

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## Section I - Statement for the Compliance with the Corporate Governance Principles

The OECD Principles of Corporate Governance published in 1999 was revised 2004 and 2015. The last revision process started as from 2012, continued within 2014 and 2015 and, then accepted by the OECD Council on July 8, 2015. The G20/OECD Corporate Governance Principles were approved at the meeting of the Ministers and Head Office Directors on 04-05.09.2015 in Ankara and the G20 Summit of Leaders on 15-16.09.2015 in Antalya.

It was adopted in Turkey by the Capital Market Board's resolution no. 35/835 of 04.07.2003 and, the Capital Market Board's Corporate Governance Principles were published accordingly. The Capital Market Board has updated the Corporate Governance Principles in order to ensure the compliance with the 2004 OECD Corporate Governance Principles. Thereafter, the Capital Market Board has updated the principles in 2005, 2010 and 2011 considering the respective international developments. The Communiqué Serial: IV, No. 56 on "the Identification of the Corporate Governance Principles" published on the Official Journal no. 28158 on 30.12.2011 entering into force on thereupon was amended five times in 2012 and 2013. Most recently, the Corporate Governance Communiqué (II-17.1) was published in the Official Journal no. 28871 on 03.01.2014 and, entered into force accordingly. According to the resolution of the Capital Market Board no. 2/35 of 27.01.2014, the Board Bulletin no. 2014/2 has announced the new format of the Report on the Compliance with the Corporate Governance Principles that are to be prepared in the annex to the annual reports for 2014. Our Report on the Compliance with the Corporate Governance Principles for 01.01.2016 – 31.12.2016 is hereby submitted accordingly.

No review has been made yet by the Capital Market Board according to the latest review by OECD in 2015.

## Rating for the Compliance with the Corporate Governance Principles

Agreements have been entered into between Doğuş REIT Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş., a company with an official authorization to perform ratings in accordance with the Capital Market Board's Communiqué Serial VIII No 51 on the Principles for Rating Agencies in Capital Markets, on 15.12.2014, 15.12.2015 and 14.12.2016, under which the latter would prepare a report on the Rating for the Compliance with the Corporate Governance Principles, and this has been disclosed on the Public Disclosure Platform.

the report for the period of 07.07.2015-07.07.2016 was published on 07.07.2015,

the report for the period of 28.06.2016-28.06.2017 was published on 28.06.2016 and

the respective disclosures have been made on the Public Disclosure Platform: [www.kap.gov.tr](http://www.kap.gov.tr)

The first rating of Doğuş REIT on the Compliance with the Corporate Governance Principles for the period of 28.06.2016-28.06.2017 was 8.92.

	July 07, 2015	June 28, 2016
Shareholders	89.68	94.74
Public Disclosure and Transparency	78.54	88.52
Stakeholders	72.76	86.88
Board of Directors	77.43	86.85
Rating	8.01	8.92

Our second rating for the Compliance with the Corporate Governance Principles increased by 11.36% to 8.92 and, we have been awarded by the Corporate Governance Association of Turkey the prize as a corporation that has increased its rating the most within one year in the BIST Corporate Governance

Index. This prize was presented to General Manager Mr. Çağan Erkan at the TKYD X. International Corporate Governance Summit held on 19.01.2017. As a leading corporation in the sector, Doğuř REIT is proud of receiving this prize that proves its full compliance with the Corporate Governance Principles, which are considered to be the foundation of the Doğuř Group.

The increase in the rating of Doğuř REIT for the Compliance with the Corporate Governance Principles has proved that it has significantly adopted the Capital Market Board's Corporate Governance Principles, enforced the policies and taken the measures considered necessary to that end as one of the best examples in the concept of Governance, and greatly valued the public and its shareholders.

Our report on the Rating for the Compliance with the Corporate Governance Principles is available in the section Investor Relations - Corporate Governance Compliance Reports on our web site ([www.dogusgyo.com.tr](http://www.dogusgyo.com.tr)).

#### Compliance with the Corporate Governance Principles

Doğuř REIT, took place in the third group of the BIST Market of Collective Investment Products and Restructured Products in 2016 as disclosed in the Capital Market Bulletin no. 2016/01 of 08.01.2016 in the resolution of the Capital Market Board no. 1/23 of 08.01.2016 as per the Corporate Governance Communique II-17.1, article 5- (2) c).

Doğuř REIT, is within the list of Group A as of 31.12.2016.

In our activities performed and carried out between 01.01.2016 and 31.12.2016, we have fully complied with the compulsory principles as per the Corporate Governance Communique II-17.1 published on the Official Journal no. 28871 of 03.01.2014 and entered into force accordingly, and attempted to comply with most of the non-compulsory principles.

The Corporate Governance Committee has met 4 (four) times between 01.01.2016 and 31.12.2016 in line with the respective principles for its duties and tasks and, the results of this meetings were kept at the respective minutes and submitted to the board of directors.

The Dividend Policy was revised and, the policy of female members of the Board of Directors, the Minority Rights Policy, the policy on Stakeholders were formed and, these have been presented to the Board of Directors for approval and, then approved at the meeting of the Board of Directors no. 2016/441 of 27.06.2016.

In addition, the Audit Committee has met 7 (seven) times between 01.01.2016 and 31.12.2016 in line with the respective principles for its duties and tasks, the Early Detection of Risk Committee has met 7 (seven) times between 01.01.2016 and 31.12.2016 in line with the respective principles for its duties and task and, the results of this meetings were kept at the respective minutes and submitted to the board of directors.

The internal corporate governance system practices are continuously developed and improved for the purpose of attaining a full compliance of Doğuř REIT with the Corporate Governance Principles.

The Corporate Governance Committee shall continue to make great efforts to ensure that the internal arrangements are carried out within the required period of time as per the Corporate Governance Communique (II-17.1) published on the Official Journal no. 28871 of 03.01.2014 and entered into force accordingly, taking into consideration the developments and applications as per the Capital Market Law no. 6362, the pertinent communiques of the Capital Market Board and the Turkish Commercial Code no. 6102 as well as all other respective legislations.

We hereby declare that we have complied with all the compulsory principles as per the Corporate Governance Principles (II-17.1) between 01.01.2016 and 31.12.2016, that there has been no conflict of benefit among the management, stakeholders and shareholders due to the failure to comply with the corporate governance principles and, that the annual report and periodic financial statements reflect the true and accurate financial position of the company and, the company has fully complied with the pertinent legislations.

The Corporate Governance Committee has continued for the period 01.01.2016 – 31.12.2016 and, will continue 2017 the efforts to ensure that the internal arrangements are of the best practices for the governance as per the Corporate Governance Communiqué II-17.1 published on the Official Journal no. 28871 of 03.01.2014 and entered into force accordingly.

There is no any plan to make any amendment to the management applications in terms of the corporate governance principles.

The responsibility statements as set forth under the financial statements and annual reports as per the Capital Market Board's "Communiqué on the Principles for Financial Reporting in Capital Markets (II-14.1)" published on the Official Journal no. 28676 of 13.06.2013 are as follows:

- a) The financial statements and annual report have been examined by the management accordingly.
- b) There is so such deficiency in the financial statements and annual report that may result in the fact that they may contain significant misstatements and misleading information as of the respective dates to the best of their knowledge;
- c) To the best of their knowledge, the financial statements together with those under the scope of the consolidation if any prepared as per this communiqué reflect the accurate and true information on the assets, liabilities, financial condition, profit and loss and the annual report together with those under the scope of the consolidation if any prepared accordingly reflects the accurate and true information on the financial condition of the business operations and any potential risks and

the financial statements for the period of 01.01.2015-31.12.2015 were disclosed on 15.02.2016

the financial statements for the period of 01.01.2015-31.12.2015 were disclosed on 26.02.2016

the financial statements and annual reports for the period of 01.01.2016-31.03.2016 were disclosed on 29.04.2016

the financial statements annual reports for the period of 01.01.2016-30.06.2016 were disclosed on 01.08.2016

the financial statements annual reports for the period of 01.01.2016-30.09.2016 were disclosed on 08.11.2016

on the Public Disclosure Platform: [www.kap.org.tr](http://www.kap.org.tr).

The committees formed as per the Corporate Governance Principles have continued their respective operations between 01.01.2016 and 31.12.2016 and, the compulsory principles as set forth under the Corporate Governance Communiqué (II-17.1) have been complied. We hereby declare that there has been no conflict of benefit among the management, stakeholders and shareholders due to the failure to comply with the corporate governance principles and, that the annual report and periodic financial statements reflect the true and accurate financial position of the company and, the company has fully complied with the pertinent legislations.

We hereby declare that all the respective requirements of the Corporate Governance Principles, the Capital Market Law and of all other pertinent legislations have been fully complied with in respect of the Management and Executive Procedures performed and carried out within Doğuş REIT, that the compliance with the said principles has been further improved in terms of the relationships with shareholders, stakeholders as well as of the Public Disclosure and the Board of Directors within the period of 01.01.2016 – 31.12.2016 and that there has been no conflict of interest in connection with the Corporate Governance Principles.

We hereby declare that our committee will continue to act in compliance with the principles to provide the board of directors with the improving recommendations when necessary to ensure that the corporate governance practices are of the highest level of practices within the company and, that the developments in respect of the legislations updated and/or amended by the Board of Directors will be carefully monitored and complied with.

Mustafa Sabri Doğrusoy  
Chairman

Özlem Tekay  
Member

Hasan Hüsnü Güzelöz  
Member

## Section II - Shareholders

### 2.1. Investors Relations Department

2.1.1. The Shareholders Relations Unit, which has been formed in order to monitor all the relationships between the shareholders and the Company and, ensure that the shareholders are fully allowed to obtain the respective information as per the requirements as set forth under the Capital Market Legislations and the arrangements of the Capital Market Board, has been restructured as per the Corporate Governance Communiqué (II-17.1), article 11, and the Investors Relations Department has been formed as per the resolution of the Board of Directors no. 2014/387 of 25.06.2014 and, this has been accordingly disclosed on the Public Disclosure Platform.

The position has been remained in the period of 01.01.2016 – 31.12.2016.

This unit directly reports to the General Manager in accordance with the pertinent article of the communiqué. The purpose of the Investors Relations Department is to inform all the stakeholders as per the pertinent legislations and, share the respective information with the public.

Under the responsibility of the Investors Relations Department, the shareholders are more efficiently and comprehensively informed. The department manager of the Investors Relations Department is Hasan Hüsnü Güzelöz and, the department officer is Nazlı Yılmaz.

### 2.1.2. Contact information of the Investors Relations Department:

Hasan Hüsnü Güzelöz – Department Manager

Tel: 0 212 335 2850

Fax: 0 212 335 2899

E-Mail Address: Hguzeloz@dogusgrubu.com.tr

Nazlı Yılmaz – Department Officer

Tel: 0 212 335 2850

Fax: 0 212 335 2899

E-Mail Address: nazliyi@dogusgyo.com.tr and info@dogusgyo.com.tr

2.1.3. Hasan Hüsnü Güzelöz, the department manager of the Investors Relations Department, has the licenses for the Capital Market Activities, Level 3 and, the Corporate Governance Ratings and, is a full-time employee of the Company as an executive.

2.1.4. As per the requirements as set forth under the Corporate Governance Communiqué (II-17.1) published on the Official Journal no. 28871 on 03.01.2014 and entered into force accordingly, the Report prepared by the Investors Relations Department for 2016 has been submitted to the Board of Directors. This report has been approved by the resolution of the Board of Directors no. 2016/455 of 31.12.2016.

2.1.5. Out of 149 applications made by the shareholders to the investors relations department through phone, electronic mail or internet within the period of 01.01.2016 - 31.12.2016, all has been responded and, the web site has been regularly updated so that the investors have been able to follow the updated information.

2.1.6. The respective legislations, the articles of association and the internal arrangements are complied with in respect of the exercise by the shareholders of their respective rights and, all types of measures are taken in order to ensure that these rights are exercised.

2.1.7. Utmost care is paid to the compliance with the pertinent legislations and the Articles of Association in respect of fulfilling the requests of our shareholders and, there has been no complaint received by Doğuş REIT submitted whether verbally or in writing in respect of the exercise of the shareholding rights or there have been no administrative/ legal proceedings initiated against our company to the best of our knowledge within 2016.

2.1.8. The main duties and tasks of the Investors Relations Department of our Company are to:

- Ensure that the records in respect of the correspondences between the investors and the company as well as other information and documents are kept in a robust, safe and updated manner,
- Respond to the requests for information in writing by the shareholders in connection with the company,
- Prepare the documents that need to be submitted to the shareholders for review and examination in connection with a General Meeting of Shareholders and, take necessary precautions to ensure that the General Meeting of Shareholders is held in accordance with the pertinent legislations, the articles of association and other respective internal arrangements,
- Observe and monitor the fulfillment of the obligations arising from the capital market legislations including all aspects in connection with the corporate governance and the public disclosures,
- Perform and carry out all types of tasks and duties in connection with the shareholders pursuant to the pertinent provisions of the Capital Market legislations and communiques in respect thereof as well as other laws and regulations on which the respective business operations are based,
- Fulfill and carry out all types of procedures and transactions in accordance with the Communiqué on the Public Disclosure Platform (VII-128.6) published on the Official Journal no. 28864 of 27.12.2013,
- Ensure that the necessary disclosures are made on the Public Disclosure Platform, the Central Registry Agency and the Corporate Web Site in due time pursuant to the pertinent legislations,
- Ensure that the Corporate Governance Committee performs and carries out its duties and tasks pursuant to the pertinent requirements of the Corporate Governance Communiqué (II-17.1) Annex 1, Article 4.5.10,
- Prepare and submit to the board of directors a report in connection with the activities it carries out at least once a year,
- Ensure that the annual and periodic activity reports are prepared and shared with the public in accordance with the pertinent regulations,
- Ensure that the records in respect of the correspondences between the investors and the company as well as other information and documents are kept in a robust, safe and updated manner,
- Respond to the requests for information in writing by the shareholders in connection with the company,
- Act as a bridge between the shareholders on one side and the senior management and the board of directors on the other side to provide a smooth flow of information,
- Prepare the documents that need to be submitted to the shareholders for review and examination in connection with a General Meeting of Shareholders and, take necessary precautions to ensure that the General Meeting of Shareholders is held in accordance with the pertinent legislations, the articles of association and other respective internal arrangements,
- Observe and monitor the fulfillment of the obligations arising from the capital market legislations including all aspects in connection with the corporate governance and the public disclosures.

2.1.9. The Corporate Governance Committee precisely performs the duty to supervise the efforts of the Investors Relations Department pursuant to the Corporate Governance Communiqué (II-

17.1) Annex 1, Article 4.5.10. The Report on the Investors Relations no. 2016-01 of 30.12.2016 for 2016 has been approved by the resolution of the Board of Directors no. 2016/455 of 31.12.2016. This issue has been mentioned in the Corporate Governance Committee's Annual Assessment Report no. 2016-04 of 29.12.2016.

2.2. Exercise by the Shareholders of the Right to Get Information

2.2.1. The requests of the shareholders for the information are fully and clearly responded with the exception of the information not disclosed to public due to its nature of commercial secret, in accordance with the Capital Markets Legislation and the pertinent provisions of the Turkish Commercial Code, and the special case disclosures are first made through the Public Disclosure Platform and then broadcast in the internet site of our Company on the same day. The rights of the shareholders to get information and examine the respective documents are respected and, there is no discrimination among the shareholders in this respect. All information and documents that are necessary for the shareholders to exercise their respective rights are equally made available to the shareholders through the corporate web site.

2.2.2. Most of the requests has been submitted by phone or through electronic mail within the year.

- The requests for information received by the Shareholders Relations Unit have been about the following issues:
- Information on the financial statements disclosed.
- Information on the possible investment decisions and current rental incomes of the Company.
- Information on the portfolio statements disclosed.
- Information on the special case disclosures.
- Information on the shareholding structure.
- Information on the real estates recorded in the portfolio of the Company.
- Questions about the price performance of our shares traded.
- Questions about the potential effects of the projects of the group companies on our company.
- The section "Frequently Asked Questions" on the web site indicates how to contact the company and, provides information on the questions from the shareholders and, the answers thereto.

2.2.3. There has been no request from universities and public institutions for information between 01.01.2016 – 31.12.2016. The corporate web site of the company is regularly updated so that all individuals and corporations that may wish to get information on the business operations of the company are provided with updated information.

2.2.4. The company respects the right of each shareholder to get information and examine the respective documents. There is no provision of the Articles of Association of Doğuş REIT in respect of appointment of a private auditor. Pursuant to the pertinent provisions of articles 438-443 of the Turkish Commercial Code No. 6102, each shareholder may request the General Meeting of Shareholders to provide clarification by means of performing a special audit for certain events if it is necessary to use the shareholding rights and if the right to get information and carry out examinations has already been exercised, even if it is not among the respective agenda items. There has been no request from the shareholders for special audits within the period of 01.01.2016 - 31.12.2016. The business operations of the Company are periodically audited by the Independent Auditing Company as identified at the respective General Meeting of Shareholders.

2.2.5. Great level of attention has been paid in respect of the compliance with the pertinent legislations concerning the fulfillment of the requests from investors and, there has been no adverse feedback or administrative and legal proceedings initiated against our company in connection with the exercise by the shareholders of their shareholding rights between 01.01.2016 and 31.12.2016.

2.3. General Meetings

2.3.1. Our General Meetings of Shareholders are held in such a manner that provides the shareholders with the opportunity to get sufficient information, considering the pertinent provisions of the Turkish Commercial Code, the Capital Markets Legislations, and the Corporate Governance Principles.

- 2.3.2. An information document is drafted before the General Meeting of Shareholders concerning the respective agenda items and, disclosed to the public.
- 2.3.3. Invitations for and participations in a General Meeting of Shareholders, methods to be followed during the meeting and, announcement of the resolutions of a General Meeting of Shareholder etc. are carried out in accordance with the rules as set forth under section titled the right to participation in general meetings in the corporate governance principles for the purpose of increasing the level of participation of our stakeholders, providing the maximum level of benefits to the shareholders and maintaining the efficiency in the management and administration of the respective business operations, considering the free float rate within the company. All notifications are in accordance with the Capital Market Board's Corporate Governance Principles and other pertinent legislations.
- 2.3.4. Ordinary General Meetings of Shareholders are held at least one time in a year within three months after the end of the accountancy period of the Company, and the agenda items prepared by the Board of Directors considering the pertinent provisions of the Turkish Commercial Code are discussed, and resolutions are adopted accordingly. Ordinary General Meetings of Shareholders and the quorum applied therein are subject to the pertinent provisions of the Turkish Commercial Code, and the regulations of the Capital Markets Board.
- 2.3.5. The location, date and time as well as agenda items and templates of proxies in connection with the Ordinary General Meeting of Shareholders for 2015 have been announced 21 days before the meeting date on the Turkish Trade Registry Journal, issue no. 9024, on 03.03.2016.
- 2.3.6. The Ordinary General Meeting of Shareholders for 2016 was held at the registered office on 24.03.2016 with the quorum of 215,498,969,217. The General Meeting of Shareholders was held under the surveillance of the Representative from the Turkish Ministry of Customs and Trade in a manner open to the public including with stakeholders and media, who did not have the right to speak, however, no one other than the shareholders, attended the meeting.
- 2.3.7. The announcement and the Information Document in connection with the Ordinary General Meeting of Shareholders for 2015 was disclosed to the shareholders and the public on 03.03.2016 through the Public Disclosure Platform and, the announcements concerning the General Meeting of Shareholders took place on the electronic General Meeting system of the Central Registry Agency and, the web site of the company.
- 2.3.8. Before the holding of the Ordinary General Meeting of Shareholders for 2015, the annual report, financial report and financial statements as well as the "information document" prepared in connection with the agenda items of the General Meeting of Shareholders and other documents, on which the agenda items are based, and the most recent version of the Articles of Association have been made available to the shareholders for review on the web site as from the announcement date for the invitation to the General Meeting of Shareholders, which have facilitated the participation in the General Meeting of Shareholders.
- 2.3.9. The headings for the agenda items of the General Meeting of Shareholders have been explicitly indicated without causing any possible different interpretations.
- 2.3.10. There has been no request from the shareholders in writing to the Investors Relations Department for the inclusion of any additional agenda items for the General Meeting of Shareholders.
- 2.3.11. The Minutes of the General Meeting of Shareholders and the List of Attendants prepared and signed in connection with the Ordinary General Meeting of Shareholders held on 24.03.2016 were announced through the Public Disclosure Platform on 24.03.2016. Further, it is also available through [www.dogusgyo.com.tr](http://www.dogusgyo.com.tr).
- 2.3.12. Pursuant to the pertinent provisions of the "Communique on the Electronic General Meeting System to be applied in General Meetings of Joint Stock Companies, published on the Official Journal no. 28396 of 29.08.2016, our General Meeting of Shareholders are held in a manner open to the public or as an e-General Meeting. The shareholders are able to watch the General Meeting of Shareholders and, all questions from the shareholders are clearly answered.
- 2.3.13. The resolution concerning Invitation to a General Meeting of Shareholders is adopted by the Board of Directors pursuant to the pertinent provisions of the Capital Market Law No. 6362 and of the Articles of Association of the Company and, upon the respective resolution of the Board of Directors, it is disclosed to the public through the E-Company System of the Central Registry Agency (CRA) and the Public Disclosure Platform. In addition, copies of invitations, agendas and proxies as well as other respective announcements for the General Meetings of Shareholders are published in the Turkish Trade Registry Gazette and a newspaper published in the place, where the registered office of the Company is located, within the periods as set

forth in the pertinent provisions of the Turkish Commercial Code, the Corporate Governance Principles and the Capital Market Legislations and, broadcast through our web site: [www.dogusqyo.com.tr](http://www.dogusqyo.com.tr). Legal entity shareholders are also provided with a letter with respect to the General Meeting of Shareholders.

- 2.3.14. The announcements for the General Meeting of Shareholders are made at least 21 days before the date of the meeting by means of not only the procedures as set forth in the pertinent legislations but also all kinds of communication instruments including but not limited to electronic communications to ensure that as many number of shareholders as possible is reached.

It is obligatory to observe the Capital Markets Legislations and the regulations thereof as well as the pertinent provisions of the Turkish Commercial Code with respect to the period of the announcements pertaining to the call for the General Meeting of Shareholders

Before the holding of a General Meeting of Shareholders, the respective agenda items and other necessary documents are disclosed to the public within due time and pursuant to the pertinent legislations.

- 2.3.15. Based on the agenda items of the General Meetings of Shareholders, the following subjects are made available at the registered office and the internet site of the Company for the review by the shareholders within the legal periods: yearend independent external audit report and statutory auditor's report, financial statements, annual activity report, corporate governance compliance report, profit distribution policy, draft amendment containing the previous and new forms of the amended texts in case of an amendment to the Articles of Association, preliminary permits from the Capital Markets Board and the Ministry of Customs and Trade, the shareholding structure of the Company, information that needs to be provided pursuant to the pertinent legislations with respect to the changes to the members of the board of directors and the nominated members, information on the transactions and procedures of the Company considered significant according to the pertinent legislations, and the requests of the shareholders and the Capital Markets Board for the adding any item to the agenda, if any.

- 2.3.16. Before holding of the General Meetings of Shareholders, Voting by Proxy Form and, the Proxy Form in case of Proxy by means of a Call have been made available to the respective shareholders. In addition, before the holding of the General Meeting of Shareholders, the information on the candidates to the position of member of the board of directors and the documents showing whether they meet the respective criteria of independency have been made available to the shareholders and the public.

- 2.3.17. The General Meeting of Shareholders for 2015 on 24.03.2016 was held in a manner open to the public including with stakeholders and media, who did not have the right to speak, however, no one other than the shareholders, attended the meeting.

- 2.3.18. At the Ordinary General Meeting of Shareholders for 2015, the agenda items have been explained in an impartial, explicit and understandable manner, the shareholders have been provided with the equal opportunity to express their opinions and ask questions and, a healthy discussion environment have been created.

There has been no comprehensive question from the shareholders, who attended the meeting in person and electronically, about the agenda items, for which have been not possible to provide immediate answers.

- 2.3.19. At the General Meeting of Shareholders for 2015 held on 24.03.2016, 4 (four) members of the Board of Directors, General Manager, Assistant General Manager in charge of Financial Affairs, Department Manager of the Investors Relations Department and other persons, who have been involved in the special agenda items, those, who were responsible for the preparation of the respective financial statements, the respective authorized persons of companies providing outsourced services, and auditors have attended in order to provide necessary information and, answer potential questions.

- 2.3.20. An authorized person from the Independent Auditing Company have read the Independent Audit Report for the period of 01.01.2015 - 31.12.2015 and, informed the General Meeting of Shareholders.

- 2.3.21. Pursuant to the pertinent provisions of article 1.3.6 of the Corporate Governance Communique (II-17.1) issued by the Capital Market Board and, of articles 395 and 396 of the Turkish Commercial Code, a declaration indicating that the shareholders with the power of management, the members of the board of directors, the executives with administrative responsibilities as well as their relatives by blood and marriage have not performed and carried out any significant business, which could cause any conflict of interest with the company or its affiliates, have not



engaged in any commercial business within the scope of the business operations of the company or its affiliates on their own behalf or on behalf of others, and have not been a general partner of a partnership engaging in the similar types of business operations as the company has been included as a separate agenda item of the General Meeting of Shareholders and, recorded in the minutes thereof.

- 2.3.22. The shareholders have been informed concerning the respective agenda items of the Ordinary General Meeting of Shareholders for 2015 that an amount of TL 20,000 to the Gebze Public Security and Traffic Services Support and Cooperation Association and, an amount of TL 20,000 to the Gebze Public Security and Traffic Services Supervision and Cooperation Association, an amount of TL 25,000 to the Saryer Sports Club Association have been donated within 2015 upon the respective resolutions of the Board of Directors of the Company.
- 2.3.23. In line with the respective motion submitted by the Board of Directors of the Company and pursuant to article 19 of the Capital Market Law's Communiqué No. II-19.1, it has been unanimously agreed by the shareholders that the total amount of the donations within 2016 shall be limited to the amount of TL 1,000,000.
- 2.3.24. The minutes of the General Meeting of Shareholders, the list of attendants, and the subjects, for which a resolution has been adopted for the respective Agenda Items have been disclosed through the Public Disclosure Platform on 24.03.2016 and, made available on the section General Meetings in our web site.  
The resolutions of the General Meeting of Shareholders were registered on 30.03.2016, published on the Turkish Trade Registry Journal, issue no. 9047 on 05.04.2016 and, disclosed through the Public Disclosure Platform on 30.03.2016.
- 2.3.25. An Extraordinary General Meeting of Shareholders was held on 29.08.2016 concerning the amendment to article 7 of the Articles of Association of the Company since all the actives, passives, rights and liabilities of 45 real estates located in the Doğuş Center Etiler real estate and, the integral parts thereof shall be transferred to our Company by means of partial demerger and depending on the increase of the capital of the Company in kind.  
The Extraordinary General Meeting of Shareholders was held in a manner open to the public including with stakeholders and media, who did not have the right to speak, however, no one other than the shareholders, attended the meeting.
- 2.3.26. At the Extraordinary General Meeting of Shareholders, the agenda items have been explained in an impartial, explicit and understandable manner, the shareholders have been provided with the equal opportunity to express their opinions and ask questions and, a healthy discussion environment have been created.  
Some questions were asked by the shareholders, who attended the meeting in person or electronically to get information under the scope of articles 5 and 6 concerning the approval of the partial demerger as set forth under the respective agenda items. All the questions about the said process have been carefully answered.
- 2.3.27. At the Ordinary General Meeting of Shareholders held on 29.07.2016, 2 (two) members of the Board of Directors, Consultant to the Board of Directors, General Manager, Assistant General Manager in charge of Financial Affairs, other persons, who have been involved in the special agenda items and, the respective authorized persons of companies providing outsourced services have attended in order to provide necessary information and, answer potential questions.
- 2.3.28. Article 6 of the agenda items concerning the approval of the partial demerger has been approved by a majority vote: 214,991,666.217 affirmatives votes and 1,422,095 dissenting votes as a result of the voting carried out physically and electronically. Eleven investors, who have physically attended the voting and cast dissenting votes, provided dissentive opinions and, declared that they would like to exercise the right to leave at a leaving price of 3.7426 for 1,064,657 shares. The statements of the respective investors have been recorded in the minutes. After the Extraordinary General Meeting of Shareholders, the investors were paid in consideration of their respective shares within due time and, the transfer of the said shares has been completed.
- 2.3.29. The minutes of the Extraordinary General Meeting of Shareholders, the list of attendants, and the subjects, for which a resolution has been adopted for the respective Agenda Items were disclosed through the Public Disclosure Platform on 29.08.2016 and, made available on the section General Meetings in our web site.

The Extraordinary General Meeting of Shareholders of the Company was held in accordance with the pertinent provisions of the Capital Market Board, the Turkish Commercial Code, all the relevant legislations and, the Corporate Governance Principles. The results of the General Meeting of Shareholders were registered on 06.09.2016 and, together with all the documents in connection with the General Meeting of Shareholders, announced through the Public Disclosure Platform on 06.09.2016 and, published on the Turkish Trade Registry Journal, issue 9156 on 16.09.2016. Further, the minutes of the meeting, the list of attendants, and all other relevant documents have been made available on the web site of the Company to the shareholders.

2.3.30. Principles for the Participation in a General Meeting of Shareholders;

The share certificates with type A holding 0.78% of the shares in the Company are of registered shares, and the share certificates with type B holding 99.22% of the shares in the Company are of bearer shares. 84.55% of the total capital consists of the shares open to the public.

Pursuant to the pertinent provisions of the Turkish Commercial Code No. 6102, article 415, paragraph 4 and, of the Capital Market Law, article 30, paragraph 30, the right to attend a General Meeting and cast votes may not be conditional upon the blockage of the share certificates. Accordingly, the shareholders, who wish to attend a General Meeting of Shareholders, are not required to have their shares blocked. However, the shareholders, who prefer not to inform the Company of their identifications and their shares, and thus, the said information of whom is not accessible to the Company, shall be required to ensure that the restriction that prevents the brokerage houses from informing our Company of their identifications and their shares has been removed at least one day before the respective General Meeting of Shareholders, if they would like to attend the said General Meeting of Shareholders.

The shareholders of our Company may attend an Ordinary General Meeting of Shareholders in person or by their proxies under a physical environment or electronically pursuant to the pertinent provisions of article 1527 of the Turkish Commercial Code No. 6102. Those, who prefer to attend a General Meeting of Shareholders in person or by their proxies, should notify about this preference through the Electronic General Meeting System (EGKS) made available by the Central Registry Agency (CRA) at least 1 (one) day before the date of the respective General Meeting of Shareholders. The proxies, who would attend a General Meeting of Shareholders in person or by their representatives, should present their identities at the respective meeting, no matter they have been appointed by means of a notarized proxy or through the EGKS. A shareholder or their proxies, who attend a meeting, should possess a secure electronic signature. Therefore, the shareholders, who prefer to carry out the respective procedures through the EGKS, should first have a secure electronic signature, register with the CRA, e-MKK Information Portal so that they could attend a General Meeting of Shareholders. The notifications that are to be made through the EGKS on behalf of a legal entity pursuant to the pertinent provisions of the Turkish Commercial Code, article 1526 should bear the secure electronic signature of the authorized signatory of the said legal entity issued on their behalf.

The shareholders, who prefer to attend an Ordinary General Meeting of Shareholders electronically, or their proxies, should have fulfilled their respective obligations pursuant to the pertinent provisions of the Turkish Commercial Code, the "Regulations on General Meetings to be held Electronically for Joint Stock Companies" published on the Official Journal, no. 28395 pm August 28, 2012 and, "the "Communique on the Electronic General Meeting System to be applied in General Meetings of Joint Stock Companies, published on the Official Journal no. 28396 of August 29, 2016.

Save for their respective rights and liabilities, the shareholders, who is not able to attend the meeting in person and, instead who is to participate in the meeting physically by their proxies or electronically through the EGKS system, shall be required to issue their proxies as per the following template or get a proxy template from the registered office or the web site [www.dogusgyo.com.tr](http://www.dogusgyo.com.tr), fulfilled the requirements of the Capital Market Board's "Communique on the Voting by Proxy and Collection of Proxy by Call" (II-30.1) published on the Official Journal, issue no. 2881 of December 24, 2013 and, entered into force accordingly, and present their proxies with their signatures attested by a notary public in accordance with the following

template. A proxy, who has been appointed through the Electronic General Meeting System, shall not be required to present a proxy document.

All stakeholders and media organs are invited to our General Meeting of Shareholders.

Save for the pertinent provisions concerning votes electronically for the respective Agenda Items, the open ballot method by raising hands shall be used at the General Meetings of Shareholders. Pursuant to the pertinent provisions of article 29 of the Capital Market Law no. 6362, no separate notification by registered mail shall be sent to the shareholders for any traded share that is of a registered share.

Our General Meeting of Shareholders are held at the registered office of the Company.

At a General Meeting of Shareholders, the agenda items are explained in an impartial, explicit and understandable manner, the shareholders are provided with the equal opportunity to express their opinions and ask questions and, a healthy discussion environment have been created.

2.3.31. Meeting Minutes

Meeting Minutes are available on our internet site [www.dogusgyo.com.tr](http://www.dogusgyo.com.tr) and through the section e-General Meeting within the Information Portal of the Central Registry Agency. Further, the said minutes are kept at the registered office and made available to the shareholders upon their request.

2.3.32. Special Resolutions

Pursuant to the pertinent provisions of the Communiqué Serial No. III-48.1 concerning the Principles for Real Estates Investment Trusts;

The resolutions of the board of directors with respect to the subjects listed herein between the companies, the shares of which are traded through the stock exchange, and the parties indicated herein must be disclosed to the public in accordance with the arrangements in connection with special disclosures and, if not adopted unanimously, then added to the agenda of the next General Meeting of Shareholders and the shareholders are informed accordingly.

A- Parties

- a) Shareholders holding at least 20% of the capital or who have the voting right at the same percentage.
- b) Shareholders who have the privilege to nominate the members of the board of directors.
- c) Other companies in which those listed in the subparagraph (a) and (b) hold at least 20% of the capital or have the voting right at same percentage.
- d) Affiliates of the company.
- e) Companies providing the company with business administration services.
- f) Companies providing the company with portfolio management.
- g) Companies providing the company with consultancy services.
- h) Contractors providing the company with construction services.
- i) Other partners of an ordinary partnership of which the company is a partner.
- j) Related parties of the company.

B- Special Resolutions

- a) Resolutions with respect to purchasing, selling, leasing or renting out the assets in the portfolio of the company.
- b) Resolutions with respect to the identification of the companies which undertakes the business to market the assets in the portfolio of the company.
- c) Resolutions with respect to the establishment of a loan relationship.
- d) Resolutions with respect to the identification of the brokerage house which shall perform the business relating to offering the shares of the company to the public.
- e) Resolutions with respect to making joint investments.
- f) Resolutions with respect to the identification of real persons or legal entities, providing financial, legal or technical consultancy services to the company.
- g) Resolutions with respect to the identification of the real persons or legal entities providing provide project development, supervision or contracting services to the company.

- h) Resolutions with respect to adding the marketable securities issued by the legal entities listed in the paragraph (a) hereof to the portfolio of the company.
- i) Resolutions with respect to the establishment or termination of an ordinary partnership.
- j) Resolutions with respect to the transactions for the provision of goods and services between the company and the related parties.
- k) Resolutions not listed herein but resulting in favor of the parties listed in the paragraph (a) hereof.

The corporate governance principles as identified by the Board with respect to the transactions between the company and the related parties are reserved.

The pertinent provisions of the Turkish Commercial Code, article 408, paragraph 2, subparagraph (f) and article 23 shall not apply to the wholesale of the assets, the value of which is not exceeding 75% of the total assets of a company.

#### 2.4. Voting Rights and Minority Rights

- 2.4.1. At the General Meetings of Shareholders, the votes are cast as an internal directive prepared by the Board of Directors pursuant to the pertinent arrangements issued by the Ministry of Customs and Trade. A shareholder, who does not attend a meeting physically, shall cast their votes as per the pertinent provisions of the legislations concerning General Meetings held electronically.
  - 2.4.2. There is no application within the Company aiming to make difficult the exercise the voting rights; each shareholder is provided with an opportunity to exercise the voting rights in the easiest and most appropriate manner. Great attention is paid at our Company to the exercise of the minority rights. There has been no critics or complaints submitted by minority shareholders to the company within the period of 01.01.2016 - 31.12.2016. The shares within the Company are divided into two groups: group A and group B. The Group (A) Shares have the privilege to nominate for the election of the members of the Board of Directors. Each shareholder holding the shares of the Company has one vote to cast for their one share. There is no other privilege granted to the shareholders within the Company. A non-privileged shareholder within the Company eligible for voting may exercise this right in person or through a third person not necessary a shareholder. There is no provision in the articles of association aiming to prevent a non-shareholder to cast vote acting on behalf of a shareholder. The information on the candidates for the members of the Board of Directors are submitted to the shareholders for the information in the General Meeting of Shareholders, and then such candidates are appointed by the resolution of the General Meeting of Shareholders.
  - 2.4.3. There is no mutual participation relation in the capital of our company.
  - 2.4.4. The minority shares are not represented in the management. Pursuant to the pertinent provisions of article 21 of the articles of association, the shareholders, who hold twentieth of the capital, shall be entitled to request the Board of Directors in writing to call a General Meeting or include the respective issues to the agenda items, by means of indicating the respective requirements and agenda items. Pursuant to the pertinent provisions of article 41 of the Turkish Commercial Code, they shall be entitled to request the Board of Directors in writing to call a General Meeting or include the respective issues to the agenda items, by means of indicating the respective requirements and agenda items.
  - 2.4.5. Save for the special provisions of the legislations and the articles of association, the voting at a General Meeting shall be carried out as an open ballot by means of raising hands using an electronic voting system.
- #### 2.5. Right of Dividend
- 2.5.1. A dividend policy is formed and made available through our web site in accordance with the Corporate Governance Principles so that the shareholders are informed thereof. The dividend policy is announced through [www.dogusgyo.com.tr](http://www.dogusgyo.com.tr).
  - 2.5.2. There is no privilege in respect of profit distribution within the Company. The Board of Directors prepares and submits to the General Meeting of Shareholders for approval the proposal for the profit distribution in accordance with the pertinent provisions of the Capital Markets Legislations, the Tax Legislations and the Articles of Association. The General Meeting of Shareholders discusses and adopts a resolution with respect to whether the profit is distributed and when and how the profit is distributed, and the notices relating thereto are made within the legal periods. The Company complies with the respective arrangements as set forth under the Turkish

Commercial Code No. 6102 and the Capital Market Legislation in respect of the profit distribution and setting aside a reserve fund.

- 2.5.3. It is obligated to set off the net losses from the current and previous years in the financial statements of the Company from the appropriate stockholder's equity items. However, the losses from the previous years not being set off due to a requirement from the legislation or a tax obligation may be subject to a deduction for the determination of the net distributable profit.
- 2.5.4. The respective resolution of the Board of Directors no. 2016/432 of 01.03.2016 concerning the profit distribution was disclosed on the Public Disclosure Platform on 03.03.2016, submitted to the Ordinary General Meeting of Shareholders held on 24.03.2016 for the approval by the shareholders and, approved accordingly and, it is available on the web site of the company and, the respective dividend policy is mentioned in the annual reports.
- 2.5.5. At the Ordinary General Meeting of Shareholders held on 24.03.2016, upon the proposal of the Board of Directors concerning the operating profits for 2015, in line with the current investment project and growth policies of the Company, it was unanimously resolved by the shareholders holding the shares of TL 215,498,969.217 that the distributable profit of TL 22,913,369.86 indicated in the respective financial statements prepared as per the Tax Procedure Law for 2015 shall not be distributed and, set aside for the extraordinary reserve funds.
- 2.5.6. When and how the annual profit shall be distributed shall be decided at a General Meeting of Shareholders upon the proposal of the Board of Directors considering the respective arrangements of the Capital Market Board. No profit distributed as per the respective provisions of the articles of association shall be taken back.
- 2.5.7. The procedures corresponding to the profit distribution shall be performed and carried out within the legal periods as set forth under the pertinent legislations.
- 2.5.8. The dividend may be paid in equal or different installments provided that it shall have been decided at a General Meeting of Shareholders. The payment of the dividend in installments shall take place as per the Capital Market Legislations.
- 2.5.9. The dividends are equally distributed to the existence shares as the distribution date irrespective of the dates of issuance and acquisition thereof. As per the pertinent provisions of article 20 of the Capital Market Law, the total dividend advance that may be given in an accountancy period may not exceed half of the profit obtained in the previous period. No decision may be made to grant additional dividend advances and distribute dividends unless the dividend advances made in the previous periods have been set off.
- 2.5.10. The proposal of the Board of Directors concerning the profit distribution or the resolution of the Board of Directors concerning the distribution of dividend advances as well as the dividend statement and the dividend advance statement, the form and content of which is determined at a General Meeting of Shareholders, shall be disclosed to the public as per the pertinent arrangements of the General Meeting of Shareholders concerning special case disclosures. The dividend statement must be disclosed to the public not later than the date the agenda items of the respective Ordinary General Meeting of Shareholders have been announced. Where and when the dividend, for which a resolution has been adopted at a General Meeting of Shareholders, shall be disclosed to the public by means of a newspaper published where the registered office is situated, of a special case disclosure through the Public Disclosure Platform and, the web site of the Company.
- 2.5.11. The dividend amount decided at a General Meeting of Shareholders to be distributed to a non-shareholder shall be paid in proportion to the installment payments made to the shareholders and as per the same principles and methods. In case of an amendment to the dividend policy, the resolution of the Board of Directors and the reason of the said amendment shall be disclosed to the public as per the arrangements in connection with the special case disclosures.
- 2.5.12. Dividend Distribution for 2015  
The Dividend Statements are made available in the "Dividend Statement for 2015" in the section "Investors Corner" through the web site: [www.dogusgyo.com.tr](http://www.dogusgyo.com.tr)

At the meeting of the Board of Directors held on 01.03.2016, it was resolved that the proposal suggesting that the distributable profit accrued in 2015 shall not be distributed and transferred to the extraordinary reserve funds account shall be submitted to the General Meeting of

Shareholders for approval. At the Ordinary General Meeting of Shareholders held on 24.03.2016, the said resolution was approved.

2.6. Share Transfers

There are no provisions of the articles of association of the Company that restrict the share transfers.

Section III - Public Disclosure and Transparency

3.1. Corporate Web Site and Its Content

3.1.1. Our Company's has its own internet site at the address ([www.dogusgyo.com.tr](http://www.dogusgyo.com.tr)) operating in accordance with the pertinent provisions of article 1524 of the Turkish Commercial Code and of the Capital Market Legislations and, containing the subjects as specified in the Corporate Governance Principles with respect to the public disclosures. Our web site was registered on 07.10.2013, and this registration was published through the Turkish Trade Registration Journal no. 8424 on 11.10.2013.

3.1.2. The letterhead and printed documents of our Company contains the web site address. The principles for the management and content of our web site are mentioned in the "Information Policy". The information contained in the web site of the Company is regularly updated and, in consistency with the disclosures made as per the pertinent legislations. It contains the information required to be disclosed pursuant to the pertinent legislations, as well as corporate information on our Company, strategic targets and principles, special case disclosures, independent audit reports, information on the Members of the Board of Directors and the senior management of the Company, organization and shareholding structure of the Company, trade registration information, special case disclosures on the Public Disclosures Platform, information and graphics about the share certificates and the performance thereof, annual reports, explanations and public offer circulars, last version of the Articles of Association of the Company, agendas of the General Meetings of Shareholders, list of attendants and minutes, form to vote by proxy, call information forms, profit distribution and information policies, information on transactions with respect to related parts, report for the compliance with the corporate governance principles, ethical rules set forth by the Company, the remuneration policy, the policy with respect to donations, and announcements required to be made pursuant to the respective regulations. There is also a section "contact us" through which the investors may forward their information requests and questions to the Company.

3.1.3. The updated information on the capital and shareholding structure of our Company as well as privileged shares is contained in the web site. There is no real person with ultimate controlling shares more than 5% of the capital of the Company as of 31.12.2016.

3.1.4. It is the responsibility of the Investors Relations Department to prepare and keep the content of the web site updated and, include additional information when necessary. The information contained in the web site is also in English as the same content in Turkish so that the respective international investors may benefit therefrom.

3.1.5. Further, pursuant to pertinent provisions of the "Regulations on Web Sites of Stock Corporations" and of the Turkish Commercial Code No. 6102, article 1524, paragraph one, and of article 7 of the regulations concerning the principles and methods in respect of opening a web site and arranging the content thereof, the companies with shares being monitored in records shall outsource the supporting services for the Central Database Service Provision from the Central Registry Agency (CRA) and, the announcements that are legally need to be made are accessible from the CRA e-Company: Corporation Information Portal.

3.1.6. The efforts to ensure that the web site operates in a better and efficient manner, the compatibility thereof with the pertinent legislations and, the sustainability are under the surveillance of the Corporate Governance Committee.

3.2. Annual Reports

3.2.1. Annual Reports of our Company prepared annually and quarterly provide the public and shareholders with the complete and right information on the activities of the Company in a

detailed manner. In addition, ultimate attention is paid to ensure that the information contained in the Annual Activity Reports of the Company complies with the Communiqué on the Corporate Governance Principles.

3.2.2. In the preparation of the annual report, required attention is paid to comply with the pertinent provisions of:

- “the Corporate Governance Communiqué” (II-17.1) published through the Official Journal no. 28871 dated 03.01.2014 and entered into force thereupon; “the Communiqué issued by the Capital Market Board (II-14.1) on the Principles for the Financial Reporting in the Capital Market” published through the Official Journal no. 28676 dated 13.06.2013 and entered into force thereupon;
- “the Regulations issued by the Ministry of Customs and Trade on the Identification of the Minimum Contents of the Annual Reports” published through the Official Journal no. 28395 dated 28.08.2012 and entered into force thereupon;
- “the Turkish Commercial Code no. 6102” passed on 13.01.2011, published through the Official Journal no. 27846 dated 14.02.2011 and entered into force on 01.07.2012;
- “the Law on the Amendment to the Enforcement and Application of the Turkish Commercial Code” passed on 26.06.2012, published through the Official Journal no. 28339 dated 30.06.2012 and entered into force on 01.07.2012, as well as the pertinent legislations concerning the Capital Market.

3.2.3. The respective sections of our annual report contain:

3.2.3.1. The information on the duties carried out by the members of the board of directors as well as the executives outside the Company and, the statements of the members of the board of directors with respect to their independencies.

3.2.3.2. The assessment by the board of directors on the operation principles of the committees formed within the board of directors and, the efficiency thereof, including the members, the meeting frequency, the activities performed thereby.

3.2.3.3. The number of the meetings held by the board of directors within the fiscal period and, the attendance of the members of the board of directors to such meetings.

3.2.3.4. The information on the amendments to the pertinent legislations as may substantially affect the activities performed by the Company.

3.2.3.5. The significant legal actions against the Company and, possible consequences thereof.

3.2.3.6. The possible conflicts of interest between the Company and the corporations, from which the Company receives services with respect to the investment consultancy and rating and, the actions taken by the Company to prevent such conflicts.

3.2.3.7. The information on the affiliates, the Company holds the shares therein more than 5% of their respective capitals and,

3.2.3.8. The information on the corporate social responsibility activities for the social rights, professional education of the employees as well as for other social and environmental subjects.

3.2.4. By the Board of Directors, the following resolutions have been adopted:

the resolution no. 2016/429 of 15.02.2016 for the financial statements pertaining to the period of 01.01.2015 - 31.12.2015,

the resolution no. 2016/431 of 26.02.2016 for the annual reports pertaining to the period of 01.01.2015 - 31.12.2015,

the resolution no. 2016/438 of 29.04.2016 for the annual reports and financial reports pertaining to the period of 01.01.2016 - 31.03.2016,

the resolution no. 2016/445 of 01.08.2016 for the annual reports and financial reports pertaining to the period of 01.01.2016 - 30.06.2016,

the resolution no. 2016/451 of 08.11.2016 for the annual reports and financial reports pertaining to the period of 01.01.2016 - 30.09.2016.

## SECTION IV - STAKEHOLDERS

### 4.1. Information Provided to Stakeholders

- 4.1.1. A stakeholder is a person and/ or legal entity involved in a direct and/ or indirect relation with the business operations of a company and effected positively or negatively by the business operations of that company.  
Our Company pays ultimate attention to protect the rights of all stakeholders regulated under the pertinent legislations and mutual agreements, and provides sufficient information in this respect. In case it is found out that the rights of a stakeholder protected under the pertinent legislations and respective agreements are breached, all corrective actions are efficiently and quickly taken to ensure that the said rights are accessible to the said stakeholder.  
The Company's Policy on Stakeholders were approved by the resolution of the Board of Directors no 2016/441 on 27.06.2016.
- 4.1.2. The stakeholders are informed of the company policies and procedures with respect to the protection of their rights in a sufficient manner by any means available including the corporate web site. The information is provided by means of disclosures made through the Public Disclosure Platform.
- 4.1.3. The stakeholders are provided with the opportunity to forward their opinions on the transactions and procedures of the Company considered by them to be contrary to the pertinent legislations and unethical to the Corporate Governance Committee or the Auditing Committee through the Shareholders Relations Unit.
- 4.1.4. There has been no notification sent by the stakeholders to the Investors Relations Department in respect of such transactions and procedures contrary to the pertinent legislations and not considered ethical to the period of 01.01.2016 - 31.12.2016.
- 4.2. Participation of the Stakeholders in the Management
- 4.2.1. All channels are kept open through which the stakeholders and in principal, our employees are able to contribute to the management of the company in such a manner that shall not disturb the business operations of the company within the transparent, integrated and accountable management understanding considering the free float rate of 84.55%.
- 4.2.2. Our Company attempts to develop such models to support the participation of its employees and the stakeholders in the management in such a manner that does not disrupt the activities of the Company.
- 4.2.3. The opinions from the shareholders are submitted to the senior management for review and, solution offers and policies are developed accordingly. Weekly meetings, in which the employees of the Company participate, are held under the presidency of the General Manager for the purpose of providing the coordination. In such meetings, the opinions and suggestions of the employees with respect to the activities of the Company are considered.
- 4.2.4. Any request and problems of the real persons and legal entities that may arise from the lease agreements with the Company are forwarded by the respective department to the senior management of the Company where solution oriented efforts are made.
- 4.3. Human Resources and Training Policy
- 4.3.1. There are "Human Resources and Training Policy", "Personnel Succession Policy", "Personnel Training Procedures", "Procedures for Personal Rights and Wage Payments of Personnel" and Training Request and Assessment Forms approved by the resolution no. 2015/421 of 20.07.2015. In addition, the respective applications of the Doğuş Group are followed in this respect. A Personnel Compensation Policy is available within the Company, which was approved as a result of the meeting of the Board of Directors no. 2014/400 of 30.12.2014. These policies are updated when necessary.
- 4.3.2. Although there is a limited number of employees due to the limited scope of the business operations of the Company;
- 4.3.2.1. As per the Human Resources and Training Policy, the main target is to ensure that that sufficient number of personnel shall be employed in line with the vision and mission of the Doğuş Group and as per the respective requirements and, the personnel work in such areas appropriate for their respective knowledge and experiences.
- 4.3.2.2. In the recruitment procedure, the personnel with such qualifications and education required for the respective business operations shall be employed.
- 4.3.2.3. Great attention is paid at the Company to the maintenance of the motivation and loyalty of the employees.
- 4.3.2.4. All opportunities for training are searched to increase the level of knowledge and skills of the



personnel and, a training planning is made accordingly. An environment, where the personnel access the opportunities for continuing training and personal development, is formed, the employees are equally treated in terms of training and promotion, and the employees are given the opportunities to improve the level of their knowledge, skills and abilities through such training programs designed to that end.

- 4.3.2.5. All rights granted to the employees are fairly considered, and importance is attached to the trainings designed to improve the level of knowledge, skills and abilities of the employees.
- 4.3.2.6. Strict attention is paid to the planning and improvement of the careers of the employees in line with the requirements of the organization.
- 4.3.2.7. The rights granted to the employees are fairly considered. Fair remunerations and awards take place within the company.
- 4.3.2.8. The employees are paid tribute by means of considering and assessing their performances. Their promotions are supported. Personal rights are respected when criticizing them.
- 4.3.2.9. The working environment provided to our employees possesses secure, comfortable and advanced technology infrastructures and has been designed to deliver the highest level of efficiency.
- 4.3.2.10. The employees are informed of the financial situation of the Company, wages, career, training, health and other issues concerning them.
- 4.3.2.11. Our employees are protected against various risks by means of medical and health insurances.
- 4.3.2.12. There is no discrimination among the employees and each employee is treated equally. There has been no complaint received in this respect by the management of the Company and/ or the Board of Directors' Committees within 2016.
- 4.3.2.13. Due to the number of the employees, there is no union in the company, and there is no collective labor agreement. The right to establish or be a member of an association is not restricted, provided that the respective permits shall have been obtained.
- 4.3.2.14. There is a succession planning in respect of the determination of executives to be appointed for such cases considered to cause disruptions in the management of the Company due to the position changes of executives.
- 4.3.2.15. The Corporate Governance Committee that fulfills the duties of the Remuneration Committee acts sensitively when making a proposal about the increase of remunerations to the Board of Directors and, assesses the average levels in the sector, the increase rates applied in the Dogus Group and, considers the position changes and promotions etc.
- 4.3.2.16. There is a personnel succession policy that is applied within the Company.

#### 4.4. Ethical Principles and Social Responsibility

- 4.4.1. The Company engages in its business operations within the framework of the code of conducts disclosed through the corporate web site. The Company is sensitive to its social responsibilities. It pays ultimate attention in respect of the compliance with the regulations and the codes of conduct on the environment, consumers and public health. It supports and respects the human rights.

Our Company aims to manage the investments of its shareholders in the best manner. It tries to minimize the risks that may arise with respect to the investments.

Each shareholder is given the same value irrespective of the number of shares they hold.

The information on the financial situation, the Company's current structure, commercial activities and performance is explicitly and periodically updated and provided to the shareholders.

It pays great attention to ensure that the transparency principles are fully applied in order to provide the stakeholders and suppliers with the right to get updated information. It attaches importance to support the efforts to ensure that they are provided with the right information on short notice.

The Company adopts and ensures that its employees and partners adopt the principles of transparency, integrity and honesty while carrying out its activities.

It strictly complies with the legal rules of the country where it operates and, the applicable restrictions set forth under the pertinent legislations. It respects the rights and freedoms of any person it is in a relationship with.

It provides all types of sources so that the employees are able to work in a safe, healthy and peaceful environment.

A common value has been established so that the employees act in the understanding of team spirit and solidarity and, it is aimed to maintain this value.

It is aimed to create a structure that is continuously improved taking into consideration the opinions of the employees.

The employees are expected to build honest communications with the shareholders, suppliers and customers. They are expected to avoid any behavior that may adversely affect the reputation of the Company.

4.4.2. The code of conducts of the Company were deliberated and approved at the meeting of the Board of Directors no. 2012/326 of 07.03.2012.

4.4.3. The code of conducts of the Company is announced through the web site ([www.dogusgyo.com.tr](http://www.dogusgyo.com.tr)).

4.4.4. Social Responsibility:

Doğuş REIT aims to contribute to the social, cultural, artistic and economic development of the regions, where it performs its projects, and carries out social responsibility projects to that end. Our company acts with the understanding of social responsibility in all types of business operations and, attaches great importance to the compliance with the applicable laws and environmental values. There is no legal case initiated against the Company due to any harm to the environment within this period.

Doğuş REIT aims to contribute to the social, cultural, artistic and economic development of the regions, where it performs its projects, and carries out social responsibility projects to that end. Notwithstanding, in order to minimize the negative impacts caused by the Doğuş Group to the ecological environment, plastic and paper waste is collected and separated within the company and, regularly sent to Ayhan Şahenk Foundation.

As per the resolution no. 447 adopted by the Board of Directors on 05.09.2016, it has been resolved unanimously by the attending members to take part, contributing the share "Platinum Contribution" of TL , within the Social Responsibility Project, in the "GYODER REAL ESTATE INVESTMENT TRUST ASSOCIATION GRAND NATIONAL ASSEMBLY OF TURKEY BUILDING CONSORTIUM" within the slogan "Assembly of the Nation is Made by the Nation" in order to correct damages and losses in the Grand National Assembly of Turkey caused during the coup attempt on July 15, renew and reconstruct it in accordance with the projects and annexes thereto approved by the Presidency of the Grand National Assembly of Turkey within the limitations of the respective budget, and perform and carry out all annexes, maintenance and repair activities and/or cause to do the same, and that the company's representative shall sign the "GYODER REAL ESTATE INVESTMENT TRUST ASSOCIATION GRAND NATIONAL ASSEMBLY OF TURKEY BUILDING CONSORTIUM AGREEMENT".

## SECTION V – BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

5.1.1. The board of directors discloses the vision, mission and strategic targets of the Company through the web site and the respective annual reports. Our Company's Board of Directors is composed of six members. The Board of Directors of the Company consists of six members. The structure of the Board of Directors composed of six members has been established in order to ensure that quick and rational resolutions are adopted, that the committees required to be formed in accordance with the corporate governance principles, and that they work in an efficient and productive manner. There are executive and non-executive members in the Board of Directors Most of the members of the Board of Directors are non-executive members one member of the Board of Directors is of executive member and, five members are of non-executive members. Out of non-executive members, two members are independent members. The Board Members are elected by the General Meeting of Shareholders for a maximum period of 3 (three) years. The Chairman and most of the members of the committees of the Board of Directors are of the independent members. At the Ordinary General Meeting of Shareholders held on 24.03.2016, the members of the Board of Directors are elected for a period of one (1) year.

Name, Surname	Position	Executive Position	Independent Member Status	Committee Position
---------------	----------	--------------------	---------------------------	--------------------

Hüsnü Akhan	Chairman	Non-executive		
Ekrem Nevzat Öztangut	Member	Non-executive		
Hayrullah Murat Aka	Member	Non-executive		
Hasan Hüsnü Güzelöz	Member	Executive		Member of the Corporate Governance Committee Member of the Early Detection of Risk Committee, Manager of the Investors Relations Department
Mustafa Sabri Doğrusoy	Member	Non-executive	Independent Member	Chairman of the Audit Committee Chairman of the Early Detection of Risk Committee Chairman of the Corporate Governance Committee
Özlem Tekay	Member	Non-executive	Independent Member	Member of the Audit Committee Member of the Corporate Governance Committee Member of the Early Detection of Risk Committee

- 5.1.2. Two members of the board of directors composed of six members are independent members and, they are independent of Doğu Holding A.Ş., which is our partner in respect of the employment, capital and commercial activities, and all other persons and legal entities providing our Company with services. As per the pertinent provisions of article 4.3.6 of the Capital Market Board's Corporate Governance Principles in "Annex-I" to the Corporate Governance Communique (II-17.1), the Independent Members of the Board of Directors satisfy the independency criteria as set forth under the Capital Market Board's Corporate Governance Principles. The independent members have submitted their written statements proving that they are independent as per the applicable legislations, articles of association and corporate governance principles to the Corporate Governance Committee serving also the Nomination Committee. This document is made available in the web site and annual report of the Company. The independency statements of the independent members have been disclosed through the Public Disclosure Platform on 03.03.2016 and, submitted to the General Meeting of Shareholders held on 24.03.2016. Nothing happened in the period of 01.01.2016 - 31.12.2016 that has affected the independency of the Independent Members of the Board of Directors.
- 5.1.3. The duties that may be assumed by the Members of the Board of Directors outside the Company are performed under certain rules in accordance with article 18 of the Articles of Association. The restrictive provisions of the Capital Market Legislations apply to the qualifications of the members.
- 5.1.4. The members of the Board of Directors of the Company were elected at the Ordinary General Meeting of Shareholders held on 24.03.2016 for a term of office until the respective Ordinary General Meeting of Shareholders, where the business operations for 2016 shall be deliberated, and satisfy the qualifications as set forth under articles 347 and 375 of the Turkish Commercial Code No. 6102. Further, the compliance with the pertinent provisions of article 17 of the Communique Serial No. II-48.1 concerning the Principles for Real Estates Investment Trusts has been established.
- 5.1.5. Subsequent to the General Meeting of Shareholders to appoint the members of the Board of Directors, the Board of Directors meets to determine the Chairman and the duties of the members. Any member whose term of office expires is allowed to be reappointed. In case of any vacancy, the Board of Directors provisionally appoints a person with the qualifications as set forth in the Turkish Commercial Code and the Capital Markets Legislations, and submits this appointment to the General Meeting for its approval. The member elected in this manner completes the remaining period of the previous member. At the meeting of the Board of Directors no. 2016/437 of 08.04.2016, the duty distribution among the members of the Board of Directors has been performed and, announced on the Turkish Trade Registry Journal, issue no. 9058 on 20.04.2016.

- 5.1.6. The members of the Board of Directors are required to have the qualifications as set forth in the Turkish Commercial Code, the Capital Market Legislations and other pertinent legislations. The members of the Board of Directors must meet the conditions as set forth in the Capital Markets Board's Communiqué III-48.1 on the Principles for the Real Estate Investment Trusts, and the independent members of the Board of Directors must fulfil the conditions as set forth in article 4.3.6 of the Corporate Governance Communiqué II-17 on the Corporate Governance Principles. This is also specified in article 12 of the Articles of Association of the Company.
- 5.1.7. At the Ordinary General Meeting of Shareholders held on 24.03.2016, it has been unanimously approved that pursuant to the pertinent provisions of article 1.3.6 of the Corporate Governance Communiqué (II-17.1) issued by the Capital Market Board and, of articles 395 and 396 of the Turkish Commercial Code, the shareholders with the power of management, the members of the board of directors, the executives with administrative responsibilities as well as their relatives by blood and marriage may perform and carry out any significant business, which could cause any conflict of interest with the company or its affiliates, engage in any commercial business within the scope of the business operations of the company or its affiliates on their own behalf or on behalf of others, and may be a general partner of a partnership engaging in the similar types of business operations as the company at the Ordinary General Meeting of Shareholders held on 26.03.2016 as a result of the respective deliberations thereon. There has been no such transaction carried out by the members of the Board of Directors and the senior executives of the Company.
- 5.1.8. Further, each Independent Member:
- 5.1.8.1. has not, during the last 5 years, established any employment relation, in the capacity of an executive assuming significant duties and responsibilities, whether directly or through their spouses and relatives by blood and by marriage up to second degree, with Doğuş REIT and its affiliates, where it controls the management or it has a significant influence thereon, and the partners, who control the management of the Company or who have a significant influence thereon, and the legal entities which control such affiliates, or has not held more than 5% of the capital or voting rights or privileged shares thereof or, has not established any significant commercial relation therewith.
- 5.1.8.2. has not held any executive position assuming significant duties and responsibilities within or become a member of the management board of the companies, from which Doğuş REIT receive auditing, rating and consultancy services, or the companies, which provide services or goods to a significant extent during the periods the Company has received such services or goods.
- 5.1.8.3. has a sufficient degree of professional education, knowledge and experience to fulfil their respective duties.
- 5.1.8.4. not working in public departments and offices in full time manner.
- 5.1.8.5. resides in Turkey.
- 5.1.8.6. has strong ethical standards, professional reputation and experience to provide positive contributions to the activities of the Company, remain impartial in case of possible conflicts of interest between the Company and the shareholders and, decide freely considering the rights of the respective stakeholders.
- 5.1.8.7. is able to spend sufficient time to follow up the course of activities of the Company and, fulfil the requirements of their respective duties.
- 5.1.8.8. has not during the last ten years become a member of the board of Directors of Doğuş REIT for a period more than six years.
- 5.1.8.9. has not become an independent member of the board of directors in the companies, where Doğuş REIT and its partners control the management. One of the independent members hold the position of Independent Member of the Board of Directors in a company within the Doğuş Group.
- 5.1.8.10. has not become an independent member of more than five companies, the shares of which are traded through the stock exchange.
- 5.1.9. The determination of the qualifications and the term of office of the Independent Members of the Board of Directors is in compliance with the pertinent provisions of the Capital Market Board's Corporate Governance Principles and of the Articles of Association. A candidate for the position of Independent Member of the Board of Directors presents a written declaration indicating that the candidate is independent in compliance with the applicable legislations, the Articles of Association and the respective criteria when the candidate is nominated.

- 5.1.10. In the event that an independent member loses its independency or resigns for any reason or becomes incapable of performing the duties prior to the completion of the term of office, then the Board of Directors appoints a member for the vacant position in accordance with the procedures as set forth in the regulations of the Capital Markets Board in order to achieve the minimum number of independent members.
- 5.1.11. There has been no event removing the independency of the independent members within the activity period of 01.01.2016 - 31.12.2016.
- 5.1.12. The members of the Board of Directors take place in other companies as an executive and member of the board of directors and, provide consultancy services to other companies, in such a manner that may not cause any conflict of interest. There has been no condition in contrary to the pertinent provisions of article 396 of the Turkish Commercial Code in respect of the members of the Board of Directors within the period of 01.01.2016 - 31.12.2016. The duties of the members of the Board of Directors are mentioned in the information documents submitted to the General Meeting of Shareholders as well as the annual reports and the curriculum vitae on the web site indicating if such positions are within or outside the group.
- 5.2. Operation Principles of the Board of Directors
- 5.2.1. The board of directors looks after the long term benefits of the Company keeping the balance between the risk, growth and results with a rationalist and prudent approach of risk management, defines the strategic targets of the Company, supervises the management performance, ensures that the activities performed by the Company are in compliance with the articles of association as well as the internal arrangements and policies and, represents and manages the Company accordingly.
- 5.2.2. The board of directors carries out its respective activities in such a transparent, accountable, equitable and responsible manner, creates the internal audit system obtaining the respective management committee in such a manner to minimize the risk affects, provides information through the annual reports with respect to the functionality of the internal audit system and, ensures that the communication between the Company and the shareholders is efficiently carried out.
- 5.2.3. The operation principles of the board of directors are identified in accordance with the respective provisions of the Turkish Commercial Code, the Capital Market Legislations as well as the arrangements as set forth by the Capital Market Board.
- 5.2.4. The Board of Directors of the Company meets in such frequency to ensure that its duties are delivered in an efficient manner upon the call by the chairman or the vice-chairman, and its secretariat is carried out by the Company. Each member of the board of directors is entitled to call a meeting by means of an application in writing to the chairman or the vice-chairman. In case of the failure by the chairman or the vice-chairman upon such application, then the members are entitled on their own motion to call a meeting. Each member of the Board of Directors has equal voting right. The agenda of the meetings of the board of directors are identified by the chairman or the vice-chairman. The agenda of the meetings of the Board of Directors is previously prepared and submit to the members for their review. An amendment may be made to the agenda upon the respective resolution of the board of directors.
- 5.2.5. The activities of the Board of Directors are carried out in accordance with the pertinent provisions of the Turkish Commercial Code and of the Articles of Association. The Board of Directors has met 25 times and adopted 30 resolutions within the period of 01.01.2016 - 31.12.2016.
- 5.2.6. At the meetings of the Board of directors, article 9, article 10 of the Corporate Governance Principles of the Capital Markets Board (II-17.1), and the pertinent provisions of the Articles of Association of the Company apply to all kinds of related party procedures as well as common and continuous transactions.
- 5.2.7. The minimum qualifications for the election of the members for the board of directors of the Company are in line with the Corporate Governance Principles as set forth by the Capital Market Board. The chairman and members of the Board of Directors have the authorities as set forth in the pertinent provisions of the Turkish Commercial Code No. 6102, article 17 of the Capital Markets Board's Communiqué III-48.1 on the Principles for the Real Estate Investment Trusts, and article 11 to 15 of the Articles of Association. Pursuant to the respective articles, the Company are managed and represented by the Board of Directors. The Board of Directors performs the duties as set forth in the pertinent provisions of the Turkish Commercial Code No. 6102, the Capital Market Legislations No. 6362 as well as other relevant regulations.

- 5.2.8. An approval is obtained from the respective general meeting in accordance with articles 395 and 396 of the Turkish Commercial Code with respect to the members of the Board of Directors performing or acting on behalf of others to perform, whether directly or indirectly, any commercial activities falling to the subject-matter of the Company, and becoming a partner of a company engaging in such activities. No event occurred within the period of 01.01.2016 - 31.12.2016, which is contrary to the principle "no transaction and competition with the Company" with respect to the members of the Board of Directors. There is no restriction on the members of the board of directors to hold an office outside the Company. Such restriction is not required especially due to the contributions of the professional knowledge and experiences of the independent members to the Board of Directors.
- 5.2.9. During the period of 01.01.2016 - 31.12.2016, the Company has not lent any amount or made available any loan or provided any security through a third person to the members of the board of directors or executives.
- 5.2.10. The powers are specified in a detailed manner in the list of authorized signatures of the Company. It was announced on the Turkish Trade Registry Journal, issue no. 8817 on 11.05.2015.
- 5.2.11. The chairman of the Board of Directors talks to other members of the Board of Directors and CEO/General Manager to determine the agenda items to be deliberated during the respective meeting of the Board of Directors. In cases of such subjects requested by the executives to be discussed in the Board of Directors, they are consolidated by the Assistant General Manager in charge for Financial Affairs and forwarded to the General Manager. Such subjects approved by the chairman of the Board of Directors are included in the agenda items of the respective meeting of the Board of Directors.
- 5.2.12. Each member of the Board of Directors makes efforts to attend each and every meeting and, express their opinions. It is ensured that any meeting of the Board of Directors may be held electronically.
- 5.2.13. The meetings of the Board of Directors are held in accordance with article 13 of the Articles of Association of the Company. It is the responsibility of the Assistance General Manager to inform and communicate with the members of the Board of Directors. Article 13 of the Articles of Association of the Company also contains the information with respect the fact that the special resolutions of the Board of Directors should be unanimously adopted. In the event that such resolutions are not adopted unanimously, then it is obligatory that the Capital Markets Board and the Stock Exchange shall be informed accordingly. There has been no case that requires a public disclosure up to today.
- 5.2.14. Different opinions declared and the reasons of the dissenting votes cast in the meetings of the Board of Directors as well as the special questions raised by the Members of the Board of Directors are recorded in the minutes. Since there has been no dissenting vote or different opinion within the period of 01.01.2016 - 31.12.2016, no disclosure has been made to the public in this respect.
- 5.2.15. The information and documents relating to the subjects included in the agenda for the meetings of the board of directors are made available to the members of the Board of Directors for their reviews providing an equal information flow.  
The opinions from a member, who has failed to attend the respective meeting but informed the board of directors of their opinions, are submitted to other members of the board of directors for their information. No event like this has happened during the period of 01.01.2016 - 31.12.2016.
- 5.2.16. During the period of 01.01.2016 - 31.12.2016 , the members of the Board of Directors, who have been in relation with related parties, have not attend the respective resolutions of the Board of Directors, complying with the Capital Market Legislations.
- 5.2.17. The board of directors meets upon the majority of the total member number and, adopts resolutions by the majority of the attending members. The votes are cast as affirmative or dissenting votes. An abstaining vote is considered to be a dissenting vote. In case of equal number of votes, the respective proposal is deemed to have been rejected. The corporate governance principles required by the Capital Market Board apply to the resolutions adopted by the Board of Directors.  
No deciding vote and/or veto power is granted to the members of the Board of Directors in the articles of association. Each member has one vote.
- 5.2.18. The members of the board of directors spend sufficient time for the day-by-day business of the Company. The executive or non-executive members of the board of directors serving other companies as an executive, board member or consultant does not cause any conflict of interest.

- 5.2.19. An insurance policy of 25 million USD per year has been taken out by Doğu Holding A.Ş. for the possible damages to the Company due to their failures during the performance of their respective duties in accordance with article 4.2.8 of the Corporate Governance Communiqué II-17.1 on the Corporate Governance Principles. This was disclosed on the Public Disclosure Platform on 26.02.2015. The said policy was extended to include the period of 08.08.2016 - 08.08.2017.
- 5.2.20. Pursuant to article 20 of the Communiqué Serial No. III-48.1 on the Real Estate Investment Trusts, in the event that the members of the board of directors are not independent with respect to the respective resolutions according to the criteria as set forth by the board of directors, then they are required to inform the board of directors accordingly and, ensure that the same is recorded in the minutes of the respective meeting. The pertinent provisions of article 393 of the Turkish Commercial Code apply thereto. This is also specified in article 18 of the Articles of Association of the Company.
- 5.2.21. No event occurred within the period of 01.01.2016 - 31.12.2016, which is contrary to the principle "no transaction and competition with the Company" with respect to the members of the Board of Directors.
- 5.2.22. The chairman of the Board of Directors and the general manager is not the same person in compliance with the pertinent provisions of article 4.2.5 of the Corporate Governance Principles of the Corporate Governance Communiqué Serial No. II-17.1.
- 5.2.23. The structure of the Board of Directors is established in such manner that is composed of members with mutually complementary qualifications. There has been no disagreement between the Board of Directors with the executive management of the Company within the period of 01.01.2016 - 31.12.2016.
- 5.2.24. There has been no subject that the Independent Members of the Board of Directors have specially asked the Board of Directors to include into the respective agenda items within the period of 01.01.2016 - 31.12.2016.
- 5.2.25. Pursuant to the pertinent provisions of article 4.3.9 of Annex 1 to the Corporate Governance Communiqué (II-17.1) published on the Official Journal no. 28871 on 03.01.2014 and entered into force accordingly, "the Company sets forth a target that the rate of the female members in the Board of Directors should not be less than 25%, and establishes policy to attain this target in accordance with the time also established accordingly. The Board of Directors evaluates the progress about this target per year. And in accordance with the target as set forth by the Board of Directors, Ms. Özlem Tekay was appointed as Independent Member of the Board of Directors at the General Meeting of Shareholders held on 24.03.2016.

Based on the resolution of the Board of Directors no 2016/441 of 27.06.2016, a Policy on Female Members of the Board of Directors was formed and disclosed on the web site of the Company [www.dogusgyo.com.tr](http://www.dogusgyo.com.tr).

- 5.3. Number, Structure and Independency of the Committees Formed in the Board of Directors
- 5.3.1. An Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee have been formed within the Company in order to ensure that the Board of Directors fully fulfills its duties and responsibilities.  
Since a separate nomination and remuneration committee has not established due to the structure of the Board of Directors, the duties of such committees are carried out by the Corporate Governance Committee. The Audit Committee consists of two members, while the Corporate Governance Committee and the Early Detection of Risk Committee consist of three members. The Board of Directors provides such coordination and supervision necessary to ensure that the Committees operate in an efficient and productive manner.
- 5.3.2. The scope of tasks, operating principles and the qualifications of the members of the Committees are determined by the Board of Directors and, disclosed to the public.
- 5.3.3. All the members of the Audit Committee, most of the members and the chairmen of the Corporate Governance Committee and the Early Detection of Risk Committee have been elected among the independent members of the Board of Directors.
- 5.3.4. The Chief Executive / the General Manager doesn't take part in this Committee.
- 5.3.5. The Audit Committee consists of two members, while the Corporate Governance Committee and the Early Detection of Risk Committee consist of three members.
- 5.3.6. There has been no adverse consideration of the Board of Directors in respect of the operations of the committees within the period of 01.01.2016 - 31.12.2016.

5.3.7. All efforts carried out within the committees are regularly recorded.

5.3.8. Audit Committee

- Mustafa Sabri Doğrusoy - Chairman (Member of the Board of Directors - Independent Member)
- Özlem Tekay - (Member of the Board of Directors - Independent Member)

5.3.8.1 The Committee consists of at least two members elected among the independent members of the Board of Directors. The chairman of the Committee is elected among the independent members of the Board of Directors. The Chief Executive or the General Manager doesn't take part in this Committee.

5.3.8.2 It fulfills the duties as set forth in the Capital Market Legislations in this respect. It supervises the functionality and efficiency of the accounting system, the disclosures of the respective financial information, the independent audit and the internal control and internal audit system of the Company. The election of the independent audit company, the initiation of the independent audit process upon the preparation of the respective independent audit agreement as well as all the efforts by the independent audit company at any stage are carried out under the supervision of the Audit Committee.

5.3.8.3 The Audit Committee has been identified by the Board of Directors as responsible for the preparation of the financial reporting.

5.3.8.4 The independent audit company from which the Company shall receive services and, the services to be received therefrom have been identified and, submitted to the Board of Directors for approval. At the meeting no. 2016/1 held on 22.01.2016, it was approved that the election of Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (name changed to PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş on 12.12.2016) as the independent audit company for the audit to be carried out pursuant to the pertinent provisions of article 398 of the Turkish Commercial Code for the activity period of 01.01.2016 - 31.12.2016 shall be submitted to the Board of Directors for approval.

5.3.8.5. Audit Committee has submitted:

the financial statements and annual report independently audited pertaining to the period of 01.01.2015-31.12.2015 upon the resolution no. 2016/2 of 12.02.2016,

the annual report of the Board of Directors pertaining to the period of 01.01.2015-31.12.2015 upon the resolution no. 2016/3 of 24.02.2016,

the financial statements and annual report independently audited pertaining to the period of 01.01.2016-31.03.2016 upon the resolution no. 2016/4 of 27.04.2016,

the financial statements and annual report limitedly audited pertaining to the period of 01.01.2016-30.06.2016 upon the resolution no. 2016/5 of 27.07.2016,

the financial statements and annual report limitedly audited pertaining to the period of 01.01.2016-30.09.2016 upon the resolution no. 2016/6 of 07.11.2016,

the financial statements and annual report independently audited pertaining to the period of 01.01.2016-31.12.2016 upon the resolution no. 2017/1 of 13.02.2017 to the Board of Directors for approval.

5.3.8.6. The Audit Committee examines and closes the complaints received by the Company in respect of the accounting and internal control system as well as independent audit of the Company and, identifies the methods and criteria in respect of the assessment of the notices concerning the accounting and independent audit of the Company within the confidentiality principles.

5.3.8.7. The Audit Committee examines and closes the complaints received by Doğuş REIT in respect of the accounting and internal control system as well as independent audit of the company and, identifies the methods and criteria in respect of the assessment of the notices concerning the accounting and independent audit of the company within the confidentiality principles

5.3.8.8. The audit committee submits to the board of directors a written report containing its assessments of and the conformity of the annual and interim financial statements, which are to be disclosed to the public, with the accounting principles applied within the Company as well as the accuracy thereof, accompanying the opinions from the responsible executives and the independent auditors.

5.3.8.9. There has been no incident during the period pf 01.01.2016 - 31.12.2016, which may require the audit committee to submit to the board of directors its findings or recommendations in connection with its own area of duties and responsibilities.



- 5.3.8.10. The audit committee meets at least four times in a year and more if necessary and, submits to the Board of Directors the minutes containing the results of such meetings.
- 5.3.8.11. The independent audit report containing the financial statements and footnotes for the period from 01.01.2016 to 31.12.2016 has been submitted to the Board of Directors for approval.
- 5.3.8.12. During the period of 01.01.2016 - 31.12.2016, it has not considered by the committee to be necessary to benefit from the expert opinions with respect to its activities.
- 5.3.8.13. The Audit Committee has met seven (7) times in during the period of 01.01.2016 - 31.12.2016, the minutes of such meetings have been recorded and, a report containing the results thereof has been submitted to the board of directors.
- 5.3.8.14. The chairman and the member of the Committee have been elected among the independent members of the board of directors and have the required experience with respect to the subjects within its assigned duties.

5.3.9. Corporate Governance Committee

- Mustafa Sabri Doğrusoy - Chairman (Member of the Board of Directors - Independent Member)
  - Hasan Hüsnü Güzelöz - Member of the Board of Directors (Executive).
  - Özlem Tekay - (Member of the Board of Directors - Independent Member)
- 5.3.9.1. The corporate governance committee identifies whether the corporate governance principles are applied within the Company, the reasons if not and, the conflicts of interest arising from the failure to strictly comply with such principles, and provides recommendations to the board of directors to improve the applications of such corporate governance principles. It supervises the efforts of the shareholders relations unit within the Capital Market Board's Legislations. Since a separate nomination and remuneration committee has not established due to the structure of the Board of Directors, the duties of such committees are carried out by the Corporate Governance Committee.
- 5.3.9.2. The Committee consists of at least two members elected among the members of the Board of Directors. The Chief Executive or the General Manager doesn't take part in this Committee. Both of the members - in case the committee consists of two members, and all of the members - in case it consists of more than members, are non-executive members of the Board of Directors. The chairman of the committee is a member of the Board of Directors.
- 5.3.9.3. The committee meets two times per year or more if necessary. The Corporate Governance Committee has met seven (4) times in during the period of 01.01.2016 - 31.12.2016, the minutes of such meetings have been recorded and, a report containing the results thereof has been submitted to the board of directors.
- 5.3.9.4. The committee has made great efforts to identify whether the corporate governance principles are applied within the Company, the reasons, if not and, the conflicts of interests arising from the failure to strictly comply with such principles. In 2016, there has been no significant incident with respect thereto. It has attained the targets in respect of the efforts for improving and creating the best practices within the period of 01.01.2016 - 31.12.2016. It aims to maintain the sustainability for improving and creating the best practices in respect of the corporate governance principles within the period of 01.01.2017 - 31.12.2017.
- 5.3.9.5. Taking a leading part with respect to the establishment of an efficient communication between the Company and the shareholders and, the settlement of any possible disagreements, the Corporate Governance Committee supervises the efforts of the Shareholders Relations Unit to that end.
- 5.3.9.6. A Board of Directors Efficiency Report was prepared in connection with 2016 in order to determine whether the operations of the Board of Directors were efficient, coherent, effective and active within the practices of the Corporate Government Principles and, it was approved by the resolution no. 2016/455 adopted by the Board of Directors on 31.12.2016. Further, a Policy on Female Members of the Board of Directors has been formed.
- 5.3.9.7. It has supported the preparation of the "Corporate Governance Compliance Report", which is included in the annual report and which is to be disclosed to the public, and checked if the information contained in the annual report with the information it has.
- 5.3.9.8. The Corporate Governance Committee that assumes the duties of the nomination committee cautiously assesses the nomination offers for the position of independent member of the Board of Directors including the management and shareholders as indicated in the Corporate Governance Communique and whether the candidate fulfills the independency criteria as per the Capital Market Legislations, drafts a report on its assessment in connection therewith and,

submits the same to the Board of Directors for approval. It obtains a written declaration indicating that the candidate for the position of independent member of the Board of Directors are of independent in terms of the criteria as set forth under the applicable legislations, the Articles of Association and the Corporate Governance Communique.

5.3.9.9. At the meeting no. 2016/1 dated 02.03.2016, the written declarations indicating that the candidates, whose nominations have been notified to the committee for the position of independent member, are independent have been received by the Board Directors at the time of the respective nominations and, the fact if they satisfy the independency criteria has been assessed, they have been considered to have the independency criteria as set forth under the pertinent provisions of article 4.3.6 of the Corporate Governance Principles in Annex 1 to the Corporate Governance Communique and, the Board of Directors have been informed accordingly.

5.3.9.10. The Corporate Governance Committee that assumes the duties of the Remuneration Committee performs and carries out the duties to identify and supervise the principles, criteria and practices applied in the remuneration of the members of the Board of Directors and, the executives with administrative responsibilities taking into consideration the long term targets of the Company. Further, the Committee has adopted a resolution on the duty to identify the suggestions of the members of the Board of Directors and senior executives in respect of the remuneration principles and, submit the same to the Board of Directors and, submitted its suggestions in a report to the Board of Directors for approval.

5.3.9.11. During the period of 01.01.2016 - 31.12.2016, it has not considered by the committee to be necessary to benefit from the expert opinions with respect to its activities.

5.3.10. Early Detection of Risk Committee

- Mustafa Sabri Doğrusoy - Chairman (Member of the Board of Directors - Independent Member)
- Özlem Tekay - (Member of the Board of Directors - Independent Member)
- Hasan Hüsnü Güzelöz - Member of the Board of Directors (Executive).

5.3.10.1. It makes efforts to early detect the risks which may endanger the existence, growth and continuity of the Company, enforce the implementation of the required actions in connection therewith and, the management of such risks and, informs the Board of Directors of its own assessments in this respect by indicating possible risks if any. The reports is also shared with the Independent Audit Company.

5.3.10.2. The Early Detection of Risk Committee is composed of at least two members elected by the board of directors of the Company among the members thereof. The chairman of the Committee is elected by the Board of Directors among the Independent Members. The Chief Executive or the General Manager doesn't take part in this Committee.

The committee members are identified each year at the first meeting of the Board of Directors held after the ordinary General Meeting. In the event a member leaves the committee, a new member is appointed for the remaining period of the predecessor.

5.3.10.3. The committee operates based on the meetings. The committee meets at the registered office in such frequency as deemed necessary for the efficiency of its operations. All the efforts performed by the committee and the resolutions adopted during the meetings are compiled in writing in the form of a report signed by each member and, then archived accordingly. The committee submits to the board of directors a report containing its assessments and recommendations in respect of its area of responsibilities.

The Financial Affairs Department ensures that the minutes of the meetings of the Early Detection of Risk Committee are kept, archived and that the committee members are duly and properly informed.

5.3.10.4. At the first meeting of the Board of Directors following each committee meeting, the chairman of the Committee informs the Board of Directors of the respective committee meeting and the businesses deliberated therein. The committee may invite any executive to participate in the meeting and, receive their opinions. The committee may benefit the independent experts' opinions in respect of such subjects as may be deemed necessary by the committee. The price for such consultancy services are paid by the Company.

5.3.10.5. The Early Detection of Risk Committee reports directly to the Board of Directors. All sources and supports required for the fulfillment by the committee of its duties are provided by the Board of Directors. An amendment to the operation principles of the Early Detection of Risk Committee may be made upon the approval of the Board of Directors. The amendments to

the Capital Market Legislations and the pertinent communiqués apply to the determination of the committee members. The Early Detection of Risk Committee performs all the duties as set forth in the pertinent provisions of the Turkish Commercial Code and of the Capital Market Corporate Governance Principles.

5.3.10.6. It is established for the early detection of the risks which may endanger the existence, growth and continuity of the Company, the implementation of the required actions in connection therewith and, the management of such risks as well as the review of the risk management systems of the Company and, prepare a report in connection therewith.

5.3.10.7. The main objectives of the committee:

Identifies and prepares the risk management strategies and policies to be applied by the Company, submits the same to the board of directors for approval and, monitors the implementations thereof.

Provides recommendations to the board of directors for the identification of the basic risk limits to the Company and, checks the conformity with such limits.

Performs inspections for the identification, definition, assessment and management of the risks and, makes notifications as may be required in connection therewith.

Monitors the processes to ensure the accuracy and reliability of the risk measurements, methods and results.

Provides its opinions to the Board of Directors in respect of amendments to the risk policies.

5.3.10.8. The Early Detection of Risk Committee has met 7 (four) times between 01.01.2016 and 31.12.2016 in line with the respective principles for its duties and tasks and, the results of this meetings were kept at the respective minutes and submitted to the board of directors.

5.4. Risk Management and Internal Control Mechanism

5.4.1. The risks to which the Company is exposed are divided into three main categories: financial risks (loans, exchange rates, liquidity and, capital risks), operational risks and legal risks.

Since the internal control unit has not been established yet within the Company, the internal control activities are carried out under the control of the Financial Affairs Department and, the Company is audited from time to time by the internal audit department of Doğu Holding A.Ş. and, the results are forwarded to the senior management and the Board of Directors.

At the committee meeting no. 2016-07 of 30.12.2016, the Early Detection of Risk Committee has assessed in a general manner the financial structure of the Company and the risks pertaining thereto in 2016 and, submits the same to the Board of Directors for information and approval.

At the committee meeting no. 2016-07, it has informed that the preliminary efforts have been started to create the internal control system that needs to be formed to supervise the efficiency of the internal control and internal audit as per the pertinent provisions of the Corporate Governance Communique, Serial No. II-17-1, article 4.5.9.

It is aimed to keep a certain balance between the development projects through the leasable real properties and, in this manner, ensure that the Company has all the time a strong cash flow and, benefit from the higher development profits and growth potentials as may be provided by the development projects. The efficiency and liquidity principles are always considered to be of high importance in the portfolios of the Company. All the required actions are taken to increase the returns for the real properties listed in the portfolio, the efficiencies of which tend to decline and, the opportunities are used for the sales thereof, if necessary. The liquidity is all the time kept strong and, the cash and security portfolio is actively and professionally managed. It is always aimed that the investments yield in such return higher than the alternatives and the resource costs thereof.

The independent audit reports issued periodically for the Company contains the detailed information on the types of the risks to which the Company may be exposed and, such information is disclosed to the public and, made available to the shareholders through the corporate web site.

5.4.2. Loan Risks

A loan risk is defined as the possibility of the failure to fulfill all or some parts of the obligations under the respective agreement's terms and conditions. This risk is controlled by means of loan assessments and limitation to the total risks arising from the other party.

The Company has leased the significant part of its portfolio of real properties for investment purposes to its majority shareholder, the respective companies. 37% of the rental incomes is obtained from the companies within the Doğuř Group as of the end of 2016. A letter of guarantee is obtained from other lessees to limit the loan risks.

Most of the lessees in the Doğuř Center Maslak with an occupancy rate of 96.99% is the companies within the Doğuř Group and, there is no significant problem with the collections of the rental fees in the said real estate.

There is no problem with the collections of the rental fees in the Antalya 2000 Plaza with an occupancy rate of 75.61%.

The occupancy rate of the Gebze Center Shopping Mall included into the portfolio of the company by means of partial demerger on 26.12.2013 is 95.86 and, there is no significant problem with the collections of the rental fees. A letter of guarantee is obtained from the lessees to limit the loan risks.

As a result of the partial demerger completed on September 6, 2016, 45 independent sections located in the Doğuř Center Etiler has been included to the investment portfolio of Doğuř REIT. There is no problem with the collections of the rental fees in this real estate with an occupancy rate of 97.45%.

#### 5.4.3. Liquidity Risks

A liquidity risk is defined as the difficulties of the Company to fulfill its obligations arising from its financial liabilities. The Company has no derivative financial liability as of 31.12.2016.

#### 5.4.4 Market Risks

A market risk is defined as the possible influence of the changes to the market prices such as interest rates, stock prices, exchange rates and loan extensions on the income of the Company or on the values of the financial instruments held by the Company.

The total risk management program applied by the Company focuses on the unpredictability of the financial markets and, aims to minimize the potential negative affects thereof on the financial performance of the Company.

#### 5.4.5 Exchange Rate Risks

The Company is exposed to the exchange rate risk due to the changes to the exchange rates while converting its assets and liabilities in a foreign currency to the currency of TL.

The company concludes the lease agreements for the real estates with the investment purposes in USD and Euro and, borrows in Euro.

The Company has become responsible for the loan debts in Euro pertaining to Gebze Center Shopping Mall included in the portfolio by means of partial demerger. However, the lease agreements therein are based on Euro, which reduces the possible exchange rate risks.

Since 45 independent sections located in the Doğuř Center Etiler have been taken over by means of partial demerger, the Company has become responsible for the credit debt in USD pertaining to the said 45 independent sections. However, the lease agreements therein are based on USD, which reduces the possible exchange rate risks.

The lease agreements for the Doğuř Center Maslak are concluded in USD.

#### 5.4.6 Interest Rate Risks

The Company is exposed to the interest rate risk due to the influence of the changes to the interest rates on the assets and liabilities of the Company sensitive to the interests. The financial receivables and payables of the Company are in general of short term except for loans and, thus it is not subject to any interest rate risk.

The Company uses long term and variable interest loans for the loan interests to reduce the interest rate change risk.

5.4.7 Capital Management

The Company attempts to manage its capital by means of minimizing the investment risks through an efficient portfolio management. The aim of the Company is to continue its business operations as a going concern, look out for the benefits of the shareholders and maintain the sustainability of its efficient capital structure by means of supervising its capital costs and maintaining its ratio of the optimum net obligations/ equity.

5.5. Strategical Targets of the Company

The mission of Doğuş REIT is to increase the value of its investment portfolio by means of achieving a stable growth, and thus, to provide its partners with the greatest interest in their shares in respect of increases in both dividends and market value, and also to provide its customer group with great satisfaction by means of developing projects focused on their needs.

5.6. Financial Rights

The rights provided to the members of the Board of Directors are determined in the General Meeting of Shareholders, and disclosed to the public in the Minutes of the General Meeting, at the Footnotes to the Financial Statements and through the internet site of the Company.

Out of the members of the Board of Directors, only independent members are paid remuneration. In this context, it has been resolved at the Annual General Meeting of Shareholders held on March 29, 2016 that the Independent Members of the Board of Directors are paid remuneration in the net amount of TL 5,000 per month. No transaction that may cause conflict of interest such as lending money by the Company to the members of the Board of Directors or executives is made.

The senior management staff of the Company consists of the members of the Board of Directors, the general manager and the assistant general managers. The amount of the benefits provides is composed of the wages, bonuses, SGK employers contributions, unemployment employer contributions, private insurances (health, life and managerial responsibilities) to the senior executives with the administrative responsibilities and, the attendance fees to the members of the Board of Directors.

The sum of the benefits provided to the members of the Board of Directors was TL 665,694 and, the sum of the benefits to the senior executives with the administrative responsibilities was TL 2,187,150 amounting to TL 2,852,844 in total within the period of 01.01.2016 - 31.12.2016.