

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT OF AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Objective target of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akmerkez" or the "Company") in this age of global competition and change we are passing through is to attain the fair company level by keeping pace with the change through the corporate governance practices besides its financial successes. With this awareness, the Company has included the goal of creation of sustainable value for its stakeholders among its primary goals. The characteristic of Akmerkez as a respectable, innovative, hardworking, creative and sharing enterprise is maintained by means of its institutionalized and reliable stance toward its clients, employees and the society as well as the Corporate Governance Principles which have been adopted by it for many years.

The purpose behind the establishment and implementation of these principles is to strengthen the trust of all beneficiaries in the Company. In line with this goal, Akmerkez has declared that it will observe the Corporate Governance Principles and introduce the regulations required by these principles in accordance with the current practices.

All corporate governance principles provided in the Corporate Governance Communiqué (II-17.1) of the Capital Market Board, implementation of which is compulsory, are complied by the Company.

Akmerkez is exempt from the principle (4.3.4.) which is mentioned below according to article 6 of the Corporate Governance Communiqué (II-17.1) of the Capital Market Board:

Aforesaid article's first paragraph is 'The criteria stated under the principle numbered (4.3.4.) regarding the number of independent board member shall not be applied for the third group corporations and the joint ventures, except for the banks, formed of two real persons or legal entities who, do not have a relationship on capital, management or auditing relation with respect to 51% of the capital of each other as minimum, independent from each other and sharing the management control of the partnership equally with an agreement requiring positive votes of both parties for significant decisions with regard to the corporations provided that any application made in relation thereto should be accepted by the Board Independent members in number of two shall be sufficient in these corporations.'. Within the framework of the provisions of this article, due to Akmerkez is in the Third Group, number of the independent board members in the board of directors are three.

Reasons for non-implementation of the principles provided in the Corporate Governance Communiqué (II-17.1) of the Capital Market Board, whose implementation is not compulsory, are presented below on the basis of principle:

About the Principle No. 1.3.11 of the Corporate Governance Communiqué: Although there isn't a provision in the Articles of Association, the General Assembly Meetings are held publicly in the manner as specified in the Internal Guidelines on General Assembly Meeting.

About the Principle No. 1.5.2 of the Corporate Governance Communiqué: Maximum care is given to letting use of the minority rights. The minority rights have not been granted by the articles of association to those who own less than one twentieth of the capital.

About the Principle No. 3.1.2 of the Corporate Governance Communiqué: An indemnity policy has not been established for the employees of the Company. The number of employees of the Company is four, and the Company acts in accordance with the provisions of the Labor Law in effect.

About the Principle No. 3.2.1 of the Corporate Governance Communiqué: A model or mechanism has not been established for participation of the shareholders in the management. However, the independent members in the Board of Directors make representation of all shareholders as well as the Company and the shareholders in the management possible. The Company takes into account the views and recommendations of the employees, suppliers, various non-governmental organizations and all other shareholders, and the customer satisfaction surveys.

About the Principle 4.2.5 of the Corporate Governance Communiqué: Although it is not so stated in the Articles of Association, the Chairman of the Board of Directors and the general manager of the Company are not the same person and their duties have been segregated. Nobody in the Company has unlimited authority to make decision by him(her)self.

About the Principle No. 4.2.8 of the Corporate Governance Communiqué: Potential losses incurred due to faults of the members of the board of directors in the performance of their duties have been directly insured by the Company with an annual total liability limit of USD 5.000.000 (in an amount exceeding 25% of the Company capital) as of 3rd November 2015.

About the Principle No. 4.3.9 of the Corporate Governance Communiqué: In respect of the rate of female members in the board of directors, a target rate, with the requirement that it may not be less than 25%, and timing have not been established, and the issue of increasing the number of female members will be reviewed again in the periods to come.

About the Principle No. 4.4.5 of the Corporate Governance Communiqué: Since how the meetings of the board of directors are to be made has been stipulated in Article 13 of the Articles of Association of the Company, how the meetings of the board of directors are to be made has not been put into writing with any internal regulation.

About the Principle No. 4.4.7 of the Corporate Governance Communiqué: Member of the Board of Directors spares adequate time for the business of the Company. If Member of the Board of Directors is a manager or member of board of directors in any other company, this does not lead to a conflict of interest and interfere with the duty of the member in the company. For this reason, undertaking of other duty or duties by the Members of the Board of Directors outside the Company has not been bound with certain rules or has not been limited. Any duties undertaken by the Members of the Board of Directors outside the company are stated in the "General Information Form of the Company" which is disclosed to the public through the KAP [*Public Disclosure Platform*]. In addition, if election of members of the board of directors is in the agenda of the general meeting, in respect of the persons whose candidacy to a seat in the board of directors, information about their curriculum vitae, duties carried out by them during the last ten years and reasons for resignation, nature and degree of importance of their relations with the company and the parties related with the company, whether they have the qualification for independency or not, and similar matters which may affect the activities of the company if they are elected as members of the board of directors is provided in the KAP and the "General Meeting Information Document" published on the Internet site of the company. Duties undertaken by the members of the board of directors outside the Company, and the reasons thereof, are informed to the shareholders during the general meeting where their elections are discussed under the item of the agenda concerning the election by making segregation between the duties within and outside of the group.

There isn't any conflict of interest arising from the above stated principles set out in the Corporate Governance Communiqué (II-17.1) of the Capital Market Board, whose implementation is not compulsory. Necessary works for compliance with the Corporate Governance Principles will be continued in the periods to come by taking into account the developments and implementations in the legislation.

PART II - SHAREHOLDERS

2.1. Investor Relations Department

The Investor Relations Department reports to Murat Kayman who is General Manager of the Company:

Murat Kayman

+90 (212) 282 01 70 / 235

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The Persons Performing Duty in the Investor Relations Department:

Zeynep Yıldırım Gündoğdu

Financial Affairs Manager

(Investor Relations Department Manager)

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Hilal Kayalar

Budget and Finance Specialist

(Investor Relations Department Employee)

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Zeynep Yıldırım Gündoğdu, head of the department, has Capital Market Operations Advanced Level License (License No: 204295) and Corporate Governance Rating Specialty License (License No: 700432). Hilal Kayalar, an employee of the department, has Corporate Governance Rating Specialty License (License No: 701470).

2.1.1. INVESTOR RELATIONS ACTIVITY REPORT

07.01.2016

To the Board of Directors of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.:

Our activity report, which has been prepared pursuant to Article 11 of the Corporate Governance Communiqué (II-17.1) promulgated by the Capital Market Board, is submitted to your information and will be contained in the annual activity report 2015 of the Board of Directors.

Best regards,

Zeynep YILDIRIM GÜNDOĞDU

Financial Affairs Manager

Corporate Governance Committee Member

Hilal KAYALAR

Budget and Finance Specialist

The basic function of the Akmerkez Investor Relations is compliance with statutory regulations and transparent, accountable, fair and responsible management approach model toward shareholders. In order to attain this goal, it uses and manages the investor relations tool for the purpose of providing comprehensive, complete and accurate information about the progress of the shares of Akmerkez to the stakeholders.

The basic working principles adopted by the Investor Relations unit include accessibility, quick response to shareholders, transparent, consistent and timely informing and ensuring the up-to-dateness of the Company's website. Care is given to making sure that the staff of the department is formed by competent persons who know the legislation well, have the licenses required by the Capital Market Board, know the Company and the sector dynamics

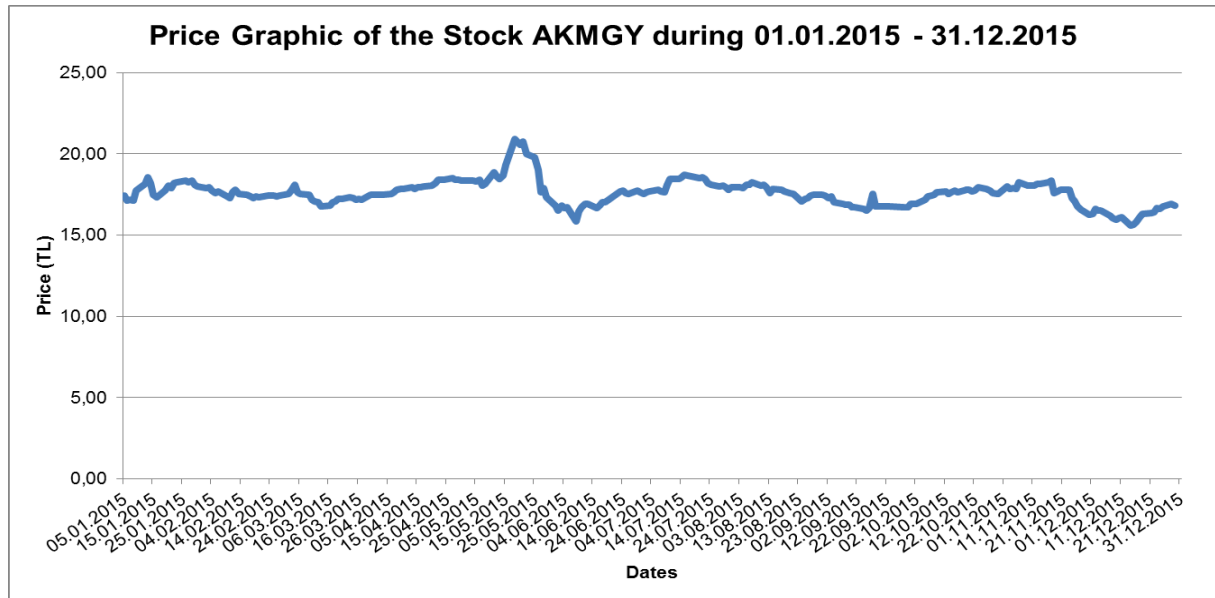
well and is able to communicate this. In this context, the Investor Relations Department targets to create a difference by knowing the company correctly and analyzing it well, knowing the strategies of the company well and communicating these strategies with efficient methods.

Important Developments in 2015

1) Share Performance

Shares of the Company are included in the following indexes of the stock market of Borsa İstanbul (BİST), and the share performance is shown in the following graphic.

- National Market
- Collective Investment Products and Structured Products Market
- BIST Real Estate Investment Partnerships
- BIST Financial
- BIST Dividend
- BIST Dividend 25
- BIST All
- BIST All 100



Shares of the Company have been traded in the Istanbul Stock Exchange and Borsa İstanbul since 2005. Performance of the shares of the Company in the exchange during the last five (5) years is summarized in the following table:

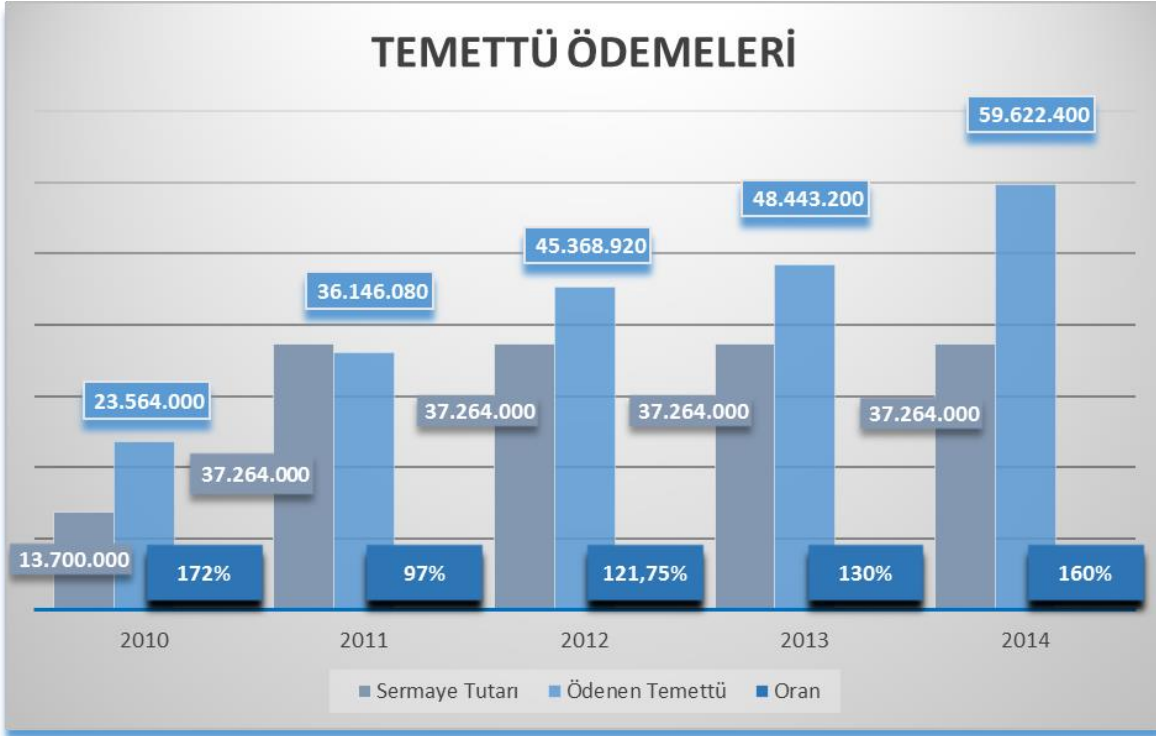
Share Data	2011*	2012	2013	2014	2015
Lowest Price (TL)	14,35	16,10	14,00	15,45	15,49
Highest Price (TL)	90,00	27,90	24,70	19,00	20,50
Year-End Closing Price (TL)	16,90	22,30	15,10	16,25	16,60
Issued Capital (TL 1.000)	37.264	37.264	37.264	37.264	37.264
Market Value (TL 1.000)	629.762	830.987	562.686	605.540	618.582

*Gratis shares were given and capital was increased in 2011. Because of this, the margin between the highest and lowest prices of the shares appears very high. While the lowest price was TL 64,50 and highest price TL 90,00 before the capital increase, these prices occurred at TL 14,35 and TL 26,40, respectively, after the capital increase.

2) Dividend

Distribution of the profit share pertaining to the activity period of 2014 was approved by the annual general meeting held on March 31, 2015, and the amounts of the profit shares decided to be distributed were paid in cash to the shareholders of the Company on May 27, 2015 and September 15, 2015.

Gross amounts of the dividends distributed during the last five (5) years and their ratios to paid-in capital are as follows:



3) Other activities in the year

Other activities carried out by the Investor Relations unit during the year are summarized as follows:

- Thirtyone (31) special situation disclosures through the public disclosure platform;
- Giving answers through email to questions of three (3) local investors;
- Giving answer to the questions of investors who requesting information by phone;
- Face to face meeting with one (1) local investor and two (2) foreign investors.

Contact Details of the Investor Relations Unit

Phone : +90 212 282 01 70

Fax : +90 212 282 01 15

Investor Relations e-mail address: gyo@akmerkez.com.tr

Address: Nispetiye Cad. Akmerkez Ticaret Merkezi, E3 Kule, Kat: 1, Etiler, Beşiktaş/İstanbul.

2.2. Exercise of Shareholders' Right to Information

In this regard, questions received by the concerned unit, except for information treated as confidential and trade secret, are discussed with the person who is the most competent of the subject-matter in question and answered by both phone and in writing. Right to demand information and to examine has not been abolished or restricted by the articles of association or by a resolution of one of the bodies of the Company.

During 2015, 3 written applications were made to the Investor Relations Department and all applications were answered within 7 days at the latest.

Such information and disclosures in nature which may affect the exercise of shareholder rights are made available up-to-date to the shareholders on the Internet site of the company. In this scope, 31 special situation disclosures were made in 2015.

The Investor Relations Department carries on activity for the purposes of providing accurate, timely and consistent information about the Company to existing and potential investors, analysts and, as per request, third persons, raising the familiarity and credibility of the Company, reducing the capital cost of the Company by implementing the Corporate Governance Principles, and facilitating the communication between the Board of Directors and the participants in the capital markets.

Parallel to this goal, the Company attach great importance to communication with the shareholders and investors and carries on an active investor relations program. The Investor Relations Department submits one (1) written report on the works and activities it carried out to the Board of Directors annually. The report on the investor relations activities was written and submitted to the Board of Directors on 07.01.2016.

The Company refrains from carrying out any transaction which may make execution of a special audit difficult. The right to request appointment of a special auditor has not been regulated in the Company's articles of association. However, there is the following regulation in article 28, titled 'Informing', of the Articles of Association:

With the proviso that a prior written notice is given to the Board of Directors at latest 30 days in advance, the shareholders who own at least 20% of the shares, or their representatives, are authorized to conduct, or caused to be conducted by an international audit firm, an audit on the books, records and accounts of the Company at their own cost. In such a case, the Board of Directors is obligated to provide every kind of information in relation with the Company to such shareholder or their representative and to ensure that the staff of the Company cooperates in this regard. However, the shareholders who caused conduct of an audit are obligated to act in compliance with the provision (Right to Demand Information and to Examine) in article 437 of the Turkish Commercial Code and to make sure that confidentiality is secured. Furthermore, except for any confidential information which can be obtained from such books and documents allowed to be examined, no shareholder is authorized to learn any secrets of the company. Each shareholder is obligated to keep any secret which has come to their knowledge howsoever confidential forever, even after they are no longer a shareholder of the company. A shareholder who violates this obligation will become liable against the company for any resulting losses and will also have penal liability upon complaint of the company.

No public or private audit was done during the accounting period.

Information regarding the lawsuits filed by Ömer Dinçök, one of the shareholders of the company, during the period with the request for appointment of a special auditor to our company pursuant to the provision of article 439/1 of the Turkish Commercial Code is included in the list of lawsuits enclosed herewith.

2.3. General Assembly Meetings

2.3.1. Annual General Meeting 2014 of the company was held on 31.03.2015. Notice for the meeting was advertised on the corporate Internet site of the company (www.akmgvyo.com), on the Public Disclosure Platform (KAP), and Turkish Trade Registry Gazette at latest three weeks prior to the date of the meeting, excluding the dates for the notice and the meeting, and the documents specified in article 437 of the Turkish Commercial Code were made available to the inspection of the shareholders and also the matters specified under the corporate governance principle no. 1.3.1 of the Corporate Governance Communiqué were submitted to the information of the shareholders.

Along with the notice for the general meeting and in addition to such notices and disclosures which the company is required to make pursuant to the legislation, the "General Meeting Information Document", which was prepared to include such issues set out in the corporate governance principle no. 1.3.1 of the Corporate Governance Communiqué, was published on the Company's Internet site. In addition, the Minutes of the General Meeting are made available to the information of investors on the Internet site.

2.3.2. Each proposal was stated in the agenda of the General Meeting under a separate caption and openly. There wasn't any issue included in the agenda of the Annual General Meeting 2014, which any shareholder submitted in writing to the Investor Relations Department for its inclusion in the agenda.

2.3.3. The annual general meeting 2014 was held in İstanbul in accordance with the relevant article of the articles of association with the purpose to increase the attendance of the shareholders and in a manner not to cause any inequality between the shareholders and to facilitate attendance of the shareholders at as much low cost as possible on 31.03.2015, and over 90% attendance was achieved. The minutes of the meeting and the list of present shareholders were disclosed to the public via the KAP and the corporate Internet site of the Company. No member of the media attended the meeting.

2.3.4. President of the meeting makes preparations about the conduct of the general meeting before the meeting pursuant to the Turkish Commercial Code and the other relevant laws and regulations, and the necessary information is provided by the Investor Relations Department to the President.

2.3.5. In the general meeting held on March 31, 2015, the president of the meeting gave care to the matter of conveyance of the issues in the agenda in an impartial, detailed, clear and understandable manner, and questions posed by the attendants of the general meeting, which didn't come into the scope of trade secret, were answered.

2.3.6. No considerable transaction which may lead to a conflict of interest with the Company was carried out by the shareholders having management control, Board members, managers having administrative responsibility or their spouses and relatives by blood or marriage in the year 2015. Execution of any commercial transaction by such persons in the name of themselves or for the account of other persons or participation by such persons in any other partnership dealing with the same commercial business as the company in the capacity of unlimited partner with regard to responsibility is not in question. Furthermore, no transaction was carried out regarding the operating subject of the company by any other persons having access to the company information.

2.3.7. No privilege has been granted to any person or entity for access to the information of the company.

2.3.8. The members of the Board of Directors, the other concerned persons, the persons who were responsible for preparation of the financial statements, and the auditors were

present at the annual general meeting 2014 in order to provide the necessary information and to answer the questions regarding the special issues in the agenda.

2.3.9. There wasn't any resolution which was within the authority of the Board of Directors but left to the decision of the General Meeting because it required but didn't receive the affirmative vote of the majority of the independent members of the Board of Directors.

2.3.10. During the Annual General Meeting, amounts and beneficiaries of the donations made by the company during 2014 were informed to the shareholders as a separate issue in the agenda, and the activity report contained detailed information about the donations made during the year. The donations and aids policy of the Company was submitted to the approval of the shareholders in the general meeting 2012 and the upper limit for the donations the Company can make was determined at the annual general meeting 2014 pursuant to the Capital Market Law and the Profit Share Communiqué (II-19.1) of the Capital Market Board.

2.3.11. The General Assembly meetings of the Company are publicly held, although there is no provision in this respect in the articles of association.

2.4. Voting Rights and Minority Rights

2.4.1. The Company refrains from any practice which makes the right to vote difficult. Every shareholder, even the ones beyond the boundaries of the country, is given the opportunity to exercise the voting right in the easiest and most convenient manner.

2.4.2. At the Company, each share has one vote, and there isn't any privilege on the voting right as per the articles of association of the Company.

2.4.3. There isn't any company with which the Company has reciprocal participation relationship.

2.4.4. Maximum care is given to the exercise of minority rights.

2.4.5. Minority rights are not granted to those who own less than one twentieth of the capital as per the articles of association.

2.4.6. Exercise of the minority rights at the Company is subject to the Turkish Commercial Code, the Capital Market Law and the relevant regulations, and maximum care is given in this regard.

2.5. Right to Profit Share

2.5.1. There is no privilege with regard to participation in the profit of the Company. The profit share distribution policy of the Company as adopted by the General Meeting has been disclosed to the public and is contained on the corporate Internet site and in the activity report.

2.5.2. The profit distribution policy of the Company contains the minimum information in such clarity that will enable investors to foresee the procedures and principles applicable to distribution of the profit that the Company would earn in future periods.

2.5.3. At the ordinary general assembly meeting held in 2015 for the year 2014, a resolution was passed for the distribution of the profit as follows: of the dividend in the amount of 59.622.400,00-TL, the amount of TL 52.914.880,00 was distributed to the shareholders in cash on May 27, 2015 and the amount of TL 6.707.520,00 was distributed to the shareholders in cash on September 15, 2015.

2.5.4. Regarding the profit distribution, a balance policy is pursued between the interests of the shareholders and the interests of the Company, the details of which are given in the profit distribution policy.

2.6. Transfer of Shares

2.6.1. All of the shares of the Company in groups (A), (B) and (C) are registered and all of the shares in group (D) are bearer. All shares are listed in BIST (Istanbul Stock Exchange), and there is a provision of the Articles of Association restricting the transfer of the shares in groups (A), (B) and (C).

Article 7, titled 'Transfer of Shares', in the Articles of Association contains the following provision:

Selling, transfer or pledging of the registered shares of the Groups (A), (B) and (C) other than the Group (D) shares, or execution of any transaction in favor of any third person, including creation of usufruct, on these shares, is subject to permissions of the Board of Directors and the Capital Market Board. Transfer of any privileged shares is subject to permission of the Capital Market Board.

However, transfer of shares between shareholders in the same group and from real person shareholders to their spouses and descendants, and transfers done in accordance with the provision of paragraph 3 of article 495 of the Turkish Commercial Code are not subject to permission of the Board of Directors.

Each permit is exclusive to the proposed transaction. Any disposition executed in accordance with this permit becomes valid if it is registered into the share register.

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Internet Site and its Content

3.1.1. For disclosures to the public, the Company's corporate Internet site, www.akmgyo.com, is used. The letterhead of the Company contains the address of the corporate Internet site. The corporate Internet site of the Company is made up in accordance with the corporate governance principle no. 2.1 of the Corporate Governance Communiqué of the Capital Market Board and the regulations of the Turkish Commercial Code. In addition, local and foreign stakeholders who want to get more information about the Company can reach the concerned representatives of the Company via the electronic mail address gyo@akmerkez.com.tr.

3.1.2. Shareholding structure of the Company, showing the names, and the quantity and rate of the shares owned by, the shareholders, is disclosed on the corporate Internet site of the Company and updated when necessary.

3.1.3. Except any special situations which must be disclosed to the public, the financial statement notifications and the footnotes thereof are made available in English as well as Turkish on the corporate Internet site to investors pursuant to the Capital Market legislation. Disclosures in English should be prepared in summary to be accurate, complete, direct, understandable, adequate and consistent with their Turkish version to the extent that they help the persons who use them make their decision. Notifications of financial statements, material event and notes, which are mandatory to be disclosed to public in accordance with capital markets legislation is disclosed at PDP just in Turkish.

3.1.4. Basic information contained on the corporate Internet site of the Company is prepared also in English so that it is used by the international investors as well.

3.2. Activity Report

Activity report of the Company is prepared in accordance with the statutory regulations in such quality that it enables the public to get complete and accurate information about the activities of the Company. The activity report contains all the information specified in the Corporate Governance Principles.

PART IV - STAKEHOLDERS

4.1. Keeping the Stakeholders informed

4.1.1. Ethical rules of the Company guarantee the rights of the stakeholders regulated by the legislation and mutual contracts. The stakeholders are informed in accordance with the policy established by the Company pursuant to the current legislation and ethical rules. In addition, informing of all stakeholders through the press releases, the activity report, the Internet site, and the other practices within the scope of the transparency-based informing policy. When performing their jobs, the employees of the Company are expected to fulfill their obligations by valuing the interests of the Company above the interests of themselves, their family and their relatives. The employees refrain from any venture which may mean gaining advantage for themselves or their relatives. Foreseeable potential situations of conflict of interest and situations defined by the management of the Company are communicated to the employees, and the management of the Company take the necessary measures.

4.1.2. In the event of violation of the rights of the stakeholders which are protected by the legislation and contracts, an efficient and rapid mechanism of remediation is made available. The Company makes things easier as necessary for use of such mechanisms as compensation which are provided by the legislation to the stakeholders. The Company doesn't have a special compensation policy for the employees, and the rights of compensation of the employees are protected under the relevant legislation.

4.1.3. The stakeholders are informed about the policies and procedures of the Company concerning the protection of their rights via the corporate Internet site of the Company too.

4.1.4. The stakeholders can report any transaction of the Company which is contrary to the law and which is improper from ethical point of view to the Corporate Governance Committee and the Committee in charge of Audits. There wasn't any application and complaint in this regard in 2015.

4.1.5. When a conflict of interest occurs between the stakeholders or in the case that a stakeholder is a member of more than one interest group, a policy which is as much balanced as possible for the protection of the owned rights is pursued and protection of each right independently of other rights is targeted.

Relations With Customers and Suppliers

- The Company attaches importance on customer satisfaction in the sale and marketing of the service and takes the necessary measures therefor.
- The Company takes the necessary measures in order to establish appropriate relations in accordance with related legislation and contracts between the parties, maintain this relationship, with the customers and suppliers to which it renders services and goods, and to observe the sectoral standards in the provision of the goods and services, as well as renewing the processes thereof after having reviewed the same.
- Due care is exercised in order to protect the confidentiality of the information related to the customers and suppliers treating the same within the scope of trade secret.
- Demands of the customers for the service purchased by them are rapidly met and the customers are kept informed about the delay without awaiting for the expiration of the relevant duration.

4.2. Participation of the Stakeholders in the Company Management

4.2.1 Although such models which support participation of the stakeholders, primarily the employees of the Company, in the management of the Company are not provided in the articles of association, they are tried to be developed in a manner not to interfere with the activities of the Company.

Participation of the employees in the management is achieved through annual performance assessment meetings, recommendation systems and annual meetings held within the Company.

4.2.2. The Company takes into account any comments and recommendations transmitted by other stakeholders, too, where necessary.

4.3. Human Resources Policy of the Company

4.3.1. In the establishment of the recruitment policies and in the drawing up of career plans, the principle of providing equal opportunity to persons under equal conditions has been adopted. In the cases when it is foreseen that change of duty of managers would cause disruption in the management of the Company, a succession plan is drawn up regarding determination of managers to be newly assigned.

The human resources policy of the Company targets earning of candidates who fit to the culture and values of the Company, who have such knowledge, skills, experiences and competencies required by the job/position, and who will carry the Company to the future to the Company at the time of recruitment and placement and thus serving to the strategies and targets of the Company. It acts with the principle of selecting the correct employee for the correct job by using the contemporary assessment systems that will support giving of the most objective decision in the hiring and placement processes.

4.3.2. Standards applicable to recruitment of employees by the Company have not been established in writing.

The Company Management tries to actualize such Human Resources applications where internationally recognized models and systems integrated with each other are used. The Company targets to ensure using of contemporary systems which are integrated with each other and which ensure generation of business results in all human resources processes from hiring to performance management system, to development, to compensation and resignation process.

4.3.3. The employees are treated fairly in respect of all rights provided to them; training programs for raising the knowledge, skills and good manners of the employees are carried out; and training policies are established.

Starting from the continuous learning, development and business results generating approach of the Company, arrangement of development programs for the employees, which involve the targets of the Company and the knowledge, skill and experience areas and competencies, is targeted and at the same time it is tried to set aside fund for such programs which support development in social and cultural areas. In the development planning, needs of the Company and the employees are taken into account, and such training and development solutions fitting to the existing situation are offered.

4.3.4. Information meetings are held with and view are exchanged with the employees on issues such as financial standing of the Company, salaries, career, training, health, etc.

At the Company, a management system which gives value to human beings and encourages creativity, communication and participation of employees is implemented. The Company is conscious that creating an open, close and uninterruptible communication environment between the management and the employees is very important with regard to the motivation and productivity of the employees.

4.3.5. Decisions taken in connection with the employees or developments concerning the employees are communicated to the employees.

4.3.6. Job descriptions and distribution of the employees and performance and reward criteria are communicated to the employees. Attention is paid to productivity in the determination of salaries and other benefits provided to the employees.

The Company uses a Job Assessment and Compensation model whose validity and reliability has been proven across the world. This is a salary and benefits model which is objective and transparent, which reflects the realities of the national and international business world, which is based on the principle of equality and fairness, and which is based on compensation depending on the job done.

The Performance Management System is a structure which seeks that corporate targets are embraced by individuals and which strengthens the common corporate culture. The persons working within the system can transparently see their personal contributions and the effect of this contribution on the corporate scale. Outputs of the Performance Management System are used in the development planning, talent management, career and substitute planning, compensation and rewarding processes of the Human Resources and thus a structure where all these processes are fed with each other and gathered under a system integrated with each other is built up. By applying incentives that will reinforce the high performance culture of the Company, orientation of the employees toward the same goal is supported. Leadership and functional competencies of the Company are measured by means of assessments, and how the employee has achieved the business results is assessed. Hence, reinforcement and application of such competencies that will move the Company further and serve to its corporate reputation and sustainability are supervised with the same system.

4.3.7. Measures are taken to prevent discrimination among the employees on race, religion, language and gender and to protect the employees from physical, emotional and mental abuse within the Company.

The employees are informed on such issues through personal development and communication trainings.

4.3.8. The Company does not pose any obstacle before the freedom of establishing an association and the recognition of the right of collective labor agreement in an efficient manner, and support the same where necessary.

4.3.9. It makes continuous improvement and development to provide safe working environment and conditions for the employees.

4.3.10. No complaint on the issue of discrimination was received from the employees in 2015.

4.3.11. No representative has been appointed due to small number of the employees.

4.4. Ethical Rules and Social Responsibility

4.4.1. Activities of the Company are carried out in accordance with the ethical rules which are disclosed to the public through the corporate Internet site.

4.4.2. Maximum care is given to adoption and application of technologies which are innovative and compatible with the environment in accordance with the environmental policy and the quality policy of the Company.

4.4.3. The Company is sensitive regarding its social responsibilities, as well as complying with the regulations and ethical rules concerning environment, consumers and public health. The Company supports and respects the human rights recognised throughout the world.

PART V - BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

The Board of Directors consists of 10 members, including 3 independent members.
The general manager of the Company is MURAT KAYMAN.

Name - Surname	Gender	Function	Profession	Positions Undertaken in the Company over the Last 5 Years	Duties Undertaken Outside of the Company Currently	Rate of Share Held in the Company (%)	Participated Committees and Task Undertaken
Raif Ali Dinçkök	Male	Chairman of the Board of Directors	Industrialist	Chairman of the Board of Directors	Board Member in Akkök Holding A.Ş. and Chairman, Vice-Chairman and Board Member in Various Group Companies of Akkök. Board Member in Akış GYO A.Ş. and SAF GYO A.Ş.		
Murat Gigin	Male	Vice-Chairman of the Board of Directors	Engineer	Board Member	Chairman/Vice-Chairman and Board Member in Various Companies		
Sinan Kemal Uzan	Male	Board Member	Manager		Founder of Ankaa LLC. System Manager in the Hub Surgical & Orthopedic Supplies Company		Early Risk Detection Committee Member
Davit Braunştayn	Male	Board Member	Industrial Engineer	Board Member	Chairman and Board Member in the other companies where he has shares	6,98	Corporate Governance Committee Member
Alize Dinçkök Eyübođlu	Female	Board Member	Manager	Board Member	Board Member in Akkök Holding A.Ş. and Various Group Companies of Akkök. Deputy Manager and Board Member in Akış GYO A.Ş. and Member in SAF GYO A.Ş.		Early Risk Detection Committee Member
Mehmet Ali Berkman	Male	Board Member	Manager	Board Member	Board Member and Executive Board Adviser in Akkök Holding A.Ş. / Chairman and Board Member in Group Companies of Akkök. Board Member in Akış GYO A.Ş.		
Frederic Yves Marcel Fontaine	Male	Board Member	Business Manager	Board Member	Chief Development Officer of Klepierre S.A. France		
Rober Filiba	Male	Independent Board Member	Chemical Engineer	Independent Board Member	Foundation's General Coordinator in Ulus Jewish High School		Chairman of Early Risk Detection Committee / Corporate Governance Committee Member / Committee in charge of audit Member
Selçuk Yener	Male	Independent Board Member	Operating Engineer	Independent Board Member	Consultant		Chairman of the Committee in charge of audit
Lütfü Ünver	Male	Independent Board Member	Master Architect	Independent Board Member	Instructor in the Yıldız Technical University, Faculty of Architecture and Shareholding Manager in İltay Mimarlık Dek. İnş. ve Tur. Ltd. Şti.		Chairman of Corporate Governance Committee / Committee in charge of audit Member

There isn't any member in the board of directors who has managerial duty in such meaning as specified in the Corporate Governance Communiqué no. II-17.1 of the Capital Market Board.

A non-executive director is a person who doesn't have any administrative duty in the Company other than membership in the board of directors or who doesn't have a unit reporting to him/her, which carries out an executive activity, and who doesn't interfere with daily work flow and ordinary operations of the Company in such meaning as specified in the Corporate Governance Communiqué no. II-17.1 of the Capital Market Board.

There isn't any restriction regarding undertaking of duties by the members of the Board of Directors outside the Company and there isn't any definite rule in this respect. Duties of the members of the board of directors outside the Company are informed to investors in the Company General Information Form, which is published on the KAP, and on the corporate Internet site of the Company.

Among the non-executive members of the Board of Directors are independent members who have the qualification to fulfill their duties without being influenced.

Board Members were elected at the ordinary general assembly meeting held on 31.03.2013 for the purpose of performing duty on the Board for a period of 1 year.

Three independent members have been nominated as candidate to the Corporate Governance Committee and the report dated 27.02.2015 indicating that the candidates have the qualifications regarding independence was submitted to the Board of Directors on 27.02.2015.

The Company's independent Board members have submitted their declaration to the effect that they are independent to the Company in writing. No situation which put an end to the independency of the independent members occurred in 2015.

Independent board members' term of office is maximum three years and they may be nominated and elected again.

There is one female member in the Board of Directors of the Company. The Company doesn't have a written target or policy to increase the number of female members. In the course of time, the issue of increasing the number of female members will be reviewed.

The Company will be managed and outwardly represented and committed towards third persons by the board of directors consisting of the members to be elected by the general assembly from among the members having the qualifications as provided for in the Turkish Commercial Code and the capital market legislation for the purpose of performing duty for a period of maximum 3 (three) years within the framework of the provisions of the Turkish Commercial Code and the Capital Market Legislation. The Board of Directors will elect one chairman and one vice-chairman to chair the meeting in the absence of the chairman from among its members at its first convention.

The Board of Directors of the Company is formed by 10 (ten) members elected by the general meeting among the nominees 4 of whom are nominated by majority of holders of Group (A) registered shares, 3 by majority of holders of Group (B) registered shares, 2 by majority of holders of Group (C) registered shares and 1 by majority of holders of Group (D) bearer shares offered to public, who are present at the general meeting.

In the event that the holders of the Group (D) bearer shares offered to public, who are present at the general meeting, do not nominate a nominee and/or cannot nominate a nominee by majority, the Board of Directors is formed by 9 (nine) members elected by the General Meeting from among the nominees 4 of whom are nominated by majority of the holders of Group (A) registered shares, 3 by majority of the holders of Group (B) registered shares and 2 by majority of the holders of Group (C) registered shares, who are present at the general meeting.

Independent members of the board of directors are elected in adequate number, which may not be less than 2, by the general meeting in accordance with the corporate governance principles concerning the independency of members of board of directors as set out in the Corporate Governance Communiqué of the Capital Market Board.

DECLARATION FOR INDEPENDENT BOARD MEMBERSHIP

REPUBLIC OF TURKEY
15th Notary Public of Beyoğlu
Journal Entry Date: 13th February 2015
Journal Entry No.: 01676

DECLARATION OF INDEPENDENCE

I hereby declare that I am a candidate to perform duty as “Independent Member” in the Board of Directors of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ (the “**Company**”) in accordance with the relevant legislation, Articles of Association and the criteria included in the Corporate Governance Principles as provided for in the Corporate Governance Communiqué no. (II-17.1) issued by the Capital Market Board.

I hereby represent that:

- (a) There isn't any employment relationship between the partners controlling the company or the management of the company or the legal entities owned by such partners and I myself, my spouse or my relatives by blood or marriage which may lead to the assumption of important tasks and responsibilities during the last five (5) years and I don't have jointly or lonely more than 5% of the capital or voting rights or privileged shares in, or I did not conduct any commercial relation with, such companies during the last five years;
- (b) I haven't been a shareholder (with a share of 5% and over), an employee or Board member in a managerial position which may lead to the assumption of important tasks or responsibilities during the periods of purchasing or selling any service in the companies to which the company sells products or from which the company purchases products in considerable quantities within the framework of agreements executed for performing such functions as the auditing of the company (including tax auditing, legal auditing and internal auditing) during the last five (5) years;
- (c) I have the necessary professional education, knowledge and experience required to fulfill the tasks which I am going to assume to perform as an independent Board member;
- (d) I haven't worked or will not work on full-time basis as a member in any public institution or organizations except the business of an academician in any university, provided that the same complies with the relevant legislation;
- (e) I am a resident in Turkey according to the Income Tax Law no. 193 dated 31/12/1960;
- (f) I have strong ethical standards, professional reputation and experience enabling me to make positive contributions to the activities of the Company, to maintain my impartiality in the conflicts between the Company and the shareholders and to make decision freely taking into consideration the rights of stakeholders;
- (g) I will allocate sufficient time required for tracking the conduction of the activities of the Company and for the fully fulfillment of the tasks I am going to assume to perform;
- (h) I did not perform duty on the Board of the Company more than six years during the last ten years;
- (i) I haven't performed any duty as independent Board member in more than three companies in the companies controlling the Company or the board of directors or the companies owned by such companies and more than five companies whose shares are traded in the stock exchange.

Independent Board Member Candidate's:

Name – Surname : ROBER FILIBA
TR Identity Number : 14918390016
(signature)

DECLARATION FOR INDEPENDENT BOARD MEMBERSHIP

REPUBLIC OF TURKEY

___ Notary Public of ___

Journal Entry Date: 16th February 2015

Journal Entry No.: 08039

DECLARATION OF INDEPENDENCE

I hereby declare that I am a candidate to perform duty as "Independent Member" in the Board of Directors of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ (the "Company") in accordance with the relevant legislation, Articles of Association and the criteria included in the Corporate Governance Principles as provided for in the Corporate Governance Communiqué no. (II-17.1) issued by the Capital Market Board.

I hereby represent that:

(a) There isn't any employment relationship between the partners controlling the company or the management of the company or the legal entities owned by such partners and I myself, my spouse or my relatives by blood or marriage which may lead to the assumption of important tasks and responsibilities during the last five (5) years and I don't have jointly or lonely more than 5% of the capital or voting rights or privileged shares in, or I did not conduct any commercial relation with, such companies during the last five years;

(b) I haven't been a shareholder (with a share of 5% and over), an employee or Board member in a managerial position which may lead to the assumption of important tasks or responsibilities during the periods of purchasing or selling any service in the companies to which the company sells products or from which the company purchases products in considerable quantities within the framework of agreements executed for performing such functions as the auditing of the company (including tax auditing, legal auditing and internal auditing) during the last five (5) years;

(c) I have the necessary professional education, knowledge and experience required to fulfill the tasks which I am going to assume to perform as an independent Board member;

(d) I haven't worked or will not work on full-time basis as a member in any public institution or organizations except the business of an academician in any university, provided that the same complies with the relevant legislation;

(e) I am a resident in Turkey according to the Income Tax Law no. 193 dated 31/12/1960;

(f) I have strong ethical standards, professional reputation and experience enabling me to make positive contributions to the activities of the Company, to maintain my impartiality in the conflicts between the Company and the shareholders and to make decision freely taking into consideration the rights of stakeholders;

(g) I will allocate sufficient time required for tracking the conduction of the activities of the Company and for the fully fulfillment of the tasks I am going to assume to perform;

(h) I did not perform duty on the Board of the Company more than six years during the last ten years;

(i) I haven't performed any duty as independent Board member in more than three companies in the companies controlling the Company or the board of directors or the companies owned by such companies and more than five companies whose shares are traded in the stock exchange.

Independent Board Member Candidate's:

Name – Surname : LÜTFÜ ÜNVER

TR Identity Number : 26894106680

(signature)

DECLARATION FOR INDEPENDENT BOARD MEMBERSHIP

REPUBLIC OF TURKEY

6th Notary Public of Bodrum

Journal Entry Date: 24th February 2015

Journal Entry No.: 00961

DECLARATION OF INDEPENDENCE

I hereby declare that I am a candidate to perform duty as "Independent Member" in the Board of Directors of AKMERKEZ GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ (the "Company") in accordance with the relevant legislation, Articles of Association and the criteria included in the Corporate Governance Principles as provided for in the Corporate Governance Communiqué no. (II-17.1) issued by the Capital Market Board.

I hereby represent that:

(a) There isn't any employment relationship between the partners controlling the company or the management of the company or the legal entities owned by such partners and I myself, my spouse or my relatives by blood or marriage which may lead to the assumption of important tasks and responsibilities during the last five (5) years and I don't have jointly or lonely more than 5% of the capital or voting rights or privileged shares in, or I did not conduct any commercial relation with, such companies during the last five years;

(b) I haven't been a shareholder (with a share of 5% and over), an employee or Board member in a managerial position which may lead to the assumption of important tasks or responsibilities during the periods of purchasing or selling any service in the companies to which the company sells products or from which the company purchases products in considerable quantities within the framework of agreements executed for performing such functions as the auditing of the company (including tax auditing, legal auditing and internal auditing) during the last five (5) years;

(c) I have the necessary professional education, knowledge and experience required to fulfill the tasks which I am going to assume to perform as an independent Board member;

(d) I haven't worked or will not work on full-time basis as a member in any public institution or organizations except the business of an academician in any university, provided that the same complies with the relevant legislation;

(e) I am a resident in Turkey according to the Income Tax Law no. 193 dated 31/12/1960;

(f) I have strong ethical standards, professional reputation and experience enabling me to make positive contributions to the activities of the Company, to maintain my impartiality in the conflicts between the Company and the shareholders and to make decision freely taking into consideration the rights of stakeholders;

(g) I will allocate sufficient time required for tracking the conduction of the activities of the Company and for the fully fulfillment of the tasks I am going to assume to perform;

(h) I did not perform duty on the Board of the Company more than six years during the last ten years;

(i) I haven't performed any duty as independent Board member in more than three companies in the companies controlling the Company or the board of directors or the companies owned by such companies and more than five companies whose shares are traded in the stock exchange.

Independent Board Member Candidate's:

Name – Surname : SELÇUK YENER

TR Identity Number : 11456728318

(signature)

Curriculum Vitae of the Members of the Board of Directors and the General Manager

Raif Ali DİNÇKÖK

Chairman of the Board of Directors

Raif Ali Dinçkök was born in İstanbul in 1971. After having graduated from the Business Administration Department of Boston University in 1993, he started his career at Akkök Group of Companies. He worked at the Purchasing Department of Ak-Al Tekstil San. A.Ş. during 1994-2000 and worked as coordinator at Akenerji during 2000-2003. Being a member of the Board of Directors and the Executive Committee of Akkök Holding A.Ş., Raif Ali Dinçkök is at the same time a member of the boards of directors of the Companies of Akkök Group.

Raif Ali Dinçkök has been performing duty as Member of the Board of Directors and the Executive Committee of Akkök Holding A.Ş. Offices of Raif Ali Dinçkök at various Akkök Group Companies as Chairman and Member of the Board of Directors are continuing. He took offices at various Akkök Group Companies as member of the Board of Directors in previous periods.

Murat GİGIN

Vice-Chairman of the Board of Directors

Murat Gigin was born in İstanbul in 1952. He completed his undergraduate study in the Construction and Building Engineering Department of the University of Bradford in 1974 and post-graduation study in the Department of Mechanical Engineering of the University of London in 1975. He was conferred the diploma of Ocean Engineer by University College London in 1976.

Gigin started his career at Tekfen İnşaat as civil engineer at the construction sites in Kuwait in 1977, returned to the headquarters in İstanbul in 1983, and after having worked in the Business Development department until 1986 and as coordinator at various international projects, he was appointed as Assistant General Manager of Tekfen İnşaat in 1986. Gigin, who acted as General Manager of Tekfen İnşaat during 1988-1998, took office as member of the Board of Directors at the companies of Tekfen Contracting Group until 2000. Murat Gigin is currently a member of the Boards of Directors of Tekfen Holding A.Ş. and Tekfen-ÖZ Gayrimenkul Geliştirme A.Ş.

Acting as Chairman and Delegate Member of the Boards of Directors of Group Companies at the Group Companies of Viem Ticari ve Sanayi Yatırımları Ltd. Şti. (Viem Ticari ve Sanayi Yatırımları Ltd. Şti.) and as Chairman and Delegate Member of the Boards of Directors (in Tekzen Ticaret ve Yatırım A.Ş., Agromak Makine İmalat Sanayi ve Ticaret A.Ş., Maxlines Maksimum Lojistik Hizmetleri A.Ş., Viem İletişim Yayıncılık Reklam Turizm Hizmetleri Yatırım Ticaret A.Ş., Ekozey Ekolojik ve Organik Tarım Gıda Hayvancılık ve Turizm Taşımacılık İthalat İhracat İnşaat Sanayi Ticaret A.Ş., İmbroz Tarım Hayvancılık Gıda Sanayi Turizm ve Ticaret Ltd. Şti., Galipoli Gıda Ürünleri Sanayi ve Ticaret Ltd. Şti., ENAT Endüstriyel Ağaç Tarımı Sanayi ve Ticaret A.Ş., Temari Gıda Sanayi ve Ticaret A.Ş.), Gigin is at the same time Vice Chairman of the Board of Directors of ANG Yatırım Holding.

Gigin, who took office at various non-governmental organizations in the past, acted as Chairman of the International Pipeline and Offshore Contractors Association (IPLOCA) during 1995-1996, and is currently a member of the Board of Trustees of TEMA Foundation.

Davit BRAUNŞTAYN**Board Member**

Born in İstanbul in 1964, Davit Braunştayn graduated from the Industrial Engineering Department of the Bosphorus University and received MBA degree in finance from Columbia University. Started his career as analyst at the Investment Banking department of Lazard Frenes&Co. in the United States, Mr. Braunştayn then transferred to Lignadekor Üretim ve Pazarlama A.Ş. where he is currently the general manager. Mr. Braunştayn speaks English, French and German.

Alize DİNÇKÖK EYÜBOĞLU**Board Member**

Born 1983 in İstanbul, Alize Dinçkök Eyüboğlu graduated from the Business Administration Department of Sawyer School of Management of Suffolk University in 2005. She started her career at Ak-Al Tekstil Sanayi A.Ş. as the Strategic Planning Specialist in 2005. In 2006, she joined the newly established Akiş Gayrimenkul Yatırım A.Ş. and worked there as the Project Coordinator, the Sales and Marketing Manager and the Assistant General Manager in charge of Sales and Marketing, respectively.

Alize Dinçkök Eyüboğlu currently has seats at boards of directors of both Akkök Holding A.Ş. and the other Akkök Group of Companies. In the previous years, she also performed duty as board member in various Akkök Companies of Group.

Mehmet Ali BERKMAN**Board Member**

Mehmet Ali Berkman was born in Malatya in 1943. After having graduated from the Industrial Management program of the Business Administration department of the Middle East Technical University, he received MBA degree in the Operational Research from Syracuse University in the United States. He retired from Koç Group, where he joined in 1972, in 2004. He undertook membership of the Board of Directors and chairmanship of the Executive Committee at Akkök Holding A.Ş. in September 2005. He also carried out duties of membership and chairmanship in the boards of directors of the Group Companies. Mehmet Ali Berkman, who handed over the Chairmanship of the Executive Committee of Akkök in January 1, 2013, continues his duty as Advisor to the Executive Committee of Akkök. Duties of Berkman as Chairman and Member of the Boards of Directors at the Group Companies are continuing.

Mehmet Ali Berkman is acting as Member of the Board of Directors and Advisor to the Executive Committee of Akkök Holding A.Ş. Duties of Berkman as Chairman and Member of the Board of Directors at various Group Companies are continuing. He acted as member of the Boards of Directors of various Akkök Group Companies in previous periods.

Sinan Kemal UZAN**Board Member**

Sinan Kemal Uzan was born in New York in 1986. After having graduated from the department of International Business Administration in Pepperdine University (USA), he participated in the program of Family Undertakings Management in the Northwestern University Kellogg School of Management'ta (Illinois) in the year 2012.

In his business life, he performed duties as Vice-Chairman of StarClub conducting activity in the fields of music production and internet strategies in Los Angeles, California and as Azerbaijan Project Coordinator in Tekfen İnşaat ve Tesisat A.Ş. respectively.

Sinan Kemal Uzan is currently performing duty as system manager in the Hub Surgical & Orthopedic Supplies company, the headquarter of which is located in New York and which is developing technology for the diabetic patients and meanwhile, he is the founder of Ankaa LLC (California) conducting investment activities regarding internet technology.

Frederic Yves Marcel FONTAINE**Board Member**

Mr. Fontaine was born in Tours, France in 1958. After having graduated from Nantes University of Commerce in 1981, he started his career at France Construction in 1983. Thereafter, he worked at Copra, Trema and Hammerson, respectively. He has worked as general manager in Corio France and member of the board of directors and CDO of Corio N.V. during May 2003 - January 2015. He has been continuing his career as Chief Development Officer of Klepierre S.A. France since January 2015. Mr. Fontain is married with two children.

Lütfü ÜNVER**Board Member (Independent Member)**

Born in Kayseri in 1953, Lütfü Ünver was graduated from the Faculty of Architecture of İstanbul Technical University and then completed his post-graduation study in İstanbul Technical University. Starting his career at Ayyıldız Engineering and Consultancy, Mr. Ünver then worked at Cemtay Construction Co. and İltay Architecture Co., respectively. He is currently working as a lecturer at Yıldız Technical University.

Selçuk YENER**Board Member (Independent Member)**

Born in Kütahya in 1960, Mr. Yener graduated from the Business Engineering Department of İstanbul Technical University. He gained broad experience at various industries in Turkey and worked as top executive in various companies like Mis Süt, Karaca Giyim and İstanbul Cerrahi Hastanesi.

Rober FİLİBA**Board Member (Independent Member)**

Born in 1951, Rober Filiba completed his high school education at Robert College and university education at the Chemical Engineering Department of Bosphorus University. He achieved Master's degree at Massachusetts Institute of Technology.

In later years, he worked as Technical Marketing Engineer at İnterkem Koll. Şti., as Process Engineer at Vaniköy Starch and Glucose Factory and as Vice Chairman of the Board of Directors at Plastikap A.Ş. Mr. Filiba is currently acting as the General Coordinator of the Foundation of Ulus Jewish High School.

Married with two children, Mr. Filiba speaks English, French and German.

Murat KAYMAN**General Manager**

Born in Germany in 1974, Murat Kayman achieved MBA degree from Zichlin School of Business of New York Baruch College. He worked at STFA, Ekinciler Holding, Federation of International Trade Association, Blade Fencing Inc., ECE Germany, ECE Turkey, AVM MFI Partners and Akbatı Shopping Mall owned by Akiş GYO A.Ş.

Married with two children, Mr. Kayman speaks English and German.

5.2. Working Principles of the Board of Directors

5.2.1. The Board of Directors has been carrying on its duties in a transparent, accountable, fair and responsible manner.

5.2.2. The Board of Directors has segregated the duties by electing one Chairman and one Vice Chairman from among its members.

5.2.3. The Board of Directors establishes the internal control systems to include the risk management and information systems and processes which can minimize the impacts of the risks which may affect the stakeholders of the Company, primarily the shareholders, by taking into account the views of the relevant committees of the board of directors.

5.2.4. The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year.

5.2.5. Although it is not set out in the articles of association, the powers of the chairman of the board of directors and the general manager have been segregated. The General Manager and the Chairman of the Board of Directors of the Company are different persons, and their duties and powers have been defined in the organization chart. Furthermore, except those powers and duties of the board of directors which cannot be transferred as provided for in article 375 of the Turkish Commercial Code, the Board of Directors has regulated the principles related to the management of the Company with regard to technical, commercial and legal aspects based on an Internal Directive regulating the management of the Company as a whole, containing the definitions related to management and indicating the positions which are going to report to which positions as provided for in the provision of article 367 of the Turkish Commercial Code.

5.2.6. The board of directors plays a role in the maintenance of efficient communication between the Company and the shareholders and in the solution of any disputes between them. To this end, it is in communication continuously with the Corporate Governance Committee and the Investor Relations Unit.

5.2.7. Potential losses incurred due to faults of the members of the board of directors in the performance of their duties have been directly insured by the Company with an annual total liability limit of USD 5.000.000 (in an amount exceeding 25% of the Company capital) as of 3rd November 2015 and this fact was disclosed in the Public Disclosure Platform.

5.2.8. The Board of Directors convenes at such frequently as it can fulfill its duties efficiently in compliance with the working principles of the Board of Directors. In 2015, the Board of Directors convened five (5) times and a participation of about 96% was ensured as an average. In 2015, totally 35 resolutions were passed by the Board of Directors, and 7 of these resolutions were passed by holding meeting and the other 28 resolutions were passed by in accordance with the provision of paragraph 4 of article 390 of the Turkish Commercial Code. In 2015, all of the Board resolutions requiring were passed unanimously. No Board member raised an objection to the resolutions passed in 2015.

5.2.9. The chairman of the board of directors determines the agenda of the meetings of the board of directors in consultation with the other members of the board and the general manager and notifies it to the members before the meeting. Pursuant to article 13 of the Articles of Association of the company, notice for the meetings of the board of directors is sent in writing by courier or facsimile at latest two weeks before the date of the meeting. Place of meeting is the head office of the company. However, the board of directors may meet at another place as well on condition that it takes a resolution to this effect and makes notification in writing by courier or facsimile to the members to be received by them at latest one week before. The members give care to attend each meeting after having examined the information and documents relevant with the issues in the agenda and made their preparations and to express an opinion.

5.2.10. The information and documents related to the issues in the agenda of the meeting of the board of directors are made available to the examination of the members of the board of directors within an adequate time before the meeting by ensuring equal information flow.

5.2.11. Any member of the board of directors can give a proposal to the chairman for making of a change to the agenda. Views of a member who will not be able to attend the meeting but has notified them in writing to the Board of Directors are informed to the other members.

5.2.12. Each member of the board of directors is entitled to cast one vote.

5.2.13. Issues included in the agenda of the meetings of the board of directors are discussed openly and in all aspects. The chairman of the board of directors exerts the best effort to ensure active attendance of all members to the meetings of the board of directors. The members of the board of directors have their reasonable and detailed reasons for their counter vote on the issues they dissented in the meetings recorded in the minutes of the resolution. None of the members of the board of directors used dissenting vote against any resolution passed at the meetings of the board of directors held in 2015. Weighted voting right and/or negative veto right has not been granted to any members of the board of directors.

5.2.14. Member of the board of directors spares adequate time for the business of the company. If a member of the board of directors becomes a manager or a member of the board of directors of another company, this does not lead to conflict of interest and does not interfere with the duty of the member at the company. For this reason, undertaking of other duty or duties by members of the board of directors outside the company has not been bound by certain rules or restricted. Any duties undertaken by the Members of the Board of Directors outside the company are stated in the "General Information Form of the Company" which is disclosed to the public through the KAP [*Public Disclosure Platform*]. Duties undertaken by the members of the board of directors outside the Company, and the reasons thereof, are informed to the shareholders during the general meeting where their elections are discussed under the item of the agenda concerning the election by making segregation between the duties within and outside of the group. In addition, if election of members of the board of directors is in the agenda of the general meeting, in respect of the persons whose candidacy to a seat in the board of directors, information about their curriculum vitae, duties carried out by them during the last ten years and reasons for resignation, nature and degree of importance of their relations with the company and the parties having relationship with the company, whether they have the qualification for independency or not, and similar matters which may affect the activities of the company if they are elected as members of the board of directors is provided in the KAP and the "General Meeting Information Document" published on the corporate Internet site of the Company.

5.3. Number, Structure and Independency of the Committees Formed within the Body of the Board of Directors

5.3.1. By reviewing the structure and activities of the existing committees in accordance with the provisions of the Corporate Governance Communiqué of the Capital Market Board, the board of directors has formed the Committee in charge of audit, the Corporate Governance Committee and an Early Risk Detection Committee. The duties and responsibilities of the Nomination Committee and Wage Committee stipulated in the Corporate Governance Communiqué are performed and fulfilled by the Corporate Governance Committee.

Committee in Charge of Audit

Name - Surname	Title
Selçuk YENER	Chairman
Lütfü ÜNVER	Member
Rober FİLİBA	Member

Early Risk Detection Committee

Name - Surname	Title
Rober FİLİBA	Chairman
Alize DİNÇKÖK EYÜBOĞLU	Member
Sinan Kemal UZAN	Member

Corporate Governance Committee

Name - Surname	Title
Lütfü ÜNVER	Chairman
Rober FİLİBA	Member
Davit BRAUNŞTAYN	Member
Zeynep GÜNDOĞDU	Member

5.3.2. Duty areas, working principles and members of the committees have been determined by the board of directors and announced to the public on the Public Disclosure Platform and the corporate Internet site of the Company.

5.3.3. All members of the Committee in charge of audit formed within the body of the Board of Directors consist of the independent members of the board of directors. Chairman of the Corporate Governance Committee and Rober Filiba are independent members of the board of directors. Other member of the Corporate Governance Committee, Zeynep Yıldırım Gündoğdu, has been included in the Committee for the reason that she is the manager of the Investor Relations Department, who has the Capital Market Board licenses pursuant to the provision of second paragraph of article 11 of the Corporate Governance Communiqué. David Braunstayn, a member of the Corporate Governance Committee, has also no administrative duty in the Company other than membership in the board of directors. Chairman of Early Risk Detection Committee is independent member of the board of directors; other members have also no administrative duty in the Company other than membership in the board of directors.

5.3.4. The General Manager does not assume duty in any committee.

5.3.5. Care is given that a member of the board of directors does not undertake duty in more than one committee. However, taking into account the knowledge and experience of the independent members, the members who carry out duty in a committee undertake duty in other committees.

5.3.6. Every kind of resource and support required for carrying out of duties of the committees is provided by the board of directors. The committees can invite any manager who they deem is necessary to their meetings and receive their opinions.

5.3.7. The committees use opinions of independent specialists in areas they deem necessary regarding their activities. The cost of any consultancy services needed by the committees is paid by the Company. In this case, however, the information about the person/firm from whom/which the service is received and the information about whether that person/firm has any relationship with the company is given in the activity report. No such service was purchased in 2015.

5.3.8. The committees document and keep a record of all the works they carried out. The committees meet with the frequency as deemed necessary for efficiency of the works and as set in the working principles. They submit the reports containing the information about their works and the outcomes of their meetings to the board of directors.

5.3.9. The committee in charge of audit supervises the accounting system of the company, the disclosure of the financial data to the public, the independent audit, and the operation and efficiency of the internal control and internal audit systems of the company. Selection of the independent audit firm, preparation of independent audit contracts and commencement of the independent audit process, and works of the independent audit firm at every stage, are carried out under the supervision of the committee in charge of audit.

The independent auditing firm from which the company will purchase service and the services to be purchased from it are determined by the committee in charge of audit and submitted to the approval of the board of directors.

Examination and conclusion of complaints received by the Company in connection with the accounting and internal control system and the independent audit of the Company, and the methods and criteria to be applied regarding evaluation of the reports of the Company in connection with accounting and independent audit issues are determined by the committee in charge of audit.

The committee in charge of audit reports in writing its evaluations regarding compliance of the annual and interim financial statements to be disclosed to the public with the accounting principles adopted by the Company and their accuracy by obtaining opinions of the responsible managers of the Company and the independent auditors, along with its own evaluations, to the Board of Directors.

The committee in charge of audit met 5 (five) times in 2015 and wrote the outcomes of the meetings into the minutes and submitted the decisions taken to the general meeting. 5 (five) reports were submitted by the committee in charge of audit to the board of directors during the accounting period 2015. The committee in charge of audit immediately reports in writing its findings involving its duty and responsibility area and its evaluations on the subject matter to the board of directors.

5.3.10. The Corporate Governance Committee determines whether the corporate governance principles are complied with by the company or not and, if not complied with, the reasons thereof and any conflict of interest arising from failure to comply with these principles in full and makes recommendations for improvement of the corporate governance practices to the board of directors and supervises the works of the investor relations department.

5.3.11. The corporate governance committee also fulfills the duties and responsibilities of the Nomination Committee, the Early Risk Detection Committee, and the Compensation Committee, which are provided in the Corporate Governance Communiqué.

5.4. Risk Management and Internal Control Mechanism

5.4.1. The Board of Directors reviews the efficiency of the risk management and internal control systems at least once a year.

The risk inventory of the company is one of the most important tracking tools used by the Company in the risk management works. The risk inventory covers operational, financial, reputational and strategic risks of the Company, and the risks whose risk score is at high and very high level are monitored at the level of the Board of Directors, and detailed action plans are developed and a risk owner is assigned for each risk. The risk owner is responsible for management of the respective risk in accordance with the agreed action plan. Hence, the risk management philosophy has become a constant item of the routine business agenda of the executives of the Company. This philosophy, which is updated in line with the sectoral and corporate developments, has become an integral part of the practices of the Company.

5.5. Strategic Targets of the Company

5.5.1. The Board of Directors administers and represents the Company by keeping the risk, growth and income balance at the optimum level through strategic decisions and by overseeing primarily the long term interests of the Company through rational and cautious risk management understanding.

5.5.2. The Board of Directors defines the strategic targets of the Company, determines the manpower and financial resources needed by the Company, and supervises the performance of the management.

5.5.3. The board of directors reviews the degree of achievement of the targets, the activities and the past performance of the company. In this connection, the Board of Directors has concluded that the Company achieved the operational and financial performance targets in 2015.

5.6. Financial Rights

5.6.1. The board of directors is responsible for the achievement of the established targets by the company. Evaluation regarding whether the company has achieved the operational and financial performance targets, which were disclosed to the public, and, if not achieved, the reasons thereof, are elucidated in the annual report. The board of directors makes self-criticism and performance evaluation on the basis of board and member and managers who have administrative responsibility and rewards or removes the members of the board of directors and the managers who have administrative responsibility in the light of such evaluations.

5.6.2. Principles of compensation of the members of the board of directors and the top level executives have been documented and submitted to the information of the shareholders under a separate item and the shareholders were given the opportunity to express their opinions in this regard in the annual general meeting held in 2012. The wages policy prepared to this end is posted on the corporate Internet site of the Company under the heading of "Investor's Column / Corporate Governance / Policies".

5.6.3. Dividend, share options or payment plans based on the performance of the company are not used in the remuneration of the independent members of the board of directors. Care is given that the remunerations to the independent members of the board of directors are determined at such level which would preserve their independency, and the remunerations are determined by the general meeting.

5.6.4. The Company does not lend money or make available loan to or give guarantees, such as surety, in favor of any member of the Board of Directors or any top level executive.

5.6.5. Our Board membership wage has been determined to be gross TL 4.100 per month and annual gross benefits provided to Board of Directors amounting to TL 642.386,74 in total and benefits provided to the top level executives amounted to TL 377.420,01 in 2015. Remunerations and salaries paid and all other benefits provided to the members of the board of directors and the top level executives are disclosed collectively to the public through the footnotes to the financial statements in the annual activity report.

Annex 1 – Information on Lawsuits
LAWSUITS INITIATED AGAINST AKMERKEZ

No.	Court	Court File Index No.	Plaintiff	Defendant	Subject of the Lawsuit	Final Situation
1	Istanbul 2 nd Civil Court of Peace	2009/742 Court File Index No.: 2011/124E	BERKAY INCE INTERVO (B3 Kule 1 Ofis Katı)	1-AKMERKEZ GYO A.Ş. 2-ÜÇGEN BAKIM	Action for Damages Claim: 100.000 TL	The lawsuit was reversed on the procedural grounds in favor of the company. The lawsuit was appealed by the Plaintiff and the file is in the Supreme Court of Appeals.
2	1 st Consumer Court of Istanbul	2007/753	MEHMET BOZKURT	AKMERKEZ GYO A.Ş.	Action for Damages Claim: 41.000 TL (Theft in Carpark)	The lawsuit was dismissed in favor of the company. The lawsuit was appealed by the Plaintiff and the file is in the Supreme Court of Appeals.
3	Istanbul 8 th Commercial Court of First Instance	2007/635 E	AKMERKEZ GYO A.Ş.	ANC GIDA	Action in Personam (USD 144.656 In the Combined Action USD 57.226 + TL 47.456,04)	The main action was partially accepted. The counter action was also partially accepted. We expect to receive the reasoned decision.
4	Istanbul 17 th Civil Court of Peace	2013/958 (New File Index No.: 2015/351)	SEVİL PARFÜMERİ (Store No: 322-323)	AKMERKEZ GYO A.Ş.	Rent Declaratory Action (Requested that the rental amount be reduced to TL 55.000)	Action is in progress.
5	Istanbul 17 th Civil Court of Peace	2013/957 (New File Index No.: 2015/352)	SEVİL PARFÜMERİ (Store No: 221)	AKMERKEZ GYO A.Ş.	Rent Declaratory Action (Requested that the rental amount be reduced to TL 25.000)	Action is in progress.
6	Istanbul 4 th Commercial Court of First Instance	2014/128	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	Declaratory Action	The action was concluded in favor of the Company.
7	Istanbul 3 rd Commercial Court of First Instance	2014/223	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	Action for Appointment of Special Auditor.	The action was concluded in favor of the Company. The lawsuit was appealed by the Plaintiff and the file is in the Supreme Court of Appeals.
8	Istanbul 6 th Commercial Court of First Instance	2014/1077	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	Action for cancellation of the Resolutions passed in the agenda items no's 2, 5, 7, 10, 11 at the ordinary general assembly meeting held for the year 2013.	The action is in progress.
9	Istanbul 14 th Commercial Court of First Instance	2015/394	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	Declaratory Action	The action was concluded in favor of the Company. The lawsuit was appealed by the Plaintiff and the file is in the Supreme Court of Appeals.
10	Istanbul 10 th Civil Court of Peace	2014/732	TUFAN SAAT	AKMERKEZ GYO A.Ş.	Action in Personam (TL 400.000).	The action is in progress.
11	Istanbul 9 th Commercial Court of First Instance	2015/11	MURAT KIZILYEL	AVRUPA SANDVIÇ	Action in Personam (Action has been informed to us).	A decision was taken for cancellation of the action which was not followed by the parties.
12	Istanbul 18 th Commercial Court of First Instance	2015/665	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	Action for cancellation of the Resolutions passed in the agenda items no's 2, 3, 4, 9 at the ordinary general assembly meeting held for the year 2014.	The action is in progress
13	Istanbul 3 rd Commercial Court of First Instance	2015/673	ÖMER DİNÇKÖK	AKMERKEZ GYO A.Ş.	Action for Appointment of Special Auditor.	The action was concluded in favor of the Company.
14	8 th Consumer Court of Istanbul	2015/1946	ULVIYE ARKUN	1-AKMERKEZ GYO A.Ş. 2-S.O.S. INTERNATIONAL AMBULANCE SERVICE	Action for Damages Total Claim: TL 6.000	The action is in progress

LAWSUITS INITIATED BY AKMERKEZ GYO A.Ş.

No.	Court	Court File Index No.	Plaintiff	Defendant	Subject of the Lawsuit	Final Situation
1	Istanbul 12 th Civil Court of Peace	2013/195	AKMERKEZ GYO A.Ş.	HOME STORE (Store No. 178)	Action For Evacuation	Action is in progress.
2	Istanbul 8 th Civil Court of Peace	2015/392	AKMERKEZ GYO A.Ş.	HOME STORE (Store No. 178)	Rent Declaratory Action (Claim: TL 400.000)	Action is in progress.
3	Istanbul 8 th Enforcement Court of Peace	2015/371	AKMERKEZ GYO A.Ş.	YİM TURİZM (Restaurant No. 441)	Action For Evacuation	Action was concluded in favor of our company and the relevant store was evacuated.
4	Istanbul 6 th Enforcement Court of Peace	2015/656	AKMERKEZ GYO A.Ş.	TUFAN SAAT (STORE NO. 256)	Action For Evacuation	Action was concluded in favor of our company and the relevant store was evacuated.
5	Istanbul 10 th Enforcement Court of Peace	2015/502	AKMERKEZ GYO A.Ş.	EUROMODA (STORE NO. 176)	Action For Evacuation	Action was concluded in favor of our company and the relevant store was evacuated.
6	Istanbul 8 th Enforcement Court of Peace	2015/372	AKMERKEZ GYO A.Ş.	YİM TURİZM (DEPOT)	Action For Evacuation	Action was concluded in favor of our company and the relevant depot was evacuated.
7	Istanbul 23 rd Enforcement Court of Peace	2015/1054	AKMERKEZ GYO A.Ş.	YİM TURİZM (DEPOT)	Action For Evacuation	Action was concluded in favor of our company and the relevant depot was evacuated.
8	Istanbul 5 th Enforcement Court of Peace	2015/867	AKMERKEZ GYO A.Ş.	YİM TURİZM (Restaurant No. 441)	Action For Evacuation	Action was concluded in favor of our company and the relevant depot was evacuated.

LAWSUITS RELATED TO THE BOARD MEMBERS OF AKMERKEZ GYO A.Ş.

No.	Court	Court File Index No.	Plaintiff	Defendant	Subject of the Lawsuit	Final Situation
1	Istanbul 18 th Commercial Court of First Instance	2014/1080	ÖMER DİNÇKÖK	RAİF ALİ DİNÇKÖK ALİZE DİNÇKÖK EYÜBOĞLU MEHMET ALİ BERKMAN	Action for Damages (Arising from Responsibility of Company Managers)	Action is in progress.
2	Istanbul 8 th Commercial Court of First Instance	2015/951	ÖMER DİNÇKÖK	RAİF ALİ DİNÇKÖK ALİZE DİNÇKÖK EYÜBOĞLU MEHMET ALİ BERKMAN MURAT GİGİN	Action for Damages (Arising from responsibility of Company Managers)	Action is in progress.

