt to liquidate the LG of US$50 million, a bid security collectable upon first request, which was submitted to the Municipality as a requirement under the tender specifications. The validity of the LG expired as at 14 March 2009.

According to the Turkish legislation, in order to prevent the Municipality from liquidating the LG, the institution which submitted the LG needs to take precautionary measures through legal action at the court level. Thus, the JV applied to the Beyoğlu Commercial Court to attain precautionary measures in case the Municipality decided to liquidate the LG. As at 31 December 2008, Beyoğlu Commercial Court announced its decision which was in favor of the JV.

However, as per the Turkish legislation, in order to warrant the execution of the Court decree, additional letter of guarantee was required as security for damages Security of US$7.5 million, which corresponds to 15% of the previous LG amount, was deposited on 26 January 2009.

Upon the execution of the Court decree, the risk of liquidation of the US$50 million LG by the Municipality was temporarily eliminated. Consequently, the Municipality filed an objection against the Court decree, which resulted in the Court's decision of scheduling a hearing for the objection on 17 February 2009. Beyoğlu Commercial Court finally rejected the objection which guarantees the measure to stay in effect until the closing of the main Court case.

The Court hearing for the main case, which was filed on 12 January 2009, in connection with the precautionary measure taken by the JV claiming to dissolve the discrepancy for the payment to be made to either the Municipality or BOTAŞ, was held on 26 March 2009.

Lacking the jurisdiction to conduct such cases, Beyoğlu Commercial Court decided to remit the case to Ankara courts, competent courts to conduct such cases. The decision is subject to appeal and the JV lawyers shall file an appeal against the stated decision. Subject to filing an appeal case against Beyoğlu Commercial Court's decision and the finalization of the appeal process, which Company Management expects to materialize over a period of one year, the case shall be conducted either before the Beyoğlu Commercial Court, in case the Appeal Court rejects the case; or Ankara Court, in case the Appeal Court upholds the case.

As the LG expired on 14 March 2009, Company Management believe that the Court will dismiss the case, based on the abatement of action.

On 11 June 2009, the Municipality liquidated the US$50 million LG provided by Elektromed, the second highest bidder for the tender, as Elektromed was not able to prevent the liquidation of its LG; Beyoğlu Commercial Court rejected its claim as to grant Elektromed a precautionary measure.

On 4 July 2009, the decision of the Turkish High Council of Privatization Administration was published in the Official Gazette authorizing the Privatization Administration to conduct and finalize the privatization process of Başkentgaz. Company Management believes that this decision enables the Privatization Administration to be the plaintiff of the pending case. The lawyers of the JV shall raise an objection to the title of the Municipality as the Municipality can not be a party to the case anymore.

Challenge to the Privatization of Izmir Port

Türkiye Liman ve Kara Tahmil-Tahliye İşçileri Sendikası ("Liman-İş"), a union of harbor workers, had filed two lawsuits against the Privatization High Council prior to the tender for İzmir Port in 2005 and 2006 before the Council of State, the high court for administrative cases. One of the lawsuits was related to cancelling the privatization decision of the İzmir Port while the other lawsuit was related to cancelling the preliminary transactions with respect to the İzmir Port tender and obtaining a stay of execution against the tender. Both lawsuits were dismissed by the 13th Chamber of the Council of State on 21 January 2008, but were subsequently appealed by Liman-İş. These lawsuits are currently before the Plenary Session of the Administrative Law Divisions of the Council of State ("Plenary Session").

In July 2007, the Foundation for the Development of Public Management of Operations (the "Foundation") had filed two further lawsuits against the PA at the Council of State seeking both to cancel the İzmir Port tender and to obtain a stay of execution. Although the Thirteenth Chamber of the Council of State refused to grant a stay of execution in November 2007, the Foundation appealed the decisions before the Plenary Session, which as a result granted two separate stay of execution decisions against the tender on 28 February 2008. Subsequently, the Thirteenth Chamber of the Council of State dismissed the lawsuits on 13 October 2008 annulling the stay of execution decisions. The Foundation appealed the decision and the lawsuits are currently before the Plenary Session.

As this Annual Report goes to print, the concession agreement with respect to the İzmir Port tender is under review by the First Chamber of the Council of State as the last step of the tender approval process. The First Chamber of the Council of State is in charge of consideration, legal review and final approval of all kind of concession agreements to be signed by and between the state institutions and the private sector bidders.

Challenge to the Kuşadası Cruise Port Zoning Plan

On 3 October 2006, two members of the Kuşadası Municipal Council filed a lawsuit, with the Sixth Chamber of the Council of State, against the Ministry of Public Works, requesting the cancellation of the zoning plan of Kuşadası Region dated 1 June 2006. The allegation was based on various grounds, including the claim which stated that the zoning plan was inconsistent with the character of Kuşadası Cruise Port. According to the argument, the new plan increased the total permissible building area in favor of Ege Ports which resulted in the isolation of Kuşadası Cruise Port from the city which in return might adversely affect commerce in Kuşadası.

On 14 March 2007, the Sixth Chamber of the Council of State granted a stay of execution suspending the implementation of the new zoning plan on the basis that the Privatization Administration had not provided its approval for the zoning plan.

Ege Ports joined the proceedings and objected to the injunction on 15 May 2007 on the grounds that no approval for the zoning plan from the PA was required as the privatization had been completed.

On 20 September 2007, the Preliminary Session of the Administrative Law Divisions of the Council of State cancelled the injunction (stay of execution) described above, which resumed the implementation of the zoning plan, on the grounds that the Chamber needed to have already appointed an expert prior to the issuing of the injunction.

Thereafter, the Sixth Chamber of the Council of State appointed a committee of experts to evaluate the zoning plan. The expert report concluded that the zoning plan was not consistent with the long-term future needs of the city and the principles of city planning and that the zoning plan was contrary to the public interest because it ignored the need to protect the cultural and natural resources of the city. Ege Ports and the Ministry of Public Works both challenged the expert report on 29 July 2008.

On 12 November 2008, the Sixth Chamber of the Council of State granted a stay of execution again on the basis that the zoning plan did not conform to the urban planning principles, which again resulted in a suspension of the implementation of the zoning plan.

Ege Ports raised an objection to the injunction which was then considered by the Preliminary Session of the Administrative Law Divisions of the Council of State. On 7 July 2009, the Preliminary Session rejected the objections and decided the stay of execution to be in effect.

In any case, the Sixth Chamber of the Council of State shall proceed to consider the lawsuit and deliver a verdict regardless of the outcome of the stay of execution.

Company Management believe that the decision of the Sixth Chamber of the Council of State will not have a material adverse effect on the construction permit granted previously even if the decision is to cancel the zoning plan.

Challenge to the Privatization of Kuşadasş Cruise Port

In 2003, two members of the Kuşadası Municipal Council filed a lawsuit against the PA, with the Aydın Administrative Court, seeking to cancel the PA's approval of the Kuşadası Cruise Port tender and to obtain an injunction against it on various grounds, including the allegation which claimed that the tender was not approved in accordance with the tender specifications.

On 31 December 2003, the Aydın Administrative Court dismissed the lawsuit on the basis that the plaintiffs lacked standing, as they, individually, were not a party to the tender. The plaintiffs appealed to this dismissal which then was overturned by the Council of State on 6 May 2005.

Upon the overturn of the dismissal, Aydın Court decided to proceed with the case, and again rejected the claim on the grounds that the PA's approval was in accordance with the tender specifications.

The plaintiffs appealed to the Court's decision, which was then overturned by the 13th Chamber of the Council of State on the grounds that the Aydın Court should have conducted an additional examination on the reasons underlying PA's decision of previously cancelling the tender but then awarding the second bidder as the winner of the tender. In addition to this, further examination should have been conducted on the determination of the estimated value by the PA and whether PA appointed any experts or formed a commission to evaluate the value.

As Ege Ports is not a party to the lawsuit, PA applied to the 13th Chamber requesting the revision of the Chamber's decision on 8 October 2008 which is yet to be decided. Depending on the 13th Chamber's decision on the appeal, and in case the Appeal Court rejects the appeal of the PA or the Aydın Court's decision on the rejection of the lawsuit, the lawsuit shall be conducted again before the Aydın Court. The approval of the tender shall be finalized in case the Appeal Court upholds the appeal of the PA.

Action for the Forejudge of the Antalya Port Shares

The main shareholders of Antalya Port, Global Port Holdings, Çelebi Holding and Antmarin, entered into a Shareholders Agreement (the "Agreement") dated 30 October 2006. The Agreement contains a lock up clause restricting the share transfers to third parties, other than transfers to affiliates, for the first three years. Any transfers after that period are subject to a right of first refusal of the other parties to the Agreement. In the event of a breach of the terms of the Agreement, the non-breaching party will be entitled to purchase the shares of the breaching party at a 30% discount to their fair market value, as determined by an international accounting and audit firm. The Shareholders Agreement provides quorum requirements for various shareholder decisions. In addition, the articles of association of Antalya Port require qualified majority approval of those matters. The Agreement also contains a mechanism for resolving deadlocks through the buy-out of a dissenting shareholder's interests at fair market value.

The Group filed two lawsuits against the other shareholders:

The first lawsuit was against Uğur Tevfik Doğan, Can Çelebioğlu and Çelebi Holding claiming that the defendants, who are also the shareholders and the parties to the Shareholders Agreement, breached the Agreement as they, also as the board members, have not reached a board resolution on the Yearly Business Plan, which actually needed to be reached before the year end of 2008. Thus, the lock-up period prevails and the defendants have to sell the shares owned by themselves to the plaintiff (Global Ports Holding) at a 30% discount to their fair market value.

The second one is against Port Akdeniz, Çelebi Holding and Antmarin, claiming that the management board and the rest of the board members, excluding the members representing the Group, are acting against the Shareholders Agreement which requires the Company to be managed by an independent administrator.

The court has decided to appoint an expert council for both cases in order to determine whether a breach has occurred.

PERA Reit - Denizli Sümerpark Project,
Case for the Cancellation of the Zoning Plan

Background
Kentsel Gayrimenkul Yatırım Danışmanlık Planlama A.Ş. ("Kentsel Gayrimenkul"), which merged into Pera REIC, applied for an amendment to the zoning plan for the land it owns in Denizli to receive permits for the construction of houses, shopping centre, hotel and hospital. The change in the zoning plan was approved by Denizli Municipality on 11 October 2006.

The construction permit for the shopping center was obtained from the Municipality in September 2007 and the construction started in February 2008.

Action for the Cancellation of the Zoning Plan
On 29 June 2007, the Denizli Branch of the Chamber of Architects of Turkey filed a lawsuit before the Denizli Administrative Court, requesting cancellation of the re-zoning resolution approval as well as an injunction.

Denizli Court rejected the stay of execution on 11th of September 2007, an interim procedural decision which allows the construction to progress.

Following the rejection of the stay of execution, the Court decided to conduct a survey with the attendance of the experts, which was concluded on 12 November 2008. The expert report was in favor of the plaintiff offering the zoning plan to be cancelled as it is inconsistent with the legislation and proposing an amendment to the zoning plan which does not create any public interest.

Despite the expert report, the Court decided to reject the case on 1 April 2009 as the amendments to the zoning plan is not contrary to the public interest and is in accordance with the zone planning principles. The Chamber of Architects appealed to the Court's decision.

However, the Appeal Court's decision, whether to uphold or to reject the appeal, shall not have an adverse effect on the construction as the construction permit had been previously granted. On the other hand, the Group lawyers believe that the Appeal Court will uphold the local court's decision.

Challenge relating to the TÜPRAŞ Block Trade

Background

On 4 March 2005, Global Securities acted as the broker on behalf of the purchasers in the sale of Türkiye Petrol Rafinerileri A.Ş. ("TÜPRAŞ") shares held by the PA to the foreign institutional investors through the ISE Wholesale Market.

As a result of the case brought by Petrol-İş, a union of oil industry workers, the Administrative Court ordered the cancellation of the sale on 30 December 2005 citing that the required open and competitive environment had not been created during the offering of the state-owned shares representing 14.76% of the share capital of TÜPRAŞ. Furthermore, Petrol-İş also claimed that the share selling price was not set in line with the interests of the public and that the transaction under trial does not comply with the law.

Action for Restitution

Upon the issuance of the Administrative Court's order, the PA brought a lawsuit against Global Securities seeking to impose Global Securities to comply with the Administrative Court's order by giving back the TÜPRAŞ shares in return for the sale price.

On 5 June 2008, the First Chamber of the Beyoğlu Commercial Court, hearing the case at first instance, dismissed the lawsuit against Global Securities on the basis of lack of standing, as the expert report was also in favour of Global Securities, which in result implies that this lawsuit can not be filed against the Global Securities. However, in line with the Turkish legislation, which exercises state institutions to appeal all cases dismissed by the local courts, an appeal was filed by the lawyers of the PA which will result in the issuance of a decision by the Appeal Court.

Company Management believe that the PA's lawsuit is without merit and the appeal by the PA will fail. As the Company itself is not a party to any of the TÜPRAŞ related litigation and Global Securities, itself, is a joint stock corporation, the Company is not liable for any losses.

Restitution Case for Gümüşsan Shares

Background

A share purchase agreement was executed between the Company and the shareholders of Gümüşsan Enerji Elektronik Elektrik İnşaat Taahhüt San. ve Tic. Ltd. Şti. ("Gümüşsan"), (the "Seller Shareholders") on 11 April 2007 for the purchase of all of the shares of Gümüşsan, which holds the generation licenses of Akşar-Nazar and Ilıca HEPP projects. The total purchase price was US$ 2,100,000 ("Purchaser Price").

Pending Case

The former shareholders of the Company have initiated a lawsuit against the Group claiming that Yeşil Enerji did not pay the related Purchaser Price in due time and thus, breached its duties arising from the respective share purchase agreement. The Plaintiffs have requested the restitution of the transferred shares.

According to the previous shareholder's allegations, US$ 100,000 of the Purchaser Price was paid as an advance payment and US$ 2,000,000 was going to be paid within the three business days following the issuance of Akşar-Nazar HEPP generation license by the EMRA, which took place as on 7 February 2008. However, Company Management claims that the EMRA issued and delivered the license to the Group on 25 February 2008 and regardless of the delivery date, according to the Sale and Purchase Agreement, the deadline for the delivery of the license was 30 June 2008, which is also the due date for the default to be effective.

Both parties have submitted their reply petitions to the Court. The Court appointed an expert and forwarded the file for expert examination, for expert council to determine the share price and market value of the shares and to conclude if any event of default has occurred.

The experts have concluded merely that an event of default has occurred on the Group side. However, the Group lawyers consulted a law professor to draft a legal opinion as well as an objection to the expert report, as they believed that no event of default occurred.

Action for Cancellation of the Generation License of Çakıt HEPP

On 8 May 2006, the Chamber of Electrical Engineers filed a lawsuit before the Thirteenth Chamber of Council of State (the "Court") for the cancellation of the generation license of Çakıt HEPP and the injunction relief of the license (File No. 2006/2011) against EMRA. The Group was granted its motion to intervene, on 28 February 2007. The Court rejected the injunction relief request of the Plaintiff on 4 October 2006 and rejected the lawsuit on 10 June 2008. The plaintiff appealed the decision on 8 September 2008. The lawsuit is currently before the Preliminary Session of the Administrative Law Divisions of the Council of State.

As the local court rejected both the injunction and dismissed the case itself, Company Management belives that the decision of the Appeal Court may be in line with the local court and thus will not have a material adverse effect on the generation license initially granted.