

2016
ANNUAL REPORT &
SUSTAINABILITY REPORT



BOYNERGRUP

BOYNER RETAIL AND
TEXTILE INVESTMENTS



BOYNERGRUP

BOYNER RETAIL AND TEXTILE
INVESTMENTS

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**FROM THE
MANAGEMENT**

05

MESSAGE FROM THE CEO and CHAIRMAN OF THE BOARD



Cem Boyner
CEO and Chairman of the Board

We have left 2016 behind, as a year with fluctuations in global economy under the impacts of the shocks caused by Brexit and the Presidential elections in the USA, as well as geopolitical uncertainties inducing these economic fluctuations. We have witnessed that conservative economic approaches became stronger with the global growth and global trade volume remaining at low levels in 2016. While the entire world focused on FED's expected interest rate hike decisions throughout the year, the interest rates followed its low course on a global scale due to the ongoing uncertainties. The rising raw material prices and the strong US dollar compared to 2015 continued to suppress developing countries and currencies during the year.

In 2016, the terrorist attacks and July 15 failed coup attempt had a profound effect on Turkish economy. Despite all its adverse impacts, the resistance shown by our people, our government and our non-governmental organizations went down in history as a great achievement showing that our country claimed and protected democracy, inner peace and the state of law. The decline in consumer confidence as a result of high interest rates and high inflation in the economy and the significant depreciation in Turkish Lira particularly in the last quarter caused Turkey to grow under its potential. The foreign capital inflow decreasing under the effect of the downgrading of credit rating by the international credit rating agencies increased the macroeconomic difficulties. Despite all of these negative conditions, we consider that the growth rates expected to be nearly 3% in 2016 and 2017 is encouraging in terms of the resilience and potential of Turkish economy.

2016 has been one of the challenging years for the retail industry due to the fluctuation in consumer confidence and behaviours under the impact of hard-to-manage uncertainties, social traumas and the developments in economy. Therefore, we completed 2016 behind our growth and profitability targets. While our retail sales grew by 5%, our consolidated revenues reached TRY 3.44 Billion with a 1,4% increase in 2016 and our gross profit margin increased to 42% level compared to 2015. Excluding non-recurring incomes and expenses, our earnings before interest, taxes, depreciation and amortization (EBITDA) was recorded as TRY 249 million and our consolidated EBITDA margin was realized as 7,2%.

Although we could not reach our targeted growth rates, our group companies maintained their leading positions in Turkey in 2016. We have experienced in this period that it was an important decision to not be carried away by the excitement of the "influx of tourists" that had a great contribution to the retail sector particularly between the years of 2013-2016. We have spent most of our energy for offering better services and making more sales to our loyal customers repeatedly visiting our stores in 2016. Nearly 60% growth in Boyner Retail internet sales revenues also made a great contribution for us. Thanks to the CRM-technology investments and innovative applications like Hopi, we managed to cope with the stagnation in 2016. The App of Shopping, Hopi increased its number of members over 4 million people in 2016. In a difficult year like 2016, Hopi's Paracik credits provided great contribution both for customers and for member brands.

By making a very important investment in 2016, we enabled Boyner Group to gain a new company and a new brand as well as Turkey to gain a brand-new multi-storey retailing format. With WEPUBLIC, the first store of which was opened in Akmerkez Shopping Mall in September 2016; we offer an extraordinary retail experience to our customers by combining shopping, experience and fun. At WEPUBLIC that is comprised of 4 floors and that provides services on nearly 8 thousand m2 area, we welcomed our customers to meet with more than 500 brands, 100 of which have entered Turkey for the first time. We are aiming to expand this new retailing format with new locations both in Turkey and abroad in 2017 and the following years.

Last year, operational efficiency was one of the most important areas that we focused on. Under our strategy to increase the efficiency of our stores, we upgraded the stores and collection structure of NetWork, the locomotive brand of AY Marka Mağazacılık displaying the clear-cut best performance in terms of revenues and profitability. While we increased profitability by transforming the majority of Fabrika stores into NetWork stores, we continued to allow our customers to meet with Fabrika, displaying a high performance within Boyner Büyük Mağazacılık with its collection and price structure, in special areas allocated in Boyner stores in a wider and more widespread manner. Thus, we have supported, with a strong brand, the strategy of Boyner Büyük Mağazacılık towards efficient growth by focusing on private label products. Thanks to the important decisions and actions that we have taken in order to increase efficiency in Boyner, we anticipate that we will soon achieve growth and profitability in line with its potential. On the other hand, Beymen succeeding in balancing the decrease in the tourist sales with new customers maintained its strong growth and profitability performance also in this difficult year. Taking the decision to focus on wool fabric production business with high added value, Altınyıldız ceased its garment production business through a change management process setting a good example for Turkey.

We have launched at the end of 2016 "Asistanım" (My Companion) project, one of the products of our "all-line retailing" investments that we started to let our customers experience the "Unconditional Customer Happiness", our most important value and the registered trademark of Boyner Group, regardless of the preferred channel. With this project, the pilot practice of which was started in Beymen stores, and which we are planning to spread to all our group companies in 2017, we are strengthening our sales representatives with special mobile assistants. Thanks to their mobile assistants, they will be able to give a quicker response to our customers' requests, to complete the sales process- in a faster manner and to have a speedier access to the information necessary for their works.

Global and macro data do not paint an optimistic picture for 2017, either. As with 2016, global and regional geopolitical risks and FED's rate hike expectations will continue to be on the agenda. As for our country, we hope that 2017 will be a better year than 2016 despite high inflation, the slow-down in the economic growth, the difficulties in tourism and exports and the political uncertainty caused by the constitution referendum to be held in April. With its dynamic and young population, our country maintains its potential and attractiveness, particularly for retail investments.

We entered the year 2017 with two important decisions for our shareholders and all our stakeholders. In the beginning of February, we publicly announced our decision to increase our issued capital by 346,62% from the amount of TRY 57.7 Million to the amount of TRY 257.7 million, which would be fully paid in cash, in order to support Boyner Retail's sustainable growth and to strengthen its capital structure. Under such capital increase, the existing shareholders' right to purchase new shares (the pre-emptive rights) will

not be restricted and purchases will be realized with nominal value. In addition, we decided to decrease the number of executive members in the Board of Directors and to establish an Executive Committee that will report to the Board of Directors in order to further strengthen our corporate governance.

In 2017, our most important focus will be to reach efficient, sustainable and high growth figures again. We have planned our preparations and investments towards achievement of 20% growth target through our own efforts only, considering that we will not receive any support from macroeconomic or market conditions. We hope that possible improvements in the tourism industry and general market conditions will take this figure further. Increasing our customers' happiness and improving our stores' efficiency will continue to be our most important priorities. We will continue to make investments both to over 16 millions of our loyal customers and to our new customers in 2017.

We will complete the preparations for an important store investment this year. We are planning to open Beymen's new 5-storey Bağdat street store with nearly 3.600 m2 sales area in Suadiye in September 2017. We think that in 2017, we will reap the fruits of our investments that we have made in the digital world in recent years. We expect our Internet sales to grow by more than 60% this year, too.

The inspiration that we take from our relationship which we have established with our customers and the strength that we take from our employees are the reasons lying behind all our investments, activities and achievements that we have made and accomplished as Boyner Group so far. Our customers and our mission to make our customers happy constitute the essence of our business. In addition, I believe that the happiness of our customers entering our stores is the greatest value that we contribute as a group to our society and our economy. Therefore, our customers' needs and expectations give us courage and inspiration. With their opinions, efforts, commitment and endeavours, our employees ensure that "Unconditional Customer Happiness" is implemented in all our stores and they add spirit and strength to this value. We will continue to support our nearly 10 thousand employees and to raise new leaders among them. In addition, we will offer employment opportunity for 1000 new young people at Boyner Group during 2017.

Our sustainability activities that are the resulting products of our value that we attach to and our responsibilities towards our customers, our country and the entire world were also continued throughout 2016. Supporting social entrepreneurs through crowd funding and the funds of our group companies and empowering strategic donation concept in Turkey, "Buluşum" has supported the implementation of 8 new social entrepreneurship projects in the fields of education, culture, civil society. With "Askıda İyilik (Donate Goodness)" initiative commenced in 2016 with the contributions of the customers of Boyner Büyük Mağazacılık and the support of Lokman Hekim Health Foundation, packages of clothes were delivered to nearly 30 thousand of needy people. I would like to separately express my gratitude to our customers and employees supporting both of the projects with all their heart and soul.

In 2017, we will continue to target the best and the most profound for our customers and our country, and to produce and offer the best products and services. I would like to extend my gratitude to all our customers, employees, shareholders and business partners for their trust in and support for Boyner Group. I wish 2017 will be a better year for all of us.

BOARD OF DIRECTORS

HASAN CEM BOYNER

Chairman

After graduating from Boğaziçi University with a degree in Business Administration in 1978, Cem Boyner started his career in Altinyıldız, the family owned enterprise. He served as the Chief of Executive Committee of Boyner Group between 1982 and 1994. Cem Boyner was the President of the Board of Directors of Turkish Industry and Business Association (TUSIAD) between 1989 and 1990, and he became the Managing Director of Boyner Group in 1996. After Osman Boyner became the Honorary President in 2010, Cem Boyner replaced him as the Chairman of Boyner Group. Cem Boyner is also the Chairman of Boyner Retail and Textile Investments as well as other Group Companies.

NUR MEHMET İNAL

Board Member And General Manager

Mehmet İnal is a graduate of Boğaziçi University. Following his position in the audit department of Arthur Andersen, he served as System and Audit Coordinator, Finance Coordinator, Vice Chairman of Executive Committee, and President at Altinyıldız Group respectively. Mr. İnal was appointed as Vice Chairman of Boyner Holding, and Board Member of Boyner Retail and Textile Investments in 1996. On January 9, 2014, he rejoined the Board of Directors and become the General Manager.

NAZLI ÜMİT BOYNER

Member of Board of Directors

A graduate of the University of Rochester, New York, Ümit Boyner started her career in Chemical Mitsui Bank Credit Marketing Department. Then she worked as Finance Manager at Turcas Petrolculuk A.Ş. and as Investment Director at Türk Petrol Holding A.Ş. Treasury Department respectively. She started working at Boyner Holding A.Ş. in 1996 as Finance Director. Ümit Boyner, who has been serving as a Board Member at Boyner Retail and Textile Investments since 2006, was the President of the Board of Directors of Turkish Industry and Business Association (TUSIAD) between 2010 and 2013.

MUSTAFA TÜRKAY TATAR

Member of Board of Directors and CFO

Türkay Tatar is a graduate of Middle East Technical University (METU) with a degree in Business Administration. He completed his Master's degree in Labor Law at Bilgi University. Tatar started his banking career in the treasury department and resigned as Deputy General Manager at Demirbank after working in various positions. After 2001, he managed treasury departments of all financing companies of Cingilloğlu Group. He joined Arçelik in 2005 as Finance Director. He is serving as Vice President at Boyner Group since the end of 2011. Mr. Tatar was appointed as Board Member at Boyner Retail and Textile Investments on January 9, 2014.

SERDAR SUNAY

Member of Board of Directors

Serdar Sunay is a graduate of Boğaziçi University. Following his positions at Arthur Andersen Audit Department and Koç Group Planning Department; he worked as Business Development Manager at Boyner Holding, as Restructuring Project Leader at Mc Kinsey & Co Turkey Group and Boyner Group, as Turkey and Middle Asia Benetton License Operation General Manager, as Boyner Holding A.Ş. Retail Operations Vice Chairman, and as Benetton-Turkey President respectively. Serdar Sunay is serving as Board Member of Boyner Retail and Textile Investments since 2009.

MASSIMO PIOMBINI

Member of Board of Directors

After completing his education at the University of Cattolica del Sacro Cuore with a degree in Business Administration in 1983, Massimo Piombini started his career in Bank America, and then continued his career in the luxury industry working as a high level administrator at Bulgari, Gucci and Bali. He has been working as a Commercial Director in Valentino since 2008, and after the cooperation between Mayhoola for Investments and Boyner Group in 2015, he become a member of the board of directors at Boyner Retail and Textile Investments A.Ş.

ELİF ATEŞ ÖZPAK

Independent Board Member

After graduating from Istanbul University with a degree in Law, Elif Ateş Özpak completed the Program of Instruction for Lawyers (PIL) at Harvard Law School. She worked as partner attorney at Pekin & Pekin Law Firm, as Corporate Legal Advisor and Corporate Governance Secretary at Turkcell İletişim Hizmetleri A.Ş., and as an associate attorney at Ateş & Demirhan Joint Law Firm respectively. She is a partner at Crescent Capital since 2008. She is also a Founding Partner and Board Member at 11880. Elif Ateş Özpak is an Independent Board Member at Boyner Retail and Textile Investments A.Ş. since 2012.

TAYFUN BAYAZIT

Independent Board Member

A graduate of Southern Illinois University with a degree in Mechanical Engineering and a post graduate of Columbia University with a Master's Degree in Finance and International Relations; Bayazit started his banking career in Citibank. He worked as a senior executive in Çukurova Group for 13 years. He became CEO of Dışbank in 2001. He was appointed as CEO of Fortis Turkey and Global Management Committee in 2005. In April 2007 he returned to Yapı Kredi as Managing Director and General Manager, and then in 2009, he became President at Koç Holding Banking and Insurance Group as well as at Yapı Kredi. Tayfun Bayazit founded "Bayazit Danışmanlık Hizmetleri" in August 2011 and has been an independent Board Member at Boyner Retail and Textile Investments since 2014.

S. METİN AR

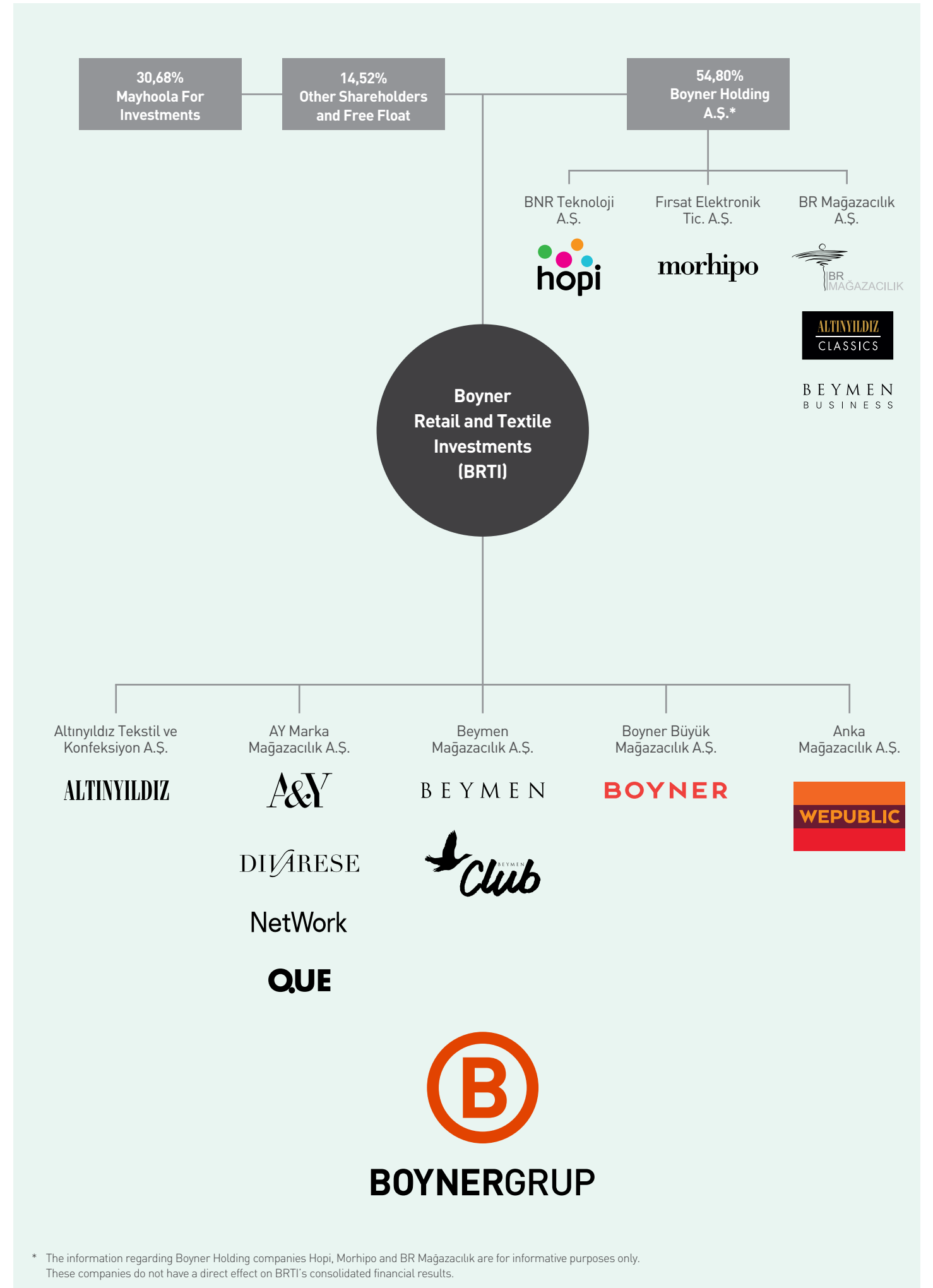
Independent Board Member

He graduated from Boğaziçi University Electrical Engineering Department after Robert College then completed his master's degree in London School of Economics. S.Metin Ar started his career in Otis Elevator Company Ltd. in England and worked in various positions in Türkiye Sınai Kalkınma Bankası, Brisa Bridgestone Sabancı Lastik San. Tic. Tic. A.Ş., İş Finansal Kiralama A.Ş., Yatırım Finansman Menkul Değerler A.Ş., Türk Pirelli Kablo ve Sistemleri A.Ş. and Çimento İzmir Çimento Fabrikası Türk A.Ş.. Between 2003-2005 he served as the Vice President of Istanbul Menkul Kıymetler Borsası and CEO of Garanti Yatırım Menkul Kıymetler A.Ş. during 1999-2013. Metin Ar has been an independent Board Member in Boyner Retail and Textile Investments since 2015.

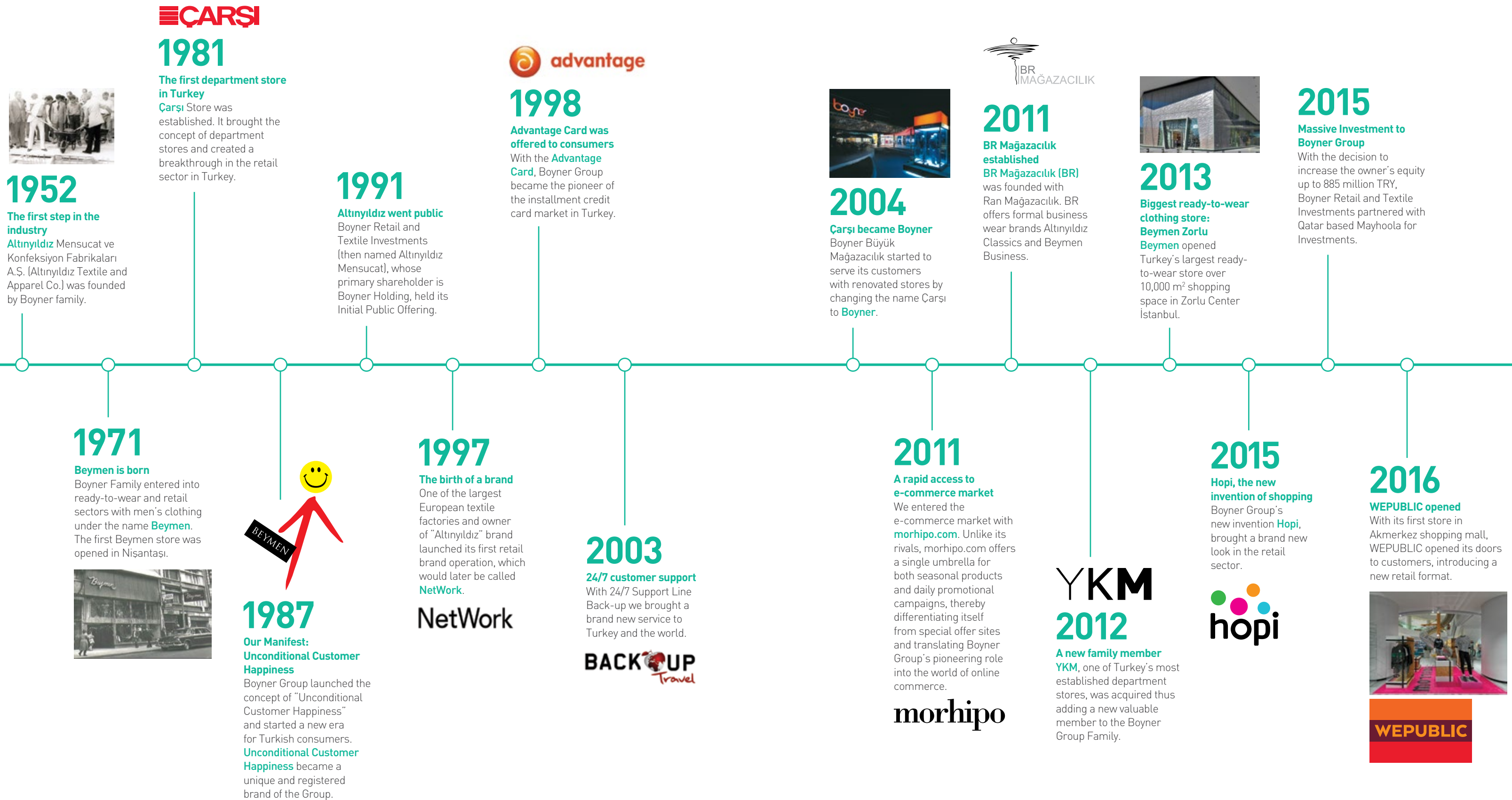
Detailed resumes of independent Board Members can be found in Corporate Governance and Compliance Report.

BOYNER GROUP

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OUR HISTORY



OUR AWARDS IN 2016

BOYNER GROUP

- Won **"Best Mobile Analytics / Big Data Award"** in Mobile Excellence Awards.
- Cem Boyner listed in **"Business of Fashion 500"**, among 500 names leading the global fashion industry.
- Won Sustainable Business Awards in the **"Diversity and Inclusion"** category.
- Selected as **"The Company collecting the Highest Amount of Donations"** and **"The Most Nature-Friendly Team"** in the Girls on the Soccer Field Tournament.

HOPİ

- Received **"Technology Service Delivery"** award in IDC Turkey Technology Awards.
- Won **"Best Media Relations Award"** in the Golden Compass Awards.
- Won Silver award in **"Internet Telecom Category"** in Effie awards.
- Selected as the **"Best Commercial"** in the Stars of the Year Awards organized by Yıldız Technical University.
- Received Boğaziçi University Informatics Awards in the **"Best Local Application of the Year"** category.
- Onur Erbay was awarded as **"The Entrepreneur of the Year"** at the Young Entrepreneurs Crystal Tree Awards given by METU.

BEYMEN

- Received **"Customer Experience"** award in IDC Turkey Technology Awards.
- Listed among the companies demonstrating **"The Fastest Digitalization"** success in the Accenture Digitalisation Index.
- Beymen Bemoji was awarded at Mediacat Felis Awards in the **"Craft, Graphic Design"** category.
- Beymen - Magnum Cooperation received an award at Mediacat Felis Awards in **"Promo & Activation Category"**.

BOYNER BÜYÜK MAĞAZACILIK

- Ranked first at A.L.F.A Awards in the **"Department Store Retailing"** category.
- Received TEGEP **"Best Technology-Based Development Program"** award.
- Received a mention with "İyiliğe Dönüştür" (Cycle into Goodness) at **"Global Department Store"** awards by IGDS.
- Won Brandon Hall awards in the Best **"Unique Learning and Development Program"** and **"Mobile Learning"** categories.

ALTINYILDIZ CLASSICS

- Won the **"Best Social Media Use"** award in Retail Sun Awards.

DİVARESE

- Ranked second most successful brand in **"Shoes"** sector at A.L.F.A Awards.

MORHIPO

- Ranked second in the fashion category of the **"Mobile Applications of the Year"** award given by MMA and Digital Age Magazine.

OUR VALUES

We are focused on Customer Happiness

We focus on offering creative product, service, and experience and providing improvement in every angle that reaches out to our customers. Making our customers feel important and prioritized in every action is essential for us.

We have the ability to explore and implement creative solutions and approaches and projecting and implementing the un-attempted and the undone. We continuously assess and develop our business manners. We support a new generation of ideas in our team. Our ability to ask "Why not?" is a corporate trait. Our source of inspiration for innovativeness is our customers.

We are Creative

We are Courageous

We can make quick decision, be flexible when necessary, and accept and support change favorably. Driving change in a timely manner when required is part of our core values.

We Work eagerly to be the leader in our business. We create motivational and inspiring environment for our team members. Our positive attitude is reflected in our team members. We focus on objectives and work with passion. Working pleasantly is a key characteristic of Boyner Group employees.

We are Passionate

We Learn Continuously

We are always learning and continuously updating our professional expertise. We not only improve and train others, but also obtain information from various sources and create a vision of how our work can develop. Teamwork and individual productive is a prerequisite for all Boyner Group employees.

We contribute and support contributions to society. We believe in being "A good person, a good employee, and a good citizen" with moral, clear, accountable, and sustainable approach to colleagues, associates, customers and society. Executing business with manners and actions aware of the social, economic and environmental responsibilities is essential for Boyner Group employees.

We are Responsible

We are a Huge Family

We work with mutual trust, respect, participation, justice, and collaboration—like a family. We provide all Boyner Group employees the opportunity to work and get promotions based solely on their merits and performance. We provide an equal opportunity for all employees to develop. Our main principle is to enjoy and share the security and warmth of a family.

OUR WORKING ENVIRONMENT

Boyner Group is an ambitious group focused on business results, taking inspiration from its customers and constantly making inventions. We therefore pay attention to creation and expansion of a performance-based culture. While determining personal wages and fringe benefits at Boyner Group, performance results are used as a very important indicator. Good performance is always rewarded. In respect of our field staff, we establish this culture through the programs in line with the priorities and focus points of Boyner Group and oriented toward directly increasing sales and performances, which we measure, appreciate and reward spontaneously. For the headquarter staff, we focus on groundbreaking and flexible performance system management in line with Boyner Group values and supported by continuous feedbacks and spontaneous motivations throughout the year. In addition, we have long-term incentive programs measuring and rewarding the business performance of senior management.

While creating a performance-focused culture, we strive to eliminate any obstacles that can affect business results. We are able to do it thanks to our "Democracy in the Workplace" culture that we put at the heart of our entire management understanding. At Boyner Group, we support an "open communication" environment allowing all our employees to express their own ideas and suggestions freely. We encourage our employees to share their ideas and suggestions through internal communication channels. We believe that sharing any and all opinions, suggestions and critics related with our businesses of each of our employees in general, will improve us.

Our employees are at the heart of our business

As Boyner Group, our essential comprehension of working environment is based on providing trust and happiness to our employees. As we approach our customers with the strategy of "Unconditional Customer Happiness", we care for our employees with the same strategy by implementing it in our working environment. In all of Boyner Group companies, it is very important for us to ensure "Democracy in the Workplace" and to maintain happiness of our employees at the highest level. We consider it critically important to get to know our employees in order to unite around the same objective. We manage all our businesses with our core values and ethical principles printed in our DNA. Instead of describing procedures in detail, we follow our main principles and trust of our employees. We encourage them to make the right and ethical decisions.

Discrimination is unacceptable for us

We embrace a fair approach in all our Human Resources policies and practices such as recruitment, promotion, transfer, rotation, and remuneration. We strongly reject any discrimination based on the factors such as race, colour, gender, religion, marital status, sexual preference, gender identity, political view or relationship, ethnical identity, health status, familial responsibilities, union activities or membership, physical disa-

bility or age. With this approach of equality far beyond the legal definitions, we offer equal opportunities to all in recruitment, employment relationship process, remuneration, participation in trainings, promotion, retirement and all other conditions of employment.

OCCUPATIONAL HEALTH and SAFETY

Safe working environment is a right to life

We believe that safe occupational and working conditions befitting human dignity is a right of life. We fulfil our obligation to inform and enlighten our employees through our various training campaigns and "Occupational Health and Safety Manuals" providing training and practical tips; thus making this issue become an integral part of life.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Not only support, but also active role in solutions

Corporate Responsibility and Sustainability is represented at the highest management level in Boyner Group. Aware of the fact that corporate responsibility starts "at home", we are conducting it hand in hand with human resources. We address sustainability as a comprehensive management approach covering all our internal and external stakeholders in structuring of our business strategies and activities.

As in previous years, we have continued to focus mainly on the activities aimed at improving socio-economic status of women, educating the youth, personal development and democratic participation, under our program of community investment also in 2016.

Under the scope of social performances that we consider together with our economic and environmental activities, we have continued our programs related with occupational health and safety, professional training and development of our employees, equality and diversity in our employment policies, freedom of organization, product ownership, customer health and safety, legal compliance and community investment.

Our social responsibility projects are managed under the scope of our "Corporate Responsibility and Sustainability" activities. Encouraging social responsibility, evaluation of projects and ensuring participation of employees are also a part of our top management. As required by our approach to social responsibility activities, we not only provide financial support for solution of the social issues that we deal with, but also become a part of the change and transformation and take active roles in the process of problem solving.

We give importance to participation and cooperation in the management and implementation of social responsibility projects. As part of our responsible citizenship approach, we sup-

port the sustainable maintenance of our corporate volunteering program named Boyner Group Volunteers. We aim to raise our employees' awareness of responsible citizenship and to enhance and expand our activities that we conduct for the public benefit with the help of our employees.

For detailed information about our activities in the field of Corporate Responsibility and Sustainability, please refer to page 69 and the following pages of the "Sustainability Report".

TALENT MANAGEMENT

Merit-based management approach

As with all our business activities, we measure our Human Resources Management performance by clearly defined critical success factors, and awards programs in our field and certifies. We assess ourselves using 81 metrics in total displaying our performance in the categories such as demographic change, employee turnover, equality, productivity and the efficiency of HR practices on a quarterly and yearly basis.

In 2016, we authorized young executives from our companies for our growing organization and our new projects. Additionally, we have managed to add very special talents to our group; managers that have advanced in their careers in various fields such as telecommunications, digital sector, FMCG and public sector have chosen Boyner Group and joined us, giving us strength.

Boyner Group Mentoring Program

Difference-making managers are the greatest value of Boyner Group. We have launched Boyner Group Mentoring Program with the objective to get to know the leaders of the future in Boyner Group, to support their development and to expand and strengthen Boyner Group culture.

The high-potential mentees at Boyner Group that we intend to prepare in time for future management staff of positions were paired up with Boyner Group senior management. The mentors and mentees matched with cross group companies and cross business functions will learn from the experiences of each other throughout a year. The mentoring program is constantly supported with BANGOnline (e-learning platform), let's learn from each other meetings, and mini seminars as a part of continuous development.

Development at Boyner Group

In line with the strategy that we implement for our customers, our training and development activities are personalized, flexible and diversified. Through BANGOnline, the mobile and online learning platform accessible by all Boyner Group employees at any time from anywhere, employees can have access to the contents related with both personal development and professional issues. Every group company continues to use

this e-learning platform that they have turned into a brand under their own structure as a means of development and communication.

In-house entrepreneurship

As Boyner Group, we address the culture of innovation with an understanding of free environment provided for employees and democracy in the workplace. We believe that in-house democracy and open communication channels are not only a possibility, but also a prerequisite for a successful and happy work life. Thanks to such democratic environment, we can easily hear, produce and implement creative and entrepreneurial project. We always encourage our employees to produce creative ideas and to develop themselves in order to allow them to embrace the values of courage, creativity and entrepreneurship printed in our DNA and to integrate such values with our daily workflow.



OUR STRATEGIES and PROJECTS

OUR STRATEGIES & PROJECTS IN 2016

In 2016, despite all macroeconomic difficulties, we have observed the positive returns from our investments that we, as Boyner Group, had started to implement in the previous periods.

Around the Group, we are maintaining our pace of growth in the multi-channel retailing field. In 2016, total e-commerce revenues of all our group companies displayed a 44% growth; corresponding to 12% share in our retail revenues. The capability of our customers to reach us from any channel desired based on a service understanding supported by our 'Unconditional Customer Happiness' principle is the greatest power that motivates us to continue our investments in this field. We will continue our investments without slowing down also in 2017 in order to increase payment options, to ensure faster delivery, and to improve both our mobile and online customer experience through our websites. We have full confidence that both e-commerce and mobile commerce in our country and the share of our group in this segment will increase every year.

We also continue our exciting investments in the flagship stores of our group as well. We have taken steps to better equip our sales representatives entertaining our customers on face-to-face basis every day before entering the new age. We are starting to strengthen our sales representatives with a personalized mobile assistant. Thanks to their mobile assistants, our employees will be able to give a quicker response to our customers' requests, to complete the transactions in a faster manner and to have a speedier access to the information necessary for their works. We are entering the year 2017 with more powerful sales representatives and enhanced stores.

In addition to our digital investments, we were excited to implement a new concept in the department store sector in 2016. We opened in Akmerkez, the first store of WEPUBLIC, our multi-story retailing brand located between Beymen and Boyner, which is the unique example of its category. The new store concept designed to enable our customers to do shopping and to have moments of pleasure as well is exciting both for us and our customers and this makes us very happy. We will share the experiences that we will gain from this "funny retailing" concept with our customers in the other stores as well. We want our customers to spend better time during shopping by creating joyful areas of experience in the stores.

Another innovation that we have launched this year are our NetWork stores strengthened with its new collection structure. Having decided to grow our Fabrika brand under the roof of Boyner Büyük Mağazacılık from now on, we have replaced some of our Fabrika department stores under the structure of AY Marka Mağazacılık with the expanding collection structure of NetWork. The positive reactions that we received from our customers were also reflected in our sales figures for 2016 winter season. We think that we will strongly see the positive results of this change during the year 2017. Our Fabrika brand will con-



tinue to meet with our customers with the strength of Boyner Büyük Mağazacılık and this will reinforce further its current brand recognition as well.

We want to continue our relationship with nearly 20 millions of customers that we have treasured by establishing face-to-face relationships in our department stores for long years and we also desire to make their lives easier. This year, we have also continued our investments made in our CRM systems held in the recent years with this vision. We aim to allow our customers to meet with the products at any time and through any channel desired. Determination of tailor-made campaigns specific to our customers and arrangement of the products in our department stores according to customer requests on every location basis are among the projects that we follow up with this vision. We will continue with our CRM projects and investments considered among our main strategic goals in 2017 and the following years.

Introduced in 2015 as the main element of this vision, Hopi closed the year 2016 with 4 million members. Allowing the customers to meet with both our Boyner Group brands and 90 important member brands from various sectors in the market, Hopi enables customers to win more and to meet with the brands and products of their own preferences. We will continue to further increase the value created by Hopi both for our customers and our member retailers by adding the features of mobile payment and image search in 2017.

As in the previous years, we, as the Group, will spend the year 2017 by working diligently in order to make our customers' shopping experience more joyful and to implement our new projects together. It is our greatest objective to touch and make more people happy in various fields of their life. During the period of 60 years that we have spent in the retail sector, we have seen that we always received good feedback from our customers in the periods during which we focused on productivity in our current activities and also continued our investments that would improve our service quality. The service that we provide based on our Unconditional Customer Happiness principle and our relationships that we establish with our customers have been the greatest driving force behind our growth in every period. We are sure that this year will be a year during which we will grow all together by blending what we have learned from our past experiences.

* The information provided here involves Boyner Holding companies Hopi, Morhipo and BR Mağazacılık, which do not have a direct effect on BRTI financial results.

WEPUBLIC



A different experience in a sincere atmosphere: WEPUBLIC

We have launched WEPUBLIC, the new brand of Boyner Group being prepared and expected with curiosity since 2013, in Akmerkez in September 2016. We have created a totally different and brand-new world in a 4-floor and 8 thousand m² area with our free, creative, sincere, dynamic and inspiring atmosphere, our architectural design, our special brands offered to sale for the first time in Turkey and our extraordinary practices that will amaze our customers. Combining comfort with new-generation shopping experience we offer, we primarily aim to make and keep everyone entering through the doors of our department store "happy".

Store architecture

We have worked on the architectural project of the store with 3 different groups in order to reflect the rich world of WEPUBLIC along with the sincerity, creativity and freedom at its heart in the most correct way. In the design of the store addressing to different tastes, there are signatures of Universal Design Studio, HMKM and Gökhan Avcioglu that prepared contemporary, young, and modern projects in their fields before. Different styles come together on the floors of WEPUBLIC, each of which gives different inspirations, and ensure a unique WEPUBLIC, which is individually interpreted by everyone entering through the door.

More than 500 brands offered together

As WEPUBLIC team, we brought our brand's free, young and honest spirit into life through selection and positioning of brands by removing common matters and barriers. At WEPUBLIC where there are men, women cosmetics and accessories, women ready-wear clothing and women shoes and home fields, the surprises at each department offer an extraordinary experience. The Wuhuu slide that roams all floors of the store, neon light arches that provide flowing transition between columns, a real-sized giraffe and 'skylight' ceiling that reflects daylight with WEPUBLIC colours inside are some of the elements of such experience. Aside from being the meeting point of more than 500 fashion brands, WEPUBLIC offers a living, dynamic and extraordinary world with Petra Coffee, Chado Tea, Giano Chocolate, Addresser Book, iPad zone, Water Bar and constantly renewed Pop-Up areas.

CHAOTIC STREETS OF THE CITY: WEPUBLIC MEN'S FLOOR

Different concepts and special details come to life at this floor that is 1900 m² in size, which is designed by getting the inspiration from the chaotic structure of the city and the multi-directional world of men. The ground of the store, which consists of 17 different floor materials that are used setting off from the historical city structure and texture of Istanbul, hosts spaces where different styles are reflected. The sneaker wall with 10 meters length that hosts the most special sneakers of many

unique brands with a wide selection of brands addresses to creative and extraordinary tastes. In addition to technological toys presented in the "Toys for Big Boys" part located in the middle area of the floor, there are bicycles, motorcycles, helmet types, skateboards, air drones, 360-degree cameras, 3D printer pens, headphones and many other different products that are being offered.

REFLECTIONS OF THE NATURE: WOMEN ACCESSORIES – COSMETICS – BAGS FLOOR

After stepping into women accessories and cosmetics floor; thousands of brands from the cosmetic world welcome customers with special decoration areas. The perfume wall, which is located on a 100 m² area and designed like a British library, draws attention with creative presentation arrangement and very special brands. The floor which draws attention with its green ceramic stone decoration in the cosmetics section offers services with Cosy Hair to women who want to feel themselves well-groomed and beautiful all the time. There is a wide range of brands and products in the accessories-bijouterie part located in the back of the cosmetics area. A spacious area is reserved for bags at the floor, which is decorated by getting the inspiration from nature and plants.

THE PLAYGROUND OF AN ARTIST: WOMEN'S READY-MADE CLOTHING FLOOR

Women's ready-made clothing floor designed to reflect the exhibition area of an artist covers the biggest space in the store. Divided into departments under its own structure, this floor gives street fashion, lifestyle, classic, designer, evening dress,

denim, underwear and outerwear services. "WeDesign" personalization area, which is positioned right in the middle of street fashion department, offers customers the chance of adding unique touches to the products they purchased with practices like patches, embroidery, etc. WEPUBLIC women cases attract attention with their designs. One of the cases on the floor was designed with inspiration from the kitchen, an area belonging to women, while another one was designed with inspiration from a florist.

A JOURNEY ABOVE CLOUDS: WOMEN SHOES and HOME FLOOR

The decoration of Women's shoes and home floor was designed by setting off from the workshop of an artist as an extension of the floor below. The glass ceiling with WEPUBLIC colours used in this area and different reflections of all-day-long daylight add artistic style to the floor with special wooden parquets.

WEPUBLIC shoes area is the biggest shoe area of Turkey. Home department, where gift alternatives and home decoration products are present, stands forward with trompe l'oeil cloud figured wall patterns that resemble the sky on this floor.

Giano chocolate corner for those, whose sugar rate drop due to shopping, and special Chado Tea area, where healthy teas are offered to people who are undecided and wish to think about their choices for shopping are present on the floor including WeTerrace, the terrace of WEPUBLIC. "WeHelp", the Customer Services of WEPUBLIC, aiming to offer a special shopping experience to its customers, is also present on this floor. In this area designed with the inspiration from London underground

stations; many different services are offered ranging from repairs to detailed gift packages. The Slide "Wuhuu", which is the extraordinary face of WEPUBLIC expected with excitement, provides an uninterrupted journey of 14-meter length from the women's shoe floor to men's floor on -1.

MEETING WITH DO-IT-YOURSELF TREND

WEPUBLIC hosts the cooperation of nearly 30 brands that will make its visitors feel themselves special in addition to extraordinary shopping experience. Such co-operations allowed our customers from various groups such as university students, bank customers and sports club members to meet with WEPUBLIC. With our "personalize your clothes" themed events and our workshops with "design your own goods/accessories" concept organized regularly in the store, we allowed nearly 200 customers to meet with DIY (Do-It-Yourself) trend that we have been frequently seeing recently.

DYNAMIC AND YOUNG TEAM

In our WEPUBLIC journey that we have set off saying "The Happiest Place of the World is looking for Free Spirits", we have expressed our values and spirit as follows:

- We want everyone entering through our doors to be happy; as they experience their most inspiring, most comfortable and happiest moments of their days, we feel good.
- We are very assertive about one point: Our points of view about being different, freedom, comfort and creativity lead the way for us. Our environment in which we are constantly

refreshed and we can express ourselves as we are and we can work by having fun give us strength. We enjoy doing our business; and we work fondly, entertainingly, and with honesty.

- Giving inspiration is our greatest excitement; and we are aware of the fact that even the most trivial sharing that we make can change the lives toward more beautiful directions. We continuously develop ourselves and pursue innovations.
- Team play is our mission critical; we always share, take initiatives if and when necessary without hesitation, appreciate each other and celebrate our achievements together.

Number and profile of employees

There are 176 people in total working in WEPUBLIC, including 26 personnel in the head office and 150 personnel in the store as at 31 December 2016. The average age of our employees is 28; and while 67% of them are graduates of high schools and their equivalents, 27% of our employees have bachelor's and higher postgraduate degrees.

WEPUBLIC trainings

In the beginning of our recruitment process, we prepared a 1-month training program that would allow our employees to have a different recruitment experience. We started the first day all together with a workshop during which we could feel our WEPUBLIC Manifest and our values. We continued with in-class trainings for 12 days and then, we completed our programs with in-store trainings provided for 14 days until the opening of the store. In this context, our employees received Goal Mapping, Retail Approach and Sales Process and Basic Management Skills trainings in addition to their ongoing training process.

Everybody starting to work at WEPUBLIC participate in the training programs implemented under the main headings of beginners, sales, management and personal development trainings oriented toward employees during the year in addition to their orientation trainings. Trainings are provided through in-class, on-the-job and e-learning methods.

Beginners Trainings: This section is comprised of Orientation, My Career Journey at WEPUBLIC Begins, Past, Today and History of Fashion, Brand/Season trainings, Fashion Terminology, Personal Image Principles, Human Resources Processes, and Basic Occupational Health and Safety Trainings.

Sales Trainings: This involves My Career Journey at WEPUBLIC Continues, Terminal and Cashier Usage, Product Review, Customer Relations, Denim Training, Men's Style Training, Cahier Teams Trainings, Visual Arrangement Standards Training, Analysis with Colours, and Mystery Shopper Practice trainings.

Manager Trainings: It includes Coaching and Feedback, Leadership Development Program, Performance Management, and Basic Human Resources Practices.

Training programs organized in 2016 were conducted with the participation of 170 individuals and they received 1500 hours of training in total.





HOPi

The first in Turkey and the first in the World

In 2015, we created "The App of Shopping: Hopi" combining our "Unconditional Customer Happiness" approach, our retail experience and the customer insight that we have with the mobile technology. The first in the world and in Turkey, Hopi provides its users through its "Paracik" award point system to win Paracik credits from shopping with member brands and spend such Paracik credits with 4, 5, 10 and even 10 times their value, thus providing a "disproportionate earning".

We are gradually adding new features to its core features like "Paracik" and "Personalized Campaigns" in the launching period in 2016 and we are enriching the services that we offer through the innovations such as "sending paracik credits", "mobile payment", and "video call", etc.

Personalization with Big Data

One of the most important features that differentiates Hopi from its rivals is knowing its customers 360 degrees with its Big Data and CRM infrastructure lying behind its technical infrastructure. As required by Hopi's technology that constantly becomes smarter, we understand our customers' choices, expectations and their lifestyle, and offer them personalized campaigns and offers. By constantly analyzing the habits of shopping, we know our customers better on each occasion and also improve ourselves. Hopi may look different to its user from the first day to the next week. In other words, "Everyone's Hopi is personal to him/her".

Thanks to its location-based and real-time marketing strategy, instant campaigns can be defined according to our customers' locations or past shopping habits and we can send personalized campaigns to our users with the help of 'Beacons'.

A Win-Win relationship between brands and customers

By offering the right campaign to the right customer at the right time, Hopi brings to member brands traffic, new customers, an average cart, turnover and an increase in second shopping. Hopi, "The Smart App of Shopping" is the most efficient way to add dynamism to the retail sector and to create a "Win-Win" relationship between brands and customers.

300.000 people check their Hopi every day

The first shopping mobile application downloaded by many users in Turkey, Hopi got millions of users adopt the habit of using their Hopi identity in the form of QR codes in their shopping. 300.000 people check their Hopi every day and 50.000 people goes shopping using their Hopi.

Hopi users earned 270 million TL worth of Paracik

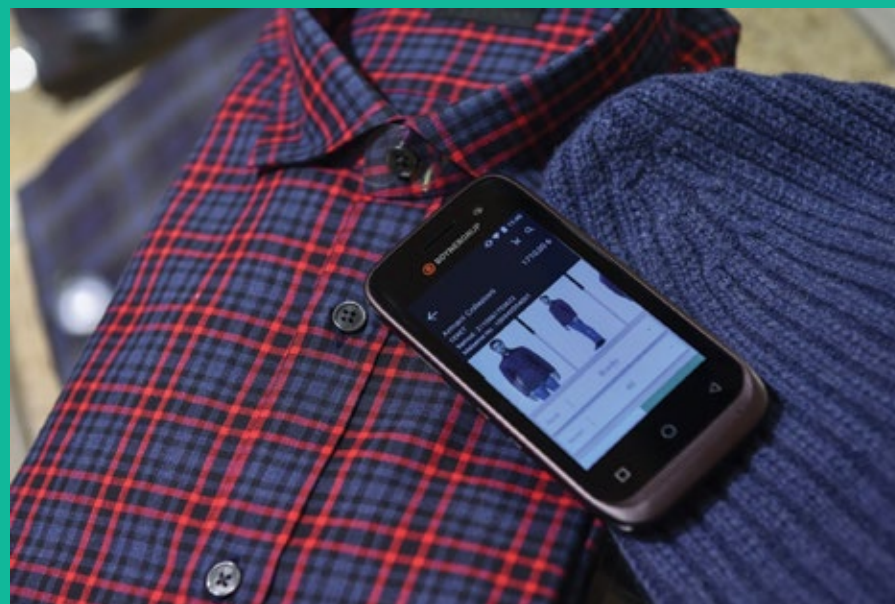
Changing the habits of shopping in Turkey, Hopi has offered to its users nearly 2.500 campaigns from member brands since April 2015. 35 percent of Hopi's campaigns allowing its users to earn and double their Paracik credits were comprised of the personalized campaigns sent after identifying shopping habits of customer groups. Hopi members have earned **TRY 157 million worth of Paracik** credits from the campaigns and spent **TRY 270 million worth of Paracik** so far. The volume of transactions with Hopi has been recorded over **TRY 3.5 billion** in total.

Campaigns from member brands

Bringing together the leading brands of Turkey, Hopi's member brand network continued to grow throughout the year. Hopi completed 2016 with 90 member brands from different sectors and 5.000 sales points. Today, Hopi offers different campaigns from various brands of different sectors including food, technology, ready-made clothing, shoes, kids' products, personal care products, travel reservations, automotive, cargo delivery, valet services, aviation, fuel oil, etc. Hopi is continuing to expand its member brand network in order to offer our customers 360-degree shopping experience; and increasing the number of our brands to 120, incorporating food and beverage sectors and deepening the sectors that we already exist in are among our objectives that we aim to achieve with Hopi in the forthcoming period.

Goal of 2017: Shopping companion Hopi

Hopi's goal in 2017 is to reach **5,5 million users**, and to increase the number its active users by a factor of 2,5. Focusing on offering a unique shopping experience to its users, Hopi is moving ahead on its way to become a well-equipped shopping companion by launching its upcoming mobile payment as well as image search and different new features in the forthcoming period.



ALL-LINE RETAIL

Easier and personalized experience for our customers

As Boyner Group, we have accelerated "All-Line" retail, which we have pioneered in Turkish market since 2015, with new services and marketing activities that we have supported during the year 2016. We have continued to develop new value-added services both through Internet and in our stores in 2016 in order to offer smarter and personalized services to our customers in addition to our vision to establish Unconditional Customer Happiness.

This year, we have delivered to more users our all-line retailing services enabling our customers to enjoy an easy, smooth and unmatched and more personal shopping experience at any time and through any channel (internet, mobile, store) desired. To this effect, by firstly enriching the websites of our five group companies in terms of customer experience, service competency and product diversity and converting them into strong e-commerce sites, we have managed to translate the high traffic that we have brought into higher sales and customer orders. We have rearranged shopping from www.beymen.com, www.beymenclub.com, www.boyner.com.tr, www.ykm.com.tr, www.divarese.com.tr, www.network.com.tr, www.fabrika-tr.com, www.altnyldiz-classics.com.tr; www.morhipo.com and www.wepublic.com.tr in line with the new user experience and habit; and thus, we create a perfect customer experience and happiness by offering through our online channels all the services that our customers can receive through our store channels.

Through our omni-channel services that went live in 2015, we have continued to render delivery, return and repair services to the customers of all our online websites in the group including Morhipo in 2016. Thus, we achieved extra sales opportunities by increasing our online customers' frequency to visit our stores and gained new customers for our department stores.

The Rise of Mobile continues

In line with the gradually increasing mobile usage and mobile traffic in Turkey as in the world, we have continued to add to the websites of our group and to develop mobile applications allowing for easier and user-friendly shopping. In 2016, we have leveraged our customers' mobile experiences as well as their desktop experiences by adding different delivery and payment options to our mobile applications and mobile-compatible websites that we have invested in. Thanks to our mobile applications offering online shopping possibility, we can show to our customers shopping in our stores the product and stock details at the time of shopping on a real-time basis; and we also allow our undecided customers shopping in our stores to add to their online baskets the products that they liked in the store and to continue their shopping at home thanks to our mobile applications. In addition, our customers unable to find the desired colour or size of the product that they liked in our store can order the product with the desired colour and size by using mobile applications, which can be delivered to their houses or to the store desired. We have gained 40% of our online revenues from mobile commerce thanks to our mobile applications and mobile-compatible websites.

Accordingly, we have reached our planned targets by increasing our entire group's online retail sales to 12% in 2016. We have grown our online sales by 44% and our mobile sales by 55%. We have doubled the rate of our multi-channel customers. We have

increased the rate of orders from our customers using the delivery at the store service to 8%.

Fast payment has started

We have launched our "Fast Payment" service that we have started to develop in 2016 firstly at morhipo.com. Thus, our customers can complete shopping with just one click and enjoy easy shopping. In addition, we have started to offer to our customers the opportunity of faster and easy search for the product desired with different smart suggestion systems and more detailed filtering options made available this year at Morhipo. As a group giving importance to user experience and customer satisfaction, we will continue to implement all actions that we started with this initiative in all the other companies of our group in 2017.

Besides opening the products and services that we offer in our stores to our online customers, we have also made available product search and wide stock advantages of our online channels to our store customers. To this effect, we switched to the application named "Order from the Store" through mobile devices that we have provided for our sales representatives in most of our department stores under the structure of Boyner Group. Our sales representatives started to provide our customers the products or sizes they were unable to find in the stores by searching and finding them in the online websites using their mobile devices. Thus, we can offer to our customers the possibility of using the payment methods such as "mobile check out" and "in-store payment without a cash desk". Thanks to this application, we have taken an important step to improve the customer experience in our offline channels and to meet the demands of customers in the store in the best manner. In 2017, we will make this initiative smarter and more personalized through the beacons that we have placed in our stores and our big data investments.

Storehouse operations

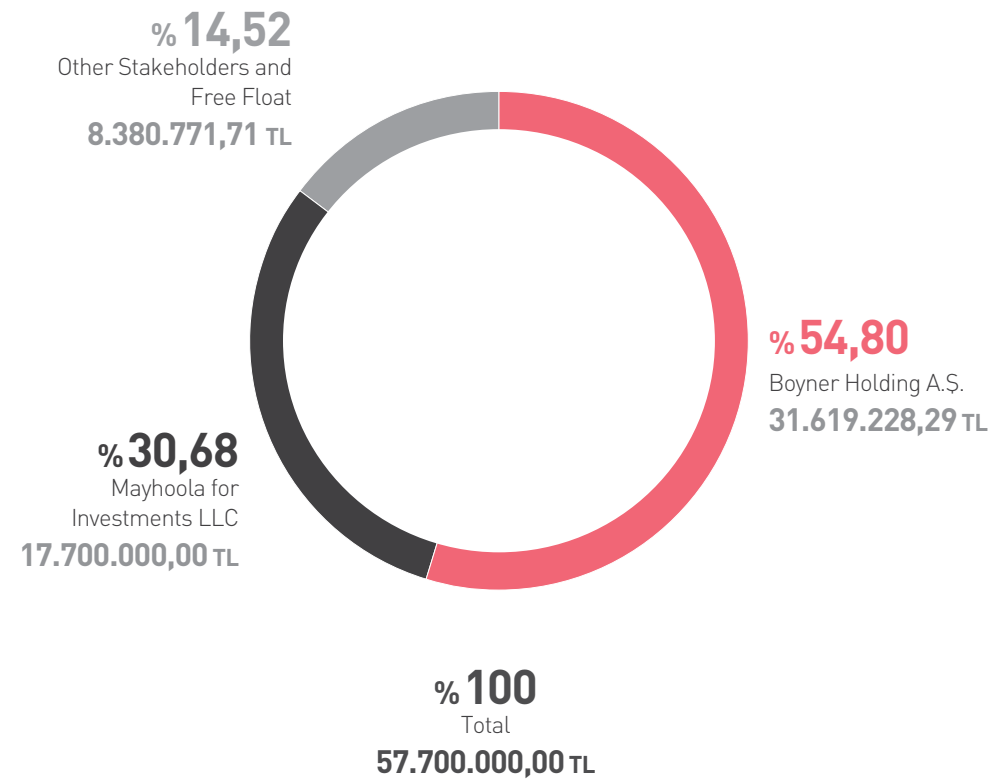
The year 2016 has been a year of optimizing e-commerce storehouse operations, and establishing renovations based on speed and quality for the services that we render for our customers. We developed the e-commerce product flow processes within Boyner Group companies, and we found solutions to offer a wider product range to our customers by using the group synergy. Thanks to these solutions, we made progress on operational flows between the companies, and improved the projects based on sharing stocks more efficiently. We have completed the operational designs necessary for establishment of the logistics infrastructure that will support implementation of "All-Line" growth plans in the upcoming period. We have developed road maps for the logistics projects that will be launched in and after 2017.

Closely following the innovations in the sector and in the world and establishing pioneering applications in the retail sector of Turkey, Boyner Group will continue to improve its investments toward efficient technology use in 2017. We will focus on behavioural targeting and personalization as well as omni-channel retailing in 2017 and target to deliver the products, services and advantages that we offer to our customers to the right person at the right time over our mobile, store and web applications; thus, we will create difference by offering speed, time and agility to our customers.

**BOYNER RETAIL
AND TEXTILE
INVESTMENTS
COMPANIES**

20

Boyner Retail and Textile Investments Shareholding Structure



Boyner Retail (BRTI) Subsidiaries

Subsidiary	Country of Registration	Field of Activity	31 December 2016	31 December 2015
			Participation Rate (%)	Participation Rate (%)
AY Marka	Türkiye	Retail	100,00	100,00
BBM	Türkiye	Retail	100,00	99,08
Beymen	Türkiye	Retail	100,00	100,00
AYTK	Türkiye	Textile and Apparel Manufacturing, Real Estate Development	100,00	100,00
BYN	Türkiye	Real Estate Management	-	100,00
Alticom	Germany	Textile Products Sales and Marketing	100,00	100,00
Altınyıldız Corporation	USA	Textile Products Sales and Marketing	100,00	100,00
A&Y LLC	Dubai	Textile Products Sales and Marketing	100,00	100,00
Nişantaşı Turistik	Türkiye	Restaurant Management	75,00	75,00
İzkar	Türkiye	Retail	75,00	75,00
Beymen İç ve Dış Ticaret	Türkiye	Export-Import	100,00	100,00
Anka Mağazacılık	Türkiye	Retail	100,00	100,00
Bulin	Türkiye	Export-Import	100,00	-

Number of Stores



Total Sales Area (Thousand m²)



Consolidates Total Assets (TL Million)



Consolidates Net Sales (TL Million)





BOYNERGRUP



BOYNER BÜYÜK MAĞAZACILIK A.Ş.

BOYNER

BOYNER BÜYÜK MAĞAZACILIK A.Ş.

As of 2016 Boyner is serving as the leading department store in Turkey with its 114 stores and 265,715m² sales area situated in 37 cities across Turkey.



MILESTONES

- 1981 First Çarşı store opened in Istanbul Bakırköy.
- 1989 Çarşı Credit card was launched.
- 1990 First department store "Çarşı Maslak" opened.
- 1992 Çarşı Stores became corporate with the establishment of Karat Mağazacılık A.Ş.
- 1996 Karat Mağazacılık A.Ş. turned into Çarşı Büyük Mağazacılık A.Ş. and the first IPO of 15% was held.
- 1998 SPO of another 15%. Growth and development became rapid by establishing 4 new stores.
- 2004 Çarşı was renamed as Boyner.
- 2006 Third share offer for 9,9% was carried out.
- 2007 30.05% partnership established with Fennella S.a.r.l (Citi Venture Capital International, CVCi)
- 2010 Annual net sales increased 500 million TL.
- 2012 Majority shares of YKM A.Ş. and YKM Pazarlama A.Ş. were purchased.
- 2013 Minority shares of YKM A.Ş. and YKM Pazarlama A.Ş. were also purchased. 30.05% CVCi shares of the company was purchased by Boyner Retail and Textile Investments. Following the call in September, the proportion of public shares went down under 4%.
- 2014 Boyner Büyük Mağazacılık A.Ş. took over YKM A.Ş. and YKM Pazarlama A.Ş.
- 2015 Boyner changed its logo
- 2016 Boyner Büyük Mağazacılık A.Ş. closed its stocks to public.

STORE FORMATS

By the end of 2016, Boyner Büyük Mağazacılık A.Ş. has been providing services as the leader department store chain of Turkey with its 114 Stores and its total sales area reaching 265.715 m² in different brand and department store concepts in 37 cities across Turkey.

Having opened its first store in 1981, Boyner Büyük Mağazacılık has continued to pioneer the sector combining a variety of products with the spirit of quality, reliability and perception of reasonable prices. With the process of renovation started in 2006, Boyner started to open stores in "concept" department stores category focusing on a specific product category and providing exclusive customer services with a professional team. In 2012, it merged with YKM Stores, one of the oldest and strongest players in the sector.

Today, Boyner and YKM stores are offering their customers various products from both local and international brands in different categories such as active sportswear, footwear for women, men, kids and the youth as well as accessories, cosmetics and home decoration products. In addition, Mammamma, Pink & Orange, Funky Rocks, Monster High, Barbie, North of Navy, T-Box, Cotton Bar, Fabrika, Penford, Limon, House Of Camellia, Black Pepper and Boyner Home products in our women, men, kids, youth active sportswear and shoes departments constitute "Boyner - YKM Exclusive Brands".

Boyner Büyük Mağazacılık; is still serving with Boyner multi-storey department stores (Boyner and YKM Stores), concept stores specialized in a single category (Boyner Sports Stores) and Boyner Outlet stores.

	Total	Company-Owned Stores	Dealer Stores
Boyner and YKM Stores	88	61	27
Concept Stores	8	6	2
Outlet Stores	18	14	4
Total	114	81	33

Boyner and YKM Stores; are offering their customers various products of local and international brands in different categories such as active sportswear and footwear for women, men, kids, and the youth as well as accessories, cosmetics and home decoration products in 88 multi-storey Boyner and YKM Stores.

Boyner Sports Stores; are exclusive stores selling the products of more than 65 international brands including young, active and sportswear for different sports and casual wear.

Boyner Outlet Stores; Boyner & YKM Outlets are offering discounted products in 18 stores located in 12 cities of Turkey.

What fashion is, it's all in Boyner

The most important field of progress that makes 2016 special has been to support the claim "What is fashion will be all in Boyner". Boyner had the chance to offer the global fashion brands to its customers thanks to its Boyner Fresh concept created in 2015. It allowed its customers to meet with a variety of strong brand and product options for women and men by offering the brands of House Of Camellia, Black Pepper, Fabrika, Penford and North Of Navy.



Online growth

Launched in 2003, Boyner online sales website renewed its e-commerce infrastructure and operational processes in 2013 and started to offer services to its customers based on Unconditional Customer Happiness principle and to distinguish itself in Turkish e-commerce market that grew mature in the same year.

boyner.com.tr increased the number of its online customers to a high level with the addition of many features and services to its infrastructure and with its mobile application during the years of 2014-2015. In 2016, it launched an e-commerce platform transformation project in order to renew its infrastructure from end to end and in an integrated manner in order to enable its customers to enjoy an uninterrupted and smooth online experience considering the high traffic brought and the growing business volume. It achieved exactly 59% growth in its annual turnover by using its existing infrastructure and operational power in addition to its large transformation project in 2016.

SALES

Leading the sector with its service and after-sales service approach, Boyner Büyük Mağazacılık has distinguished itself also in 2016 with its philosophy of "Unconditional Customer Happiness" and as the only address where customers can meet all their needs.

Thanks to Click & Collect put into application and continuously developed since 2014, it brought a new dimension to the customer experience approach with the possibility of return of products purchased from the group's online sales websites (Boyner, YKM and Morhipo) to the stores.

As a result of the cooperation with "Hopi, The App of Shopping" which entered the sector by 2015, it offered advantages to meet

customers' needs through personalized campaigns in line with customers' shopping habits.

On special days, in-store activity areas were supported with marketing activities; and thus, it was again the most preferred store for gift shopping in 2016.

All-Line shopping experience

Omni-channel transportation that has started since 2015 accelerated with new added services and marketing activities during the year 2016. The rate of multi-channel customers doubled and the rate of orders using Click & Collect service increased to the levels of 15%.

Thanks to the return and change option offered to Boyner and Morhipo online customers at Boyner and YKM stores, great convenience was provided for the customers and the stores further increased their revenues through the certificates given for returned goods.

Boyner mobile application shows to its customers shopping in the store the product and stock details at the time of shopping on a real-time basis. In addition, the customers shopping in the store were able to add the products that they liked in the store to their online carts and to continue their shopping at home thanks to their mobile applications. Similarly, customers unable to find the desired colour or size of the product that they liked in the store ordered the product with the desired colour and size by using mobile applications, which was delivered either to their houses or to the store desired.

During the year 2016, boyner.com.tr offered to its customers an integrated shopping experience from any channel. It is aimed to further strengthen this omni-channel experience through new smart services and 360-degree customer behavioural analyses in 2017.

MARKETING

The year 2016 was a year investing in Boyner's brand image.

The use of celebrities which was started upon the change of logo in December 2015 was continued with Engin Altan Düzyatan starring in a gift-themed film during the Valentine's Day period following Ezgi Mola, Gülse Birsal and Tugay Kerimoğlu.

While investing in the brand image during the year 2016, the primary goal was to raise the perception of fashion in women's and in all categories related with women. Upon various innovations made in the product and brand structure, communication strategy was built upon them. In line with all these communication objectives, Boyner's great power was "Elçin Sangu" that it selected as the face of the brand in 2016.

Various criteria were taken into consideration in selection of Elçin Sangu as the face of Boyner brand. Her education, the TV series that she took part and the characters that she played, her popularity within a wide audience, millions of followers of her social media accounts and being one of the most popular new faces of Turkey have influenced this selection.

In addition, the celebrities of the digital world were for the first time shown on television considering the rules of interactive world and Boyner's omni-channel strategy in 2016. Billur Saatçi and Meriç Küçük (Maritsa), Instagram phenomena of Turkey in the fields of fashion and style and Ayşegül Köksal and Yasemin Ögün known as Moda Tutkusu (Passion for Fashion) took part in this campaign in which traditional media and social media were synthesized in the most successful manner. The film shot with inspiration from Instagram's square format was the first film shot in square format in Turkey.

Meeting with Boyner customers in the fall-winter season in order to raise awareness of fashion, "Boyner Talks" broke the records in the rates of access in both printed and digital channels. In addition to 56 million views on digital channels, 115 thousand units of printed magazines were distributed to customers via direct posting and through distribution of October issues of All and Elle magazines in elite cafes and restaurants.

In the second half of 2016, it was targeted to increase the traffic and revenues via campaign communications featuring cosmetics, shoes-bags, and outerwear categories in addition to image campaigns.

Social media getting stronger

In this period of increasing digital communication, due attention is paid to ensure communication with customers through all channels in an efficient and integrated manner.

We achieved great successes as a result of greater efforts made in 2016 compared to previous years in order to produce the contents to attract the attention of customers seeing millions of messages in the digital world.

Boyner increased the number of its Instagram followers by 321%, Facebook followers by 31%, and Twitter followers by 30%.



Autumn-Winter 2016

The “key” to shopping is in Boyner

The number of Key Cards (Anahtar Kart) opening the doors of the world of opportunities at Boyner Stores to their customers is increasing day by day. Through loyalty programs, customers have a chance to get informed regularly in line with their requests and purchasing habits and to benefit from the advantages. With Hopi application that was launched in 2015, customers are allowed to register and own Paracik credits; thus, yielding shopping return and transformation to higher rates of shopping.

The number of customers registered to Boyner Key and YKM Card Program exceeded 12 million and 650 thousands of people by the end of 2016. Boyner Keys and YKM Cards are used in 80% of shopping made in the stores.

There are 2 loyalty programs managed differently in Boyner and YKM Stores. The programs designed differently according to customers' expectations and shopping habits aim to gain new customers, to retain current customers, to regain passive and lost customers, to guide customers to different categories, and to increase the number of products per invoice, customer carts and the frequency of customer visits. Throughout the year, we are also gaining customers with the help of the banks agreed with, brand partnerships, arrangements designed specific to a single category after identifying the main requirements and ensuring shopping relationship among the categories, and local and personalized on demand campaigns.

As required by the principle of Unconditional Customer Happiness, the voices of all customers are listened to through any and all contact channels and customers' needs are met very rapidly, winning the favour of customers. In 2016, customers' questions were answered instantly through live chat application on the website.

Customers' voices were listened to through surveys after every shopping, return and change transaction in order to explore the insight of our customers and to take actions very quickly.

Online and store processes are continued to be integrated. Boyner My Companion (Asistanım) application has been one of the most important projects in this field in 2016. Under Boyner My Companion application, all sales representatives were given a device bearing Boyner logo. Sales representatives can access to all product types and execute an online sales transaction in the store using such devices. Customers can receive the orders that they have placed over Boyner My Companion either from any store desired, or through delivery at home. In addition, through Boyner My Companion application, sales representatives can follow up their personal trainings, details of campaigns, and instant target outlooks. In 2017, new functions will be added to Boyner My Companion, and we will continue to offer diversified multi-channel experience to customers and to improve their shopping experience.

INVESTMENTS

Total sales area reached 265.715 m² in 2016.

Stores opened in 2016			
Opened Stores	Location	Opening Date	Net Sales Area
Boyner	41 Burada	01.04.2016	3.216 m ²
As Merkez Outlet	Bursa	29.07.2016	1.271 m ²
Total			4.487 m²

Breakdown of investments made in 2016	
TL	2016
New stores and renovations	11.254.308
Fixtures	7.790.273
Hardware software and others	10.531.416
Total investments	29.575.997



HUMAN RESOURCES

Number and profile of employees

There are 4.956 employees in total, including 2.544 male and 2.412 female employees working under the structure of Beymen Büyük Mağazacılık.

Boyner Büyük Mağazacılık has a quite young and dynamic staff. 30 is the average age of all employees working in the stores and in the head office. While 60% of employees are graduates of high schools and their equivalents, nearly 40% of employees have bachelor's and higher postgraduate degrees. 77% of head office employees have bachelor's and higher postgraduate degrees.

Selection, recruitment and organizational development

In 2016, Head Office category organization was restructured under two main groups such as Women's Wear and Men's Wear. BOYTEM team was assigned to conduct the production processes under the structure of Boyner in order to create time and cost savings by consolidating production activities under the structure of Exclusive Brands (Production) Department with the other group companies under the roof of Boyner Group.

The Information Technologies Department managed under the same Assistant General Management together with Operation (Logistics) Group has been restructured as a separate Assistant General Management for more efficient management of Information Technologies Systems projects in 2017 and 2018. The Analytic CRM Department and Brand and Campaign Partnerships Department operating within the same team were positioned as separate Managements. Both departments were organized duly to report to CRM Directorate. 100 new persons were employed for the changing and developing staff positions of the head office in 2016.

Through cooperation established with İŞKUR (Turkish Employment Agency) for our store sales and support staff, 164 trainees in total were recruited as Sales Representatives and Logistics Personnel in the stores located in Istanbul, Ankara, Trabzon, Mersin, Adana, Konya, and Afyon. 83 trainees who successfully completed the six-month program were registered as permanent staff. The project will be repeated in 2017.

Except for the project conducted with İŞKUR, 2.989 new employees were added to the staffs in the stores in 2016.

HR is digitalizing – HR360

A new project named HR360 was launched in 2016 in order to accelerate and completely conduct the Human Resources processes in the stores. Updating of employee details, their promotion, termination and warning processes, recruitment and dismissal procedures can be conducted over EBA system from now on. In addition, all HR archives were completely transferred to digital environment. With HR360 project, it is aimed to alleviate the operational workloads of human resources field teams and to further strengthen career consultancy roles of HR managers in the stores.

Store organization

Store organization was restructured in 2016. Business processes were made more efficient by combining support departments. Category combinations were implemented by switching to a two-story structure such as Women's Floor and Men's Floor in the store sales organizations. Thus, store managers and sales representatives may provide services to customers in several categories.

The company also established bonus systems supporting the business results of such an organization structuring and Floor Management. In addition, the cashiers' bonus system was improved in line with the business objectives in order to make it flexible and supportive of the company's objectives. Particularly, the targets set on a monthly basis, the Loyalty card usage, and the rates of Hopi transactions and the average number of installments were included in the cashiers' bonus system. It was observed that there were important improvements in these rates throughout the year.

Career Management

New Career Management program was shared with all store staffs in 2016. With There is Career in Boyner, offering the possibility of in-house promotion and clearly identifying the career paths of store personnel, career processes in the stores were accelerated.

It was shared with the field staffs through the distribution of There is Career in Boyner booklets, posters and the video messages of Assistant General Managers. Regional Career Committees covered under the scope of career processes were established and regional-based career interviews were made with 257 employees. The procedures shall be continued with

2016 Promotions	No of Employees	2016 Promotions	2016 Managers Employed	Total	Managers Promoted with in the Company	Outsource rate
Headquarters	348	10	58	68	%15	%85
Stores	4508	198	50	248	%80	%20
Transfers with in Group Companies					7	
Managers Transferred to Department Stores from Concept Stores					6	

Regional Career Committees in all promotion processes in 2017. In addition, Talent Management processes for training of candidate Store Managers will be initiated. 198 employees working in the stores and 10 employees working in the head office were promoted in Boyner Büyük Mağazacılık in 2016. In addition, 7 employees trained in Boyner Büyük Mağazacılık were transferred to group companies through promotion. Considering the promotion data, it seems that there is a strong in-house promotion policy particularly on the stores side.

Performance management

SR Score Cards specific to Sales Representatives were created in order to regularly monitor the performances of sales staffs in the stores on a monthly basis. Sales Representatives can view all their targets and instantaneous values and their ranking in their own regions. In addition, they can make monthly evaluations together with their Sales Managers at the end of the month. "Store Performance Scorecard" was launched in coordination with the Sales Management in order to quickly monitor the store performance on a monthly basis in the grand scheme of things and to develop instant action plans.

Reward and recognition

The first "Success from You and Praise from Us" rewards under the Reward and Recognition Program launched in 2015 were distributed in February 2016. "The Most Successful Store Managers of the Year", "Category Sales Managers", "Sales Representatives", "Cashiers, Logistics and Operations Managers" and "B2C Employees" were rewarded in 19 different categories. In addition, "Difference-Making Employees" from the head office and the departments ensuring "The Best Cooperation" in 2015 were congratulated.

A new rewarding category was also put into practice in 2016. The store personnel executing a beautiful batch sale transaction, solving a difficult customer problem or receiving a beautiful customer appreciation were started to be rewarded by Store Managers instantaneously by receiving a gift certificate in consideration for such beautiful successes that necessitate celebration. With "That's It" (İşte Budur), nearly 150 store employees were rewarded with gift certificates throughout the year.

Motivation

Various activities were organized for employee motivation throughout the year. A special publicity effort signed by the General Manager was conducted for the Mothers' Day. A 'personalized' copy of the announcement was distributed to all employees on Sunday, 08th of April. On the occasion of Fathers' Day celebrated in June, Boyner logo was changed as "BABAM" (My Father) in İstinyepark, Cevahir and Şaşkınbakkal stores and a tie was tied to the signboards of other stores.

Traditional "Children's Day" was organized in the head office before the end of summer holiday in the beginning of September. In the event held with participation of nearly 45 children, it was emphasized that our children were the most important members of our big family. "Hello to Autumn" barbecue party was organized in October and a "New Year Celebration" organization was held at the end of December for motivation of the head office personnel. The competition of "I can Decorate the Most Beautiful New Year Tree" was also held in the head office.

A new channel was aired for motivation of head office employees in 2016. With "B-Active", Surprise questions were asked to employees during the day and concert tickets were given as a gift. In addition, events like free eye examination, skin care, fitness activity, coffee serving, etc. providing benefits for the employees for the sake of employees' happiness were also announced through this channel.

Employer brand and University relationships

12 events held in 9 different universities were participated and we met with over 800 students in such events in 2016 in order to introduce Boyner Büyük Mağazacılık to university students and to explain to them that retailing sector is an important career path using the slogan "There is Job opportunities in Retail".

The developments about the company and the employee events were continued to be announced through Boyner Büyük Mağazacılık page in LinkedIn, which was started to be used two years ago in order to introduce Employer Brand through social media. In 2018, the number of the followers of LinkedIn page increased by 7 thousand people and exceeded 22 thousand.

Training and development

In 2016, 39.773 hours of in-class training in total were provided for 7.748 employees throughout the head office and stores under 41 different headings. Under Boyner UP (Specialty Program) launched in 2015, employees start their first work day with orientation training. This training called as "the Past, the Present and the Future of Boyner" was provided for 1.561 individuals in 2016.

Communication, Personal Situational Leadership, Strategic Regional Management, and Negotiation Techniques trainings were completed under the scope of the career trainings of regional managers in 2016. Communication, Personal Situational Leadership, and Strategic Store Management trainings were started for Store managers. Our Floor Sales Managers started to receive Relationship Management, Becoming a Team and We Are a Big Family trainings. Upon transition to women's-men's

floor management in the stores, 1842 hours of Category and Product trainings in total were provided for 309 sales managers. 273 sales managers received Annual Floor Management Season trainings.

"6 Beautiful Habits" training was launched in order to improve the service quality of sales representatives within the scope of Boyner UP and thus, to allow all customers to have a beautiful shopping experience and to become loyal customers. The trainings started in May were completed by the end of November. Sales-based trainings provided for 2248 sales representatives and reaching 13.488 training hours in total were incorporated into career trainings. When the business results were measured, it was determined that such trainings positively affected the revenues and employee turnover rates. It is planned to provide 6 Beautiful Habits Training for all cashiers in 2017.

In-class and online English trainings divided into levels and provided specifically for the purchasing teams in the head office were continued. 40 employees completed their online English trainings in 2016. In addition, a needs analysis was performed through interviews made with each of the head office units and needs-based Fashion Trainings, MS Office Trainings and participation in conference organizations were provided through cooperation with WGSN.

Difference-making applications were continued with "Power UP" training technologies established in 2015 within the scope of Boyner UP Academy. Power UP is an online education platform based on a technological infrastructure established through Boyner Group- Turkcell Academy cooperation. This application is freely accessible via computers, tablets and mobile phones. Videos with different themes entitled "Brand, Product Information, Product Technologies, Sales and Service, Successes, Skills and Surprise Competition and Rewards" are sent to the employees 3 days a week and the examination of the week entitled "What we have learned this Week?" (Bu Hafta Ne Öğrendik?) is held on Fridays. Regarding such short videos of 2-3 minutes, which are visually entertaining, easily accessible and catchy; 227 videos in total, including 183 videos on training and 44 videos on tests, were sent in 2016. The viewing rate

increased from 32% to 65% in 2016. It is targeted to increase it to 80% in 2017. When their impacts on business results were measured, it was determined that there was 85% consistency between NPS (Customer Proposal Score) and store view rate. Boyner Training and Development Department received 3 awards in 2016. "Power UP" was awarded as "The Best Technology-Supported Development Program" given by TEĞEP (Training and Development Platform Association of Turkey). In addition, it also received 2 awards from Brandon Hall, the most prestigious training awards given in the USA. It received silver awards in 2 different categories (Best Unique Learning and Development Program and Best Use of Mobile Learning) in Brandon Hall Group Excellence in Learning Awards.

Aiming to transfer to our stores all motivators like visuals, campaigns and sales games constantly changing with the rapid development of the retail industry under the same standards, meeting agenda and the activities in line with such agenda were started to be sent to our stores every Friday under the title of "Colourful Meetings". This sheet of agenda containing the most important campaigns of the week, rewards, bonuses, competitions and games which will allow the employees to enter the weekend with enthusiasm was more effective in achievement of targets in sales meetings and started to be distributed on a continuous basis. In 2016, considering the needs for improvement of the stores, it was started to design training programs for a single store and to monitor the development stages of the related store. The increases or decreases in all KPIs and NPS scores (Net Proposal Score) of the store for which trainings were provided under a special program were started to be monitored and new actions were taken.

Another important project of the year 2016 was the "Sales Coaches" that received Brandon Hall silver award. This project that was planned to provide instantaneous feedback before, during and after the services provided by the Sales Representatives in the stores for customers pioneered the retail sector in Turkey again. The project implemented in 23 different stores for 6-month periods allowed customers to have positive experiences with standard-level high service quality. This award-winning project will be continued also in 2017.





BOYNERGRUP



4.3

**BEYMEN
MAĞAZACILIK A.Ş.**

BEYMEN



BEYMEN MAĞAZACILIK A.Ş.

Beymen's refined combinations consisting of more than 600 world famous brands and private label collections are defined as the world's pioneering examples and Beymen is appreciated as the leader of luxury retail with its customer service and retailing formats not only in Turkey but all around the world.

MILESTONES

- 1969 The first ready-to-wear manufacturing operatio in Turkey was launched in cooperation with Italian fashion designer Silvano Corsini.
- 1971 The first Beymen store was inaugurated in Nişantaşı, İstanbul.
- 1983 Turkey's first "megastore" opened in Ankara.
- 1985 The brand Beymen Club was launched.
- 1987 "The "Unconditional Customer Happiness" principle was officially embraced.
- 1990 Beymen Home brand launched.
- 1992 Beymen stores started selling international fashion brands.
- 1992 Beymen Academia brand launched.
- 1994 Beymen Akmerkez was inaugurated.
- 2003 Prada and Dolce & Gabbana products were offered for sale in Turkey for the first time.
- 2005 Beymen Cairo became the first international store of the brand.
- 2005 Beymen Kavaklıdere store was opened.
- 2007 Beymen İstinye Park was inaugurated.
- 2007 Monobrand boutique retail operations were initiated.
- 2008 Beymen Blender concept was launched.
- 2009 New product categories such as Beymen Chocolate and Beymen Bags were launched.
- 2010 Beymen Academia Women's Collection was rolled out. Beymen.com went live
- 2011 Beymen Kids category was created.
- 2012 Beymen Erbil became the second international store.
- 2013 Beymen Aqua Florya store, Turkey's largest fashions retail shop Beymen Zorlu Center, and the Beymen Club flagship stores were all inaugurated. Seven new monobrand boutiques opened in the Zorlu Center.
- 2014 Akasya AVM Beymen and Monobrand boutiques were inaugurated.
- 2015 Beymen Mavibahçe Store was inaugurated.
- 2016 Beymen extended its Outlet and Monobrand operations with new stores in İstanbul and İzmir.

LEADING PLAYER IN TURKISH AND THE GLOBAL LUXURY RETAIL SECTORS

Having opened its first store in 1971, Beymen Mağazacılık A.Ş. today provides services in 82 stores representing a variety of retail approaches on a total net 51.159 m2 area, including international stores and foreign partnerships. Since its establishment, Beymen has been among the leading players not only in Turkish fashion industry, but also in the global luxury retail sector. Today, having over 600 global brands under its umbrella, Beymen is considered to be among the best in its class in global retail industry. Beymen is recognized as a model organization, not only in retail industry, but also in different sectors, due to its customer relations approach and "Unconditional Customer Happiness" practices as well as its retail experience. In May 2013, Boyner Retail (formerly known as Altinyıldız Mensucat) bought back a 50% stake in Beymen from Fennella S.a.r.l., a subsidiary of Citigroup Venture Capital International; today, 100% of Beymen Mağazacılık A.Ş. provides services under the structure of Boyner Retail.



Key Indicators

	Number of Stores		Total Sales Area (m²)	
	2015	2016	2015	2016
Company Owned Stores	58	57	33.283	33.143
Beymen Multibrand	14	13	25.655	25.678
Beymen Monobrand	17	16	2.745	2.640
Beymen Club	27	28	4.883	4.825
Dealer Stores	20	15	6.498	6.929
Beymen Multibrand	8	7	4.457	5.768
Beymen Club	12	8	2.041	1.161
Beymen Total	78	72	39.781	40.072
Beymen Multibrand	22	20	30.112	31.446
Beymen Monobrand	17	16	2.745	2.640
Beymen Club	39	36	6.924	5.986
Foreign Partnership	6	5	4.947	3.981
Beymen Multibrand (Erbil Kahire)	2	1	4.405	3.439
Beymen Monobrand (Dior, Christian Louboutin)	4	4	542	542
Outlet	-	5	-	7.106
GRAND TOTAL	84	82	44.728	51.159



STORE FORMATS

Including, particularly, **Beymen Multibrand** stores and **Beymen Club** stores; "monobrand" boutiques such as **Bottega Veneta, Brunello Cucinelli, Christian Louboutin, Celine, Dior, Dolce&Gabbana, Club Monaco, Etro, DsQUARED, Stella McCartney, Saint Laurent, Tod's, Tory Burch** and **Valentino** are also under the operation of Beymen.

Beymen Multibrand Stores are luxury retail stores with vast covered spaces allowing consumers to meet with its own collections containing its own designs and productions such as **Beymen Collection Women's, Beymen Collection Men's, Academia Women's, Academia Men's** and **Blender** collections, as well as over 600 upscale and new generation brands in ready-to-wear, footwear, bags, accessories, jewellery, home accessories and children's clothing.

Beymen Monobrand Stores are branded boutiques that bring leading international fashion brands under the roof of Beymen Mağazacılık. Each boutique reflects the global identity of the related brand. As of today, the services under Monobrand concept are provided through 20 branded boutiques in total, including 16 Beymen-owned stores and 4 stores with foreign partnerships; these include Bottega Veneta İstinye Park, Brunello Cucinelli İstinye Park, Christian Louboutin İstinye Park, Christian Louboutin Nişantaşı, Celine İstinye Park, Dior İstinye Park, Dior Zorlu Center, Dolce&Gabbana Women İstinye Park, Dolce&Gabbana Men İstinye Park, Dolce&Gabbana Zorlu Center, Club Monaco Akasya, Etro İstinye Park, Dsquared Zorlu Center, Saint Laurent Zorlu Center, Stella McCartney Zorlu Center, Tod's Nişantaşı, Tods Akasya, Tory Burch Zorlu, Tory Burch Akasya and Valentino Zorlu stores.

Beymen Club Stores are relatively smaller retail stores where customers can find a wide range of ready-to-wear collections

for both men and women in categories such as casual wear, stylish and business garments as well as sportswear. By the end of 2016, there are 37 Beymen Club stores. In addition, Beymen Club offers online shopping opportunity via beymen.com providing online shopping services since November 2010 and via beymenclub.com providing services since March 2015.

Beymen Mağazacılık offers services for different segments and categories with various brands positioned under Beymen umbrella. The representatives of this creative tradition include **Beymen Home, Beymen Chocolate and scarf, bag, shoes and leather accessory collections featuring the Beymen logo.**

BSSD Outlet operation was acquired by Beymen and Beymen Outlet stores were put into service in the middle of 2015. As at the end of 2016, there were 5 Beymen Outlet stores (Beymen Outlet Viaport, Beymen Outlet Otim, Beymen Outlet Starcity, Beymen Outlet Optimum, Beymen Club outlet Optimum).

SALES

As a result of the increasing brand and product diversity, infrastructure investments made, marketing activities and actions taken to boost operational productivity, sales through beymen.com in 2016 **increased by 75%** compared to the previous year. In addition, Beymen mobile application on IOS and Android platforms were renewed in 2016. The shopping experience through mobile application was improved, thus starting to offer a service as smooth as the shopping experience at Beymen stores. E-commerce sales reached 9,2% of Beymen retail revenues and increased to the 3rd largest store level.

With the projects implemented in 2016, Beymen has reached 51.159 m² net sales area and 1.568 employees with 82 stores across Turkey.



MARKETING

As the first company in Turkey to embrace and implement the "Unconditional Customer Happiness" concept, Beymen offers a world-class retail experience with its product-brand portfolio and superior service approach. At Beymen stores, customer comes first; utmost efforts are made to ensure that the experience offered to customers is excellent from the store atmosphere to the services and after-sales services.

Beymen aims to be a brand that shapes the lifestyle for its customers through various special day and periodical category communications throughout the season. Quickly launching new and different applications beyond the traditional channels, Beymen is among the most active brands of the sector in terms of digital communications and social media. Beymen stores host various presentations to customers, organizations and special meetings with designers throughout the year, according to a predetermined schedule. In addition, campaigns and brand partnerships in line with the periodical and seasonal dynamics of the season are continued throughout the year. In the events held with the most important designers and artists of the world, customers are entertained in small groups and allowed to chat with the subject-matter experts on any issues that are of interest to them, review the products and collection, and place customized orders. The rate of attendance in such events organized is quite high; and the events are widely covered in the press and media. At Beymen, campaigns are not limited with price advantages; but rather are specifically designed to offer unique experiences to customers according to their lifestyles.

Beymen Exclusive Customer Program "The One" offers select customers an exclusive experience full of offers and privileges developed in line with their preferences and shopping habits. The program features different segments such as VIP, Platin, Gold and Beige. Beymen also places special importance to marketing activities geared towards acquiring new customers.

The New Customer Welcoming Program includes telephone calls, Beymen world e-mails and special offers oriented towards these customers in order to reinforce their relationship with Beymen. Customers' activities at Beymen stores are regularly monitored by various criteria such as shopping frequency and volume and activities are organized to maintain the happiness of such customers. Regaining customers that have paused shopping in time is another important focus point within the scope of CRM activities. Increasing the quality of customer data and creation of permitted customer data constitute the center point of such CRM activities.

In the customer management processes, store and online shopping habits of customers are reviewed and it is targeted to introduce cross channels to customers. Online transformations are supported in order to allow store customers to have Beymen experience through internet channels as well.

Through efficient use of social media and digital marketing, customers are informed about current trends through production and collection promotions.

BEYMEN IN SOCIAL MEDIA

Beymen reached 532 thousand followers in Instagram. The first brand to use Like2buy in Turkey, Beymen offers to its Instagram followers the opportunity to shop through their profiles.

Beymen Club Instagram account reached 288 thousand followers in 2016. Mr. Beymen has 4,7 thousand followers and Beymen Blender has 29,8 thousand followers.

Beymen Facebook reached 169 thousand followers; Blender Facebook reached 53 thousand followers; and Beymen Club Facebook reached 78 thousand followers. Furthermore, Beymen Twitter reached 32,7 thousand followers; Beymen Club Twitter reached 15,8 thousand followers; and Blender reached 16 thousand followers.



BEYMEN BEMOJİ

Setting off from the fact that emojis have become an indispensable part of our daily communications and the fashion world has also embraced this trend, Beymen Bemoji was launched in September 2016 in order to claim and own this trend and to become the first fashion brand designing a set of emojis specific to its own brand in Turkey. Beymen Bemoji application comprising 300 different and funny emojis designed by the English illustrator Kate Philipson with the inspiration from Beymen world, fashion and trends is free to download via Apple Store and Google Play. Beymen Bemojis prepared in a graphic design language specific to Beymen and periodically updated are comprised of illustrations from different categories such as fashion, feelings, lifestyle, nature, and typography. Beymen Bemoji is used in all communication activities extending from shop windows to social media accounts, from announcements to in-store applications and the set of products developed with the product team. Even the Beymen logo was Bemojied. It will be further enriched with new icons in the Spring-Summer season of 2017. Through the addition of add to keyboard feature, Beymen Bemoji application will offer the possibility of personalization of correspondences.



INVESTMENTS

In 2016, Beymen Club Terracity, Beymen Club Mall of Istanbul stores; and Dsquared Zorlu and Club Monaco Akasya mono-brand boutiques were opened.

On the other hand, the management of Beymen Outlet operation was acquired by Beymen in 2016 and as a result, 5 Outlet stores started to provide services. (Viaport, Otim, Starcity, Beymen Optimum, Beymen Club Optimum)

Beymen İzmir Point Bornova store started to operate as a dealer store in 2016.

HUMAN RESOURCES

Beymen Human Resources is constantly supporting and empowering Beymen employees who are innovative, dynamic, bonded at the heart with the "Unconditional Customer Happiness principle, and continuously developing themselves and their jobs. Thanks to the career opportunities, training and development programs, and motivation and rewarding systems offered to the employees, Beymen is considered among the most preferred workplaces in the luxury retail industry.

Career and performance management

Beymen implements performance management systems covering the head office and store employees. Performance management systems are implemented according to the goals set for the head office employees and field management teams in the beginning of every year; and a performance system integrated with the bonus system which is monitored on a monthly basis is used for the field sales teams.

Beymen store managers are assessed through an "internal evaluation center" application in their career process. They are assessed together with the other promotion criteria and their career and development plans are arranged.

Besides the managers, each employee with the highest level of sales representative competency who have fulfilled certain criteria and entered into the candidate pool passes through such internal processes specific to his/her level, prepared for the next level and monitored through a coaching process. In addition, employees' development areas are evaluated using various assessment tools such as performance-potential matrix and performance management. Accordingly, professional or personal development trainings are organized for employees and they are followed up through coaching process.

Priority is given to intra-company and intra-group employees for assignments to new positions. In addition, inter-company transfers are made in order to maximize intra-group exchange of experiences and to benefit from inter-company synergy at the highest level.

Nearly 6% of employees (90 individuals) were promoted to a higher position in 2016.

Through intra-group transfer of employees in critical positions like Operations, Technology and Omnichannel, Sales, Product and Production, and Marketing and Finance, both development-oriented career movement was accelerated; and the ex-

change of experiences was increased.

The organization structure, the course of business and the processes were revised in the required departments in order to increase efficiency in the head office and stores in 2016.

Sales Representatives that can speak English, Arabic and Russian were recruited in order to strengthen sales to tourist customers. Part-time sales representatives were employed in order to allow university graduates to consider retailing as a career path. 76 students in total, including 16 high school students and 60 university students, were employed as trainees in order to support career developments of university and high school students.

Number and profile of employees

In 2016; with our newly opened stores, increasing business volume and our developing business branches like e-commerce;



459 additional employees were recruited in total, including 101 individuals employed at the head office and 358 individuals employed in the stores. As of 31 December 2015, there are 1,568 people in total employed under the structure of Beymen Mağazacılık, of which 43% are female and 57% are male employees. The average age is 33 for store employees and 35 for head office employees. While 61% of employees are graduates of high schools and their equivalents, 33% of employees have bachelor's and higher postgraduate degrees.

Employee motivation

At Beymen, employee happiness and motivation are taken into account while developing human resources policies. Accordingly, various activities are conducted throughout the year.

Celebrations with various offerings and activities were made through brand partnerships under the scope of "BeHappy Project" in 2016. For example, coffee, nesfit, etc. were offered to employees with "Syndrome-Free Monday" and various sports activities were conducted.

In the "Seniority Awards" ceremony held for the second time this year, 107 employees that have completed their 20th, 15th, 10th, and 5th year of service received their awards with the participation of all employees.

Beymen trainings

Everybody starting to work at Beymen participates in the training programs implemented under the main headings of beginners, sales, management and personal development trainings oriented toward employees during the year in addition to their orientation trainings. Trainings are provided through in-class, on-the-job and e-learning methods. Training programs organized in 2016 were conducted with the participation of 979 individuals and they received 7956 hours of training in total.

As with every field, the development opportunity is supported through training system as well at Beymen. With Training Leaders Project, our in-house trainers that are qualified and experienced in their fields continuously share their knowledge and experience within the company / group. Thus, in-house communication and motivation are supported and information resources that are constantly shared are created.

Beginners Trainings: This section is comprised of Orientation, My Career Journey in Beymen Begins, Past, Today and History of Fashion, Brand/Season trainings, Fashion Terminology, Personal Image Principles, Human Resources Processes, and Basic Occupational Health and Safety Trainings.

Sales Trainings: They involve My Career Journey in Beymen Continues, Terminal and Cashier Usage, Customer Relations, Men's Style Training, MTM-Special Sewing Training, Boutique Brand Trainings, Cashier Teams Training, Mystery Shopper Practice, Boutique Brand Trainings and Combination trainings.

Manager Trainings: include Leadership Development Program, Team Work and Management, and Leadership programs.

Personal Development Trainings: covers Time and Stress Management, Effective Communication, MS Office programs and Foreign Language trainings.



BOYNERGRUP



51

AY MARKA
MAĞAZACILIK
A.Ş.

NetWork

QUE

DIVARESE

AY MARKA MAĞAZACILIK A.Ş.

AY Marka Mağazacılık shapes the fashion trends in Turkey through its famous and exceptional brands in ready-to-wear clothing, each of which appeals to the style needs of a specific consumer segment. The company continues to differentiate itself further by ensuring customer happiness in all channels, including domestic and overseas stores, over the internet and in all aspects including product diversity and after-sales services.

MILESTONES

- 1997 Altinyıldız entered the ready-to-wear sector with its in-house Retail Department.
- 1999 NetWork was launched, becoming the first ever brand to appeal to businesswomen in Turkey.
- 2000 Fabrika brand offering fashionable ready to wear products for daily and business styles was established.
- 2003 NetWork initiated the first ever cooperation between a designer and brand in the industry.
- 2007 NetWork, Turquality markaları arasına katıldı.
- 2007 Que was launched.
- 2008 AY Marka acquired an independent legal identity.
- 2010 Divarese operation became a part of AY Marka.
- 2013 The online shopping websites of NetWork and Divarese, went live.
- 2014 AY Marka moved to its new head office.



VAST PRODUCT DIVERSITY ADDRESSING CUSTOMERS WITH DIFFERENT PROFILES

One of the important companies leading Turkish ready-to-wear and accessories industries, AY Marka Mağazacılık A.Ş., offers services with its NetWork, Que, Divarese and George Hogg brands under its umbrella and through 152 stores located in 30 cities across Turkey as well as 3 overseas stores in total located in Azerbaijan, Albania and Qatar. AY Marka offers its product portfolio to customers through 3 online stores and the sales points located in Boyner-YKM department stores as well.

One of the deeply-rooted brands of Turkey, Altinyıldız launched its first namesake ready-to-wear collection in 1997 and established a retailing department under its own structure for this purpose. NetWork brand addressing young professionals was created in 1999. Que brand was launched in 2007. Following creation of brands one after the other, in-house retail department was transformed into a huge textile retail company.

AY Marka acquired legal entity status as a Boyner Retail company in October 2008. In addition to design, production, sales and marketing operations of NetWork and Que brands owned by it, it acquired Divarese operations in 2010 and then Divarese brand in 2011. By transferring its Fabrika operations to Boyner Büyük Mağazacılık and placing on the market its new NetWork collections with high added value, it realized a giant transformation of efficiency.

AY Marka's main goal is to become and remain as a profitable and leading company in line with the importance that it attaches to design and its total quality understanding, and with a philosophy of success prioritizing the interests and happiness of not only its employees, partners and customers, but also the society and the environment. While 28 stores were closed due to the transfer of Fabrika operation, 7 new stores were opened as a result of the transformation process in 2016. Through such store transformations realized, the number of visitors exceeded 14 millions of people. In addition, the total investment budget increased by 38% and reached TL 20 million.

Number of Stores	NetWork		Fabrika		NetWork Fabrika		Que		Divarese		Outlet		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016		
Company Sales Points	33	61	21	0	29	0	5	6	29	29	17	17	134	113
Dealer Sales Points	7	25	9	0	8	0	0	0	0	0	15	14	39	39
Total	40	86	30	0	37	0	5	6	29	29	32	31	173	152

International stores are not included.

Store Area (m ²)*	NetWork		Fabrika		NetWork Fabrika		Que		Divarese		Outlet		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016		
Company Sales Point	7.246	15.878	4.265	0	8.510	0	453	608	2.402	2.704	5.008	5.059	27.884	24.249
Dealer Sales Points	1.287	4.792	1.205	0	2.118	0	0	0	0	0	3.917	3.742	8.527	8.534
Total	8.533	20.670	5.470	0	10.628	0	453	608	2.402	2.704	8.925	8.801	36.411	32.783



AY MARKA BRANDS

NetWork

Having entered Turkish ready-to-wear sector in 1999, NetWork is a creative and dynamic brand fed by the multicultural structure of the 21st century and enriching itself with new expansions. Always following its clear line, NetWork symbolizes essentially the age of information and technology that we are currently experiencing with the name chosen as its brand. On the other hand, this also defines the launching process of a ready-to-wear collection from concept to design, and from sewing to presentation.

Since the very first day of its establishment, NetWork has reflected to fashion the dynamism in the daily lives of modern and urban people with a realistic approach. It combines elaborate designs meeting all needs of urban women and men changing from day to night with quality.

NetWork collections have a refined line that can be carried by urban women and men from day to night, adopting itself to the intense tempo of life and distinguished in details, and shining out with its fabric quality.

Producing different alternatives for every moment of life, NetWork became the first Turkish ready-to-wear brand to offer the privilege of exclusive production of limited edition garments in a limited number under the brand "Limited" launched in August 2004.

Celebrities such as the world-famous film star Sienna Miller and "Mr. Big" from Sex and the City series, Chris Noth appeared as models for NetWork having global brand criteria with the names of the celebrities that it worked with in addition to its dynamic design understanding and its world-class quality. Irina Shayk, one of the most famous top models of the world, became the face of the brand in 2015 Fall – Winter season.

NetWork signed for a very special cooperation with Swarovski brand in 2016. NetWork special collection prepared with Swarovski-branded products and Swarovski crystals were offered for sale in selected NetWork stores.

The Haute Couture dress designed by Elif Cığızoğlu with 5.600 crystals and prepared specifically for this cooperation was exhibited in the shop window of İstinye Park NetWork store and then presented for sale by auction in order to provide scholarship for the students under the roof of You are My Success Association (Başarım Sensin Derneği).

NetWork's pioneering position among innovative brands is also reinforced in its product groups. Stain-resistant and non-iron "Smart Shirts" series, stain-resistant and washable leather jackets, "Skin Compatible" shirts produced from the thinnest thread of the world, Half-Canvas jackets shining out with their lightness, and natural pattern and special sewing technique are offered within NetWork's innovative product groups.



Digital NetWork

NetWork plans its digital communication strategy through consolidating its presence and activeness in this world with gradually increasing importance, following digital trends around the world and adopting the innovations, and developing and applying strategies accordingly. The digital strategy of 2016 was developed in order to strengthen brand perception, to improve the communications established with customers and followers, and to provide traffic for e-commerce website and NetWork stores. These strategies were also supported by digital constructions and different types of advertisements.

With social media arrangements made on special occasions and days under the scope of the marketing communication strategy for 2016, interactions were increased. The number of Instagram followers increased by 128% in 2016.

On Mother's Day, the followers were asked to share their "throwback" photographs taken with their mothers. The winning followers were invited to professional photo shooting with their mothers. The photos taken were exhibited in NetWork shop windows during the Mother's Day period. The project announcement was supported with the cooperation of social media phenomena.

Co-operations with efficient names of the digital world played an important role in 2016. Regular cooperation was established with celebrities, fashion bloggers and Instagram phenomena and more people were reached through social media phenomena communications.

In 2016, due attention was focused on sales over Instagram using Insta-shopping tools in 2016. Particularly, rapid linking over Instagram after sharing of products used in TV series on Instagram created a positive impact on sales.

Online sales channel

While AY Marka Mağazacılık actively continued its activities in all sales channels in retail sector, Network and Divarese started online sales in July 2013 and September 2013, respectively.

Online channels making domestic sales became the sales channel producing the highest profit in a short time and ranked second among the stores displaying the highest sales performance since the first year. In 2015, three online channels became the second sales channel recording the highest turnover following İstinyepark stores. Online sales channels are continuing to provide services offering to their customers various benefits such as free shipping, free tailoring modifications, the possibility of return in 30 days, in-store delivery and in-store product change.



Que

In 2007-2008 Fall-Winter season, Que entered the Turkish ready-to-wear sector as the brand for self-confident, bold and original women and men with a sharp sense of design. The target group of Que's comfortable and contemporary designs can be defined as multi-faceted, bold and attractive persons that like being different and that have a high awareness of quality and design.

Que's women's collections portray a self-confident Que woman that keeps abreast of the rapidly changing world, and that like standing out with an extraordinary taste in design. Que's fit,

sleek and bold designs interpret the designs of the future for contemporary women through a retro-future effect. Que men's collection is a reflection of extraordinary Que men reflecting their taste for materials and designs to their way of dressing. Inspired by all branches of art, Que men's collection reinterprets global trends through an extraordinary approach with its fitted cuts and styling details.

Que accessories collection is comprised of the supplementary parts of original designs. The collection that stands out with patent leather, suede and leather details includes striking designs extending from shoes to bags, from gloves to jewellery group.



Divarese

Created in the town of Varese in Italy in 1870 by the shoemaker Santino Troli and his son Luigi, Divarese brand broke several grounds in the shoe sector. While shoes were produced custom-made upon the orders of customers until the 19th century, shoe production approach was totally changed with the shoe knitting machine imported by the father and son and it laid the foundation for serial production of shoes.

Calzaturificio di Varese brand was turned into "Divarese" after its acquisition by Benetton group. Since 2010, the brand has been continuing to be the brand of shoe and bag fashion under the structure of AY Marka Mağazacılık. Inclined to go back to its Italian basics, the brand identified its code words as Italian, sexy and timeless.

Interpreting the seasonal trends with its Italian style, Divarese does not consider shoes and bags merely as accessories; and it allows the fashion lovers to meet with its latest designs in its stores. In addition to its own designs, Divarese also offers under its structure George Hogg brand that occurs into our minds when we talk about Oxford shoes, which have become classics with their quality and timeless property.

In August 2015, the brand opened its first flagship store in its new place with its renovated concept. It cooperated with strong and famous Italian brands in order to support its return to its essence. Driving shoes exclusively designed for Fiat 500 were put out for sale. Illy coffee corners serving espresso were opened in select stores.

In 2016, the efforts for strengthening its Italian perception were continued. 2016 winter campaign shooting was held in Milan and Spring - Summer shooting was held in Venice palace. Divarese Blog offering mainly Italian contents was aired. Venice Carnival was celebrated in its Istinyepark store with carnival



masks designed by the students from Mimar Sinan University. It became a member of Italian Chamber of Commerce and the related events were participated and gifts were presented to guests. Meetings were held with Italian Culture and the events of the association was started to be announced regularly through Divarese Blog and social media accounts. It also participated in design-based sales events like Tasarım Tom Tom Sokak'ta (Design in Tom Tom Street).

With the Spring – Summer season, new sneaker series based on smart sole technology named "Giro" which means "wandering/touring" in Italian language was offered for sale. Initials were started to be embroidered onto the products desired by customers using the machine with personalization feature in İstinye Park store. Divarese launched 1920s and 1970s from its exclusive "Shoes of Those Periods" collections. Every pair of shoes pertaining to that collection offered for sale in limited number at selected stores was presented with unique serial numbers printed on their soles. The project was supported by influencer co-operations. Instagram sales of the brand were started in 2016. Co-operations were made with effective persons in digital area under the roof of #amoredivarese; thus, providing content and traffic for social media accounts and e-commerce.

George Hogg

Having become a worldwide known iconic brand with its quality and chic lines, George Hogg is a timeless classic leading the fashion. Having a wide range of products from shoes to gloves, from belts to bags, the famous British brand offers men's textile designs for sale in selected Divarese stores and Boyner stores.

Offered for sale in iconic metal boxes that are the symbol of world-class quality and reliability, George Hogg shoe models and textile products bring a modern interpretation of the classic British style with its own unique designs.

In 2016, the shoes of the brands were started to be offered with the techniques and designs allowing personalization.



Customer happiness in all stages

Creating customer happiness at all stages from product diversity to after-sales services is one of the most important values of AY Marka, blending the power of its brands, its knowledge and experience with new working styles. AY Marka offers to all customers with different profiles a wide range of product by which they can express themselves in the best manner; and develops strategies in line with the target group and promises of each of its brands.

Having a flexible structure and a young and well-equipped team producing solutions in line with the dynamism of the era, AY Marka aims to carry its brands to higher platforms with an original and unique design and quality understanding.

In 2016, 7 new stores were opened under the structure of AY Marka. New stores opened in the cities of Istanbul, Ankara, Kocaeli, Konya and Iskenderun created the opportunity for 44 new employments.

HUMAN RESOURCES

AY Marka Human Resources has a dynamic, creative and proactive structure which plays an effective role in the company's strategic decision-making processes. The activities in this field are conducted in line with the company goals and in cooperation with the other units and following a difference-making, result-oriented and success-based approach. Providing a democratic work environment and ensuring employees' happiness are of great importance. The "Unconditional Customer Happiness" strategy implemented for customers is also applied for the employees in the work environment as well.

At 211 degrees, water is hot; at 212 degrees, it boils and with boiling water comes steam which can power a locomotive. Ant it's that one extra degree that makes all the difference. Setting off from this thought, the motto of AY Marka Human Resources is; 1 DEGREE.

Career and performance management

AY Marka employees build their own career developments on the basis of their personal performances. Every employee is the leader of his/her business. In managerial promotions, the company gives priority to its employees according to their personal competencies and performances. AY Marka pays due attention to train its own managers within its organization.



For vacant positions, priority is given to internal resources, i.e. current employees of the company and the external candidates proposed by company personnel via the program "Benim de PAY'ım var" (I have a SHARE, too).

Our Human Resources processes provide our employees with flexible and cross career opportunities and allow them to plan their own career developments. The promotion systems are run on a graded basis. Career at AY Marka is not limited with in-house positions only; our employees can also be transferred to other Group companies.

A preparation process is conducted through one-to-one training and interview with every candidate before each promotion on the way to "Stars Club" (Yıldızlar Kulübü) in our stores. The excitement of our friends for every new page that they open in their careers are shared through celebrations in the head office and announcements.

Performance Monitoring and Development Process was established in 2016. 57 employees in total were promoted in 2016.

Number and profile of employees

As of 31 December 2016, there are 1.326 employees working under the structure of AY Marka. Ay Marka Mağazacılık employed 44 additional personnel with its 7 new stores opened in 2016.

The average age of employees is 33; the average age among the head office personnel is 34 and the average age among the store personnel is 31.

	WOMAN	MAN	TOTAL
Average Age	31	34	33
Head Office	31	37	34
Store	30	31	31
Total No. of Employees	534	792	1.326
Head Office	104	118	222
Store	430	674	1.104

Personal and professional development trainings

In 2016, Ay Marka employees participated in various trainings under the scope of an integrated learning, career development and rewarding program named "Yıldız Ol Yıldız Kal" (Be



a Star, Stay a Star). In the Italian theater stage located in the training hall, we allow our employees newly starting to work in the stores to experience the basic retailing attitudes and behaviours that are mostly overlapping with the theatre disciplines through two different workshops held in the first three months with the participation of two valuable theatre players from Istanbul Metropolitan Municipality City Theatres.

23 different training modules including fashion, style consultancy, retailing mathematics, aesthetic sales were prepared in AY Marka in 2016. 13.861,5 hours of training in total were provided.

In 2016, online trainings were also started in addition to in-class trainings. We removed the borders of time and location in training, thus making information accessible from anywhere and at any time desired. We have tried to ensure continuity of learning with training modules in various sectoral, professional and personal development fields including collection knowledge, worldwide famous brands and fashioners, Yıldız Yolu (Star Path) stories, and shoemaking adventure.

Employee happiness

We attach importance to contributing in our employees' social, intellectual and professional development through a diverse range of events organized in order to ensure employee happiness and to enhance our employees' motivation and productivity in our workplaces. As with all Boyner Group companies, the 12th of December, Retail Employees Day was celebrated with a great bliss and enthusiasm in AY Marka. We are also celebrating the other special days with gifts befitting the meaning and importance of such days.

For the letters of thanks received from our customers, the special letter of thanks issued for the related employee is published and celebrated within the company. With "Open Door Sharing", we share our ideas that we want to share and put into practice instantly with our General Manager. Celebrations, events, fashion-related information and various beautiful news are shared with our stores via the Human Resources bulletin every month.

Organizational change and development management

In 2016, PI Personality Inventory was continued to be used in our recruitment processes. A career program is developed for store employees in order to enable them to achieve sustainable success. Within the scope of Be Star and Stay a Star program, all processes of our colleagues extending from the first day of employment until their membership to the stars club are planned duly.

At the head office, the orientation processes of new beginners are planned and their first workday excitement is shared with them. As for our stores, our newly beginning colleagues are followed up within the scope of the Star Path program from the very first moment of their employment. The process that the new beginners will undergo with their managers and team friends are individually monitored both on the field and from the head office through mails or telephone calls.



BOYNERGRUP



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**ALTINYILDIZ
TEKSTİL ve
KONFEKSİYON A.Ş.**

ALTINYILDIZ

ALTINYILDIZ TEKSTİL ve KONFEKSİYON A.Ş.

Altinyıldız is one of the biggest integrated wool fabric production facilities in Europe operating in textile since 1952.

MILESTONES

- 1952 Altinyıldız Tekstil ve Konfeskiyon A.Ş was founded.
- 1956 The company's first exports were carried out.
- 1971 Apparel Department is founded.
- 1991 Altinyıldız went public.
- 1992 ISO 9001 Quality Certification was obtained.
- 1996 The Australian Super Fine Wool Growers Association accepted the company for membership
- 1997 The Integrated Heat and Power Plant was established.
- 1997 Altinyıldız launched its first own-brand collection.
- 1999 The NetWork brand was created for businessmen and women.
- 2000 The brand Fabrika was launched.
- 2003 The company patented the Formula 1 technology.
- 2007 Que is born.
- 2008 AY Marka Mağazacılık gained a separate legal identity.
- 2010 Altinyıldız started to produce fabric with nanotechnology.
- 2011 The Techno Climatic series was added to the product portfolio.
- 2011 The ISO 14064 Scope 3 study was approved by BSI. Altinyıldız Turkey is the first and sole company that performs emission calculations in its sector.
- 2013 The Company transferred its 100% textile and garment operations to the wholly owned subsidiary Altinyıldız Tekstil ve Konfeskiyon A.Ş. By relocating the whole team in Çerkezköy, Altinyıldız has acquired a strong and dynamic structure and therefore reflected this synergy more efficiently in 2014.
- 2014 The ISO 14064 Scope 3 study was acquired from BSI.
- 2015 As part of TUBITAK 1501 Industrial R&D Projects Grant Programme, an R&D project related to textile and garment were granted by TUBITAK.
- 2015 Paid capital increase by 100 Million TRY, and a new investment operation including the purchase of 125,000 m² open area and factory buildings in Çerkezköy OSB established.
- 2015 ISO9001 certificate was renewed.
- 2016 The new production facilities, storage and administrative office opened

EFFECTIVE PRODUCTION SYSTEMS, QUALITY PRODUCT, EXCELLENT SERVICE

Having been continuously operating in the wool fabric industry since 1952, Altinyıldız moved to its new manufacturing site in Çerkezköy in 2011. With its sites reaching 126 thousand m² outdoor area and 60 thousand m² indoor area upon its most recent investments, Altinyıldız is one of the largest integrated plants of Europe in wool fabric production.

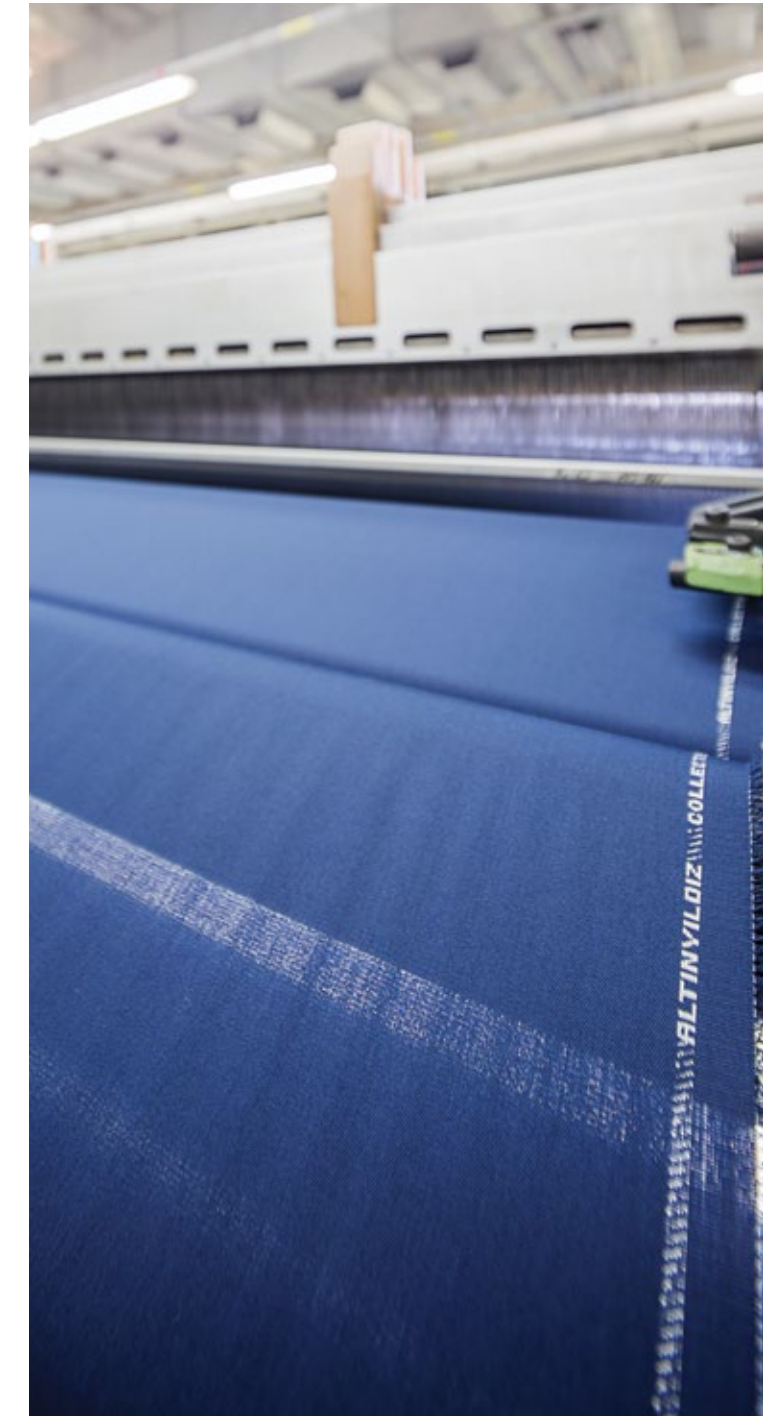
Having carried out its first export operation in 1956, Altinyıldız was awarded with ISO 9001 Quality Certificate and accepted as a member to the "Australian Super Fine Wool Growers Association" in 1996. Having established its own 5.5 Megawatt Integrated Heat and Power Plant in 1997, Altinyıldız later moved this plant to its new production facilities in Çerkezköy in 2011.

Having the largest sales volume as the market leader in the domestic wool fabric segment, Altinyıldız carries out its overseas sales through its sales offices in the USA and via the sales representation offices located in Germany, the Netherlands, France, the United Kingdom, Russia, Finland, Australia, Spain and Japan.

Altinyıldız made a **1 million US Dollar**-worth investment in the finishing machinery park of Formula 1 technology imported from Italy in 2003; and thanks to this new machinery park, the company made a significant breakthrough by producing special fabric series like Powertech, Powerplus, Linenplus and Silktouch using modern, technological and chemical finishing applications. This breakthrough was followed by the addition to the product portfolio of the series named "Altinyıldız Nano" designed as a stain and water resistant fabric added in 2010, and the series named "Techno" maintaining its fresh and new appearance for years and "Techno Climatic" reflecting the infrared rays and thus protecting the body from the external heat which were added in 2011; thus further strengthening Altinyıldız's innovative and competitive position in the textile industry.

KEY INDICATORS

	Textile
Capacity (in house)	10.000.000 meters
Production volume (2016)	7.201.830 meters
Net Sales (2016)	TRY 171,8 milyon.
Number of employees	998





Altinyıldız started to provide services in the ready-to-wear sector by signing a consultancy and technical cooperation agreement with the Italian Group Forall company in 1995.

In 1997, the first Altinyıldız-branded men's collection was offered to customers. In September 1999, Altinyıldız women's collection was launched. In the same year, "NetWork" brand was created. It was followed by the brand "Fabrika" created in 2000 and the brand "Que" created in 2007, which met with customers.

In line with its business volume growing and expanding with the successively launched brands, AY Marka Mağazacılık was separated from Altinyıldız by way of partial spin-off in 2008 and gained its own legal entity status and turned into an independent retail company.

AYTK set its primary target as growth in exports in 2016 and decided to focus on textile and wool fabric manufacturing with high profit margin.

7.2 million meters long wool fabric produced

The market leader in Turkish wool fabric sector with its production of 7,2 million meters, Altinyıldız has maintained this success in the wool fabric sector which was becoming intensely competitive also in 2016, by giving importance to Production and Development and Research and Development activities, adopting to the rapidly changing fashion trends, paying attention to international specifications and environmentally-friendly production issues and manufacturing high-quality fabrics.

Having increased its shareholders' equity by TRY 100 Million in 2015, the company put into application a new investment plan covering the acquisition of the factory land and buildings located in Çerkezköy. With its plants reaching 125 thousand m² outdoor area and 60 thousand m² indoor area with the new buildings and factory newly commissioned in accordance with such plan, located within Çerkezköy OIZ (Organized Industrial Zone), it became one of the largest integrated textile factories of Europe.

SALES AND MARKETING

Under the impacts of competitive pressures caused by the globalization in the recent years, Altinyıldız increased its productivity efforts considering the fact that the road to success passes through improving its capability of creating the highest added value with the least inputs. Aware of the fact that innovation is the most important element for increasing added value, it continued its production structure creating high added value based on skills, knowledge, technology, and quality rather than competition based on cost and low-cost labour.

Altinyıldız still carries out nearly 75% of its domestic textile sales through 12 primary dealers based in Istanbul. These dealers make sales across Turkey via their own sub-dealers. Furthermore, the company also makes sales in the Turkish market via the other sales channels like organized ready-made clothing companies, retail companies and Boyner Group Companies.

Its exports are carried out via Altinyıldız's sales office in the USA and through the sales representation offices located in Germany, the Netherlands, France, the United Kingdom, Russia, Finland, Australia, Spain and Japan. In 2016, exports accounted for nearly 14% of its total sales and were realized as approximately TL 34 million.

Sales	2016	2015
Textile (Million Meters)	6,8	9,2

Market leader in design, technology and diversity

In 2016, Altinyıldız's special finished fabrics, unique blends and innovative product range continued to create value for both Boyner Group companies, and customers in the domestic and international markets. Thanks to its stain-resistant and non-iron different fabric alternatives, the company offered a variety of products of different qualities and varieties according to customers' preferences.

In 2016, Altinyıldız focused on products including ready-to-wear clothing groups and functional and nano-technology featured fabrics woven from specialty fibers and high technology threads with strong designs. Altinyıldız has maintained its leader position in Turkish market also in 2016.

In 2016, Altinyıldız successfully re-entered the Japanese market after a long period. In addition, it was included in the collections of important clothing wholesaler company groups and brands in the German market, which have not been included in its portfolio so far. In the second half of the year, batch orders for 2017-2018 Fall – Winter collections were received from such customers.

RESEARCH and DEVELOPMENT

Since the fashion of the world gradually gives wider coverage to the products with high design quality and added value, Altınyıldız aims to design unique and contemporary collections, to develop target population oriented design concepts in the fashion market and to present its products to its customers as soon as possible. Customer requests and new trends are used as keys to the company's new product development and diversification of current product activities.

In 2016, Altınyıldız intensely worked on R&D and P&D activities in order to produce high value-added products. It continued to constantly improve itself as a company that has become an internationally recognized brand with its high-performance and functional products, collections with unique designs reflecting the most current trends in fashion, and special productions with fibers, yarns and finishing works.

Its product groups providing ease of use during travels and in daily life offer difference-making products that make life easier for all customers, including, particularly, the European customers going to work by bicycle, the employees driving for long periods and of course, those that travel a lot in today's world, with their different fiber constructions and special finishes. Washable elastic wool fabric studies successfully passed from all performance tests and were added to the collections that will be offered to customers in 2017.

HUMAN RESOURCES

As a production facility always valuing human dignity from the time of recruitment until the final stage and always acting in an accessible and solution-oriented manner for its staff comprising nearly 1000 employees, Altınyıldız implements the most efficient techniques while analyzing the issues and producing the possible solutions that will identify the causes.

As required by its Human Resources policy believing that personal motivation and happiness will bring corporate success; all employees' requests and suggestions are taken into account without any discrimination, internal communication is encouraged and activities for creating a happy work environment are continued.

Steps are taken in order to create areas where employees can easily communicate and exchange ideas with each other; and thanks to "Etik Kurul" (Ethics Committee) and "Bir Fikrim Var" (I have an Idea) boxes, any and all suggestions and complaints are evaluated. Personal orientations are organized in order to enable all new employees entering the family to rapidly become operational and to be comfortable in their work environment.

Always encouraging support for social responsibility projects, Altınyıldız supported "Meslek Lisesi Koçları Programı" (Vocational High School Coaches Programme), the project of Özel Sektör Gönüllüleri Derneği (Private Sector Volunteers Society) with the participation of its employees in 2016. Under the scope of this event, two-hour courses were given to 26 students in total, attending the 10th grade at Halit Narin Technical and Industrial Vocational High School; and a factory trip and picnic were organized in order to contribute in the students' personal

and professional developments and to improve their courage and skills. "İyiliğe Dönüştür" (Cycle into Goodness) conducted under the Group structure was another project supported by employees.

Personal and professional development trainings

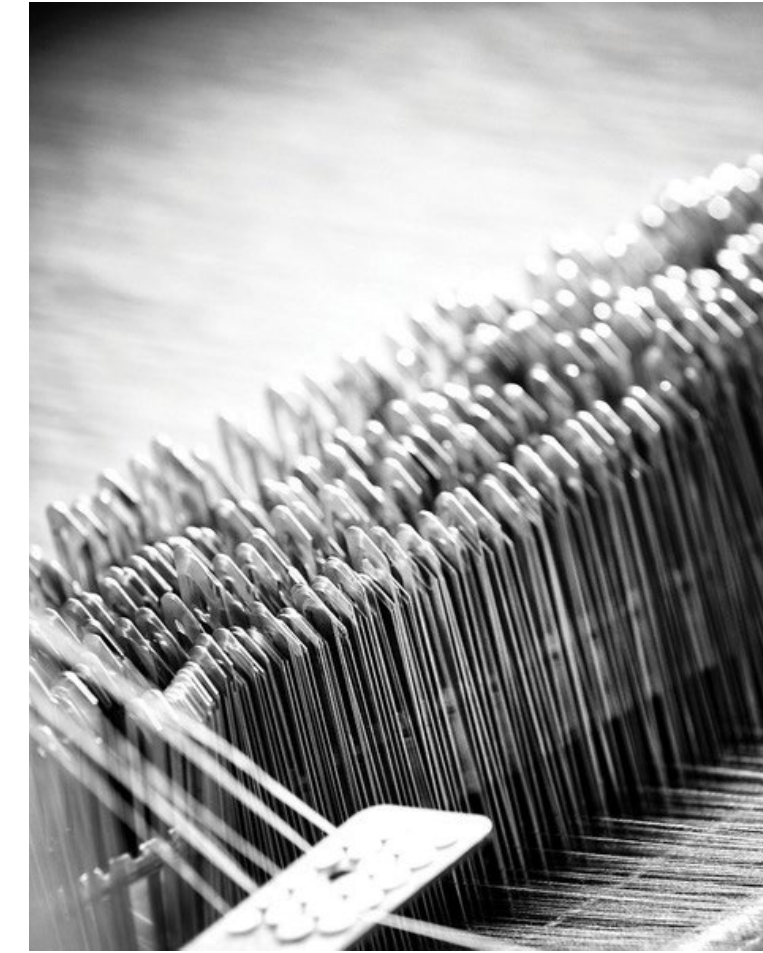
Various opportunities are provided for employee development in Altınyıldız. Thanks to the personal and professional development trainings organized by the company for covered and uncovered employees, it contributes to employees in becoming motivated and productive individuals that can use their skills and keep up with the innovations.

The company works with various educational institutions through the cooperation of Turkish Textile Employers' Association, considering the needs identified in line with the career plans and also receiving the opinions of employees. Individual training requests received from employees are also taken into account; and various trainings are organized throughout the year.

In 2016, the company provided 5 different in-house trainings with participation of 106 employees; and in addition, the external trainings needed by 28 employees were supported and received from different educational institutions outside the company.

Employee motivation

Focusing on employee motivation and happiness, Altınyıldız organizes various events throughout the year, thus aiming to achieve high productivity within the company.



The events organized and held in 2016 included the backgammon and table tennis tournaments and the circumcision feast realized with the participation of employees' children. "Yaza Hoşgeldin" (Welcome to Summer) party was another event that was organized in May.

Gifts were distributed among the little children in Altınyıldız kindergarten under the scope of the 23rd of April, National Sovereignty and Children's Day.

Our environmental awareness

In 2016, we continued to measure the impacts of our projects initiated for using less raw materials and auxiliary substances, and less energy and water in order to minimize the adverse environmental impacts of products and services.

We have come to the end of our efforts to receive ISO14001 Environmental Management System certificate; and the target date for certification audit is January 2017. Under the scope of such efforts, ISO14001 Environmental Management System Information Trainings, Internal Auditor Trainings, and Environmental Awareness and Waste Management Training for employees and subcontractors were provided.

Environmental policy was revised and efforts and activities were conducted in line with such new policy in order to increase employee trainings, to ensure efficient use of natural resources, to minimize and separate primarily at source of the wastes originating from activities, and to ensure recycling and disposal of such wastes through the most appropriate methods.

SUSTAINABILITY REPORT

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ACTIVITY AREAS

Our Social Performance

- Human Rights
- Non-Discrimination
- Employee Rights
- Employee Participation
- Occupational Health and Safety
- Anti-Corruption
- Stakeholder Relations & Participation

Our Environmental Performance

- Energy Efficiency
- Water Efficiency
- Waste Management
- Clean Production
- Safe Use of Chemicals

Supply Chain

- Social Compatibility
- Chemical Compatibility

Product

- Quality
- Safe Use of Chemicals

Community

- Community Investments Programs
- Corporate Volunteering
- Strategic Philanthropy
- Participation of Stakeholders

SUSTAINABILITY MANAGEMENT AND OUR STAKEHOLDERS

SUSTAINABILITY MANAGEMENT

A work environment that respects human dignity, environmentally friendly practices, community investment and customer satisfaction is the cornerstone of our sustainability activities. In 2016 we supported these with new and effective projects.

All of these activities were planned through the participation and support of our stakeholders in both existing and new platforms. We consider sustainability a key policy in our entire value chain, and we worked with the related participation of departments in Boyner Group Companies with the leadership of Corporate Responsibility and Sustainability Department.

Sustainability Work Groups

- Supply Chain Sustainability Project Team
- Occupational Health and Safety Coordination Committee
- Ethics Committee
- Green Office Project Team / Green Team

PARTICIPATION OF STAKEHOLDERS

In accordance with our business strategy, we prioritize participation of our stakeholders in our social and environmental activities guided by our corporate responsibility and sustainability. For our projects that we started and continued in the year, we support the participation of our stakeholders by establishing integrated opportunities in the projects.

Stakeholders	Dialog Channels	Objective
Customers	<ul style="list-style-type: none"> • Sales Channels and CRM activities • Call Center • Product Quality Teams 	<ul style="list-style-type: none"> • Implementation of our Unconditional Customer Happiness principle in every channel we encounter
Our employees	<ul style="list-style-type: none"> • Intranet • Improvement Programs • Boyner Group Volunteers • Trade Union • Occupational Health and Safety Committee • Ethics Committee of Group Companies 	<ul style="list-style-type: none"> • In-corporate Democracy • Performance and motivation of our employees
Our Suppliers	<ul style="list-style-type: none"> • Supply Teams • Quality and Social Compliance Teams • Audit and Monitoring Teams 	<ul style="list-style-type: none"> • To improve synchronously with our suppliers
Our Shareholders	<ul style="list-style-type: none"> • General Assembly • Investor Relations Management • Corporate Governance Committee • Annual Report • Public Awareness Platform and Stock Market 	<ul style="list-style-type: none"> • Notification • Transparency
Environment	<ul style="list-style-type: none"> • Sustainability work groups • Boyner Group Volunteers • NGO Memberships 	<ul style="list-style-type: none"> • To improve our environmental performance and participation of employees
Community	<ul style="list-style-type: none"> • NGO Memberships • Social Responsibility Projects • Sponsorship Programs • Boyner Group Volunteers 	<ul style="list-style-type: none"> • To contribute to people- centered socioeconomic development, establishment of gender equality, social inclusion of disadvantaged social groups, and protection of the environment • To contribute to the dialog and cooperation between the public and private sectors and civil society..

OUR MEMBERSHIPS

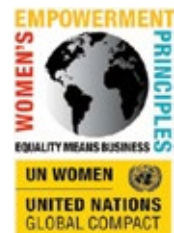
Local Partnerships



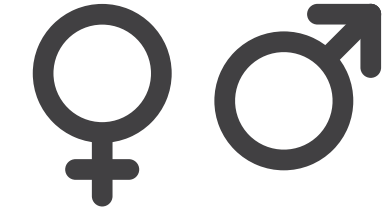
İSTANBUL
SANAYİ ODASI



International Partnerships



OUR WORKING ECOSYSTEM



Gender Equality

- Number of women

%45

- Number of women in Head Offices

%45

- Number of women in Stores

%44

- Number of women in Blue Collar

%38

- Number of women managers

%44

- Number of women employees who join trainings

%44

- Number of women who received promotion

%41

Total Employment

Total number of employment in 2016

9.150

We recruited 394 more employees in newly opened stores in 2016.

Number of Employees:

- Boyner Perakende ve Tekstil Yatırımları A.Ş.

126

- Boyner Büyük Mağazacılık A.Ş.

4.956

- Beymen Mağazacılık A.Ş.**

1.568

- AY Marka Mağazacılık A.Ş.

1.326

- Altınyıldız Tekstil A.Ş.

998

- Anka Mağazacılık A.Ş.

176



THE WORLD OF GROUNDBREAKERS

"Ezberbozan Alemi" (The World of Groundbreakers) was established to transfer our seven core values to all of our employees.

Boyner Group's characteristics, cannot be copied by competitors as they set us apart from others, play a key role in achieving this vision, and are embraced by everyone employed by the Group are defined by our shareholders, employees and suppliers. Once again, the basic values of our group were revealed by one-to-one interviews over the last year with more than 400 employees at different levels. In this study, the letters and statements of Boyner Group Honorary President Osman Boyner, other founding presidents and Board Presidents and the documents prepared were reviewed. Following this process, we promoted a set value that we named The World of Groundbreakers. The World of Groundbreakers transfers our seven core values - focusing on customer satisfaction, pushing the limits of creativity, courage, passion, continuous learning, responsibility, and being a part of a big family - to all our employees.

PUSULA (COMPASS)

Boyner Group's core values, customer satisfaction, creativity, passion, courage, continuous learning, responsibility, and being a part of a big family can be seen as they are represented in the retail stores through compass, a values handbook. Examples of how to represent these seven core values in our stores have been prepared.



OUR VALUES

• We are focused on Customer Satisfaction

We focus on offering creative product, service, and experience and providing improvement in every area that connects to our customers. Making our customers feel important and prioritized them in every action is essential for us.

• We are Creative

We have the ability to explore and implement creative solutions and approaches and projecting and implementing the un-attempted and the untested. We continuously assess and develop or business methods. We support a new generation of ideas in our team. Our ability to ask "Why not?" is a corporate feature. Our source of inspiration for innovativeness is our customers.

• We are Courageous

We can make quick decision, be flexible when necessary, and accept and support change. Driving change in a timely manner when required is part of our core values.

• We are Passionate

We work eagerly to be the leader in our business. We create motivational and inspiring environment for our team members. Our positive attitude is reflected in our team members. We focus on objectives and work with passion. Satisfaction with work is a key characteristic of Boyner Group employees.

• We Learn Continuously

We are always learning and continuously updating our professional expertise. We not only improve and training others, but also obtain information from various sources and create a vision of how our work can develop. Teamwork and individual productive is a prerequisite for all Boyner Group employees.

• We are Responsible

We contribute and support contributions to society. We believe in being "A good person, a good employee, and a good citizen" with moral, clear, accountable, and sustainable approach to colleagues, associates, customers and society. Executing business with manners and actions conscious of the social, economic and environmental responsibilities is essential for Boyner Group employees.

• We are a Big Family

We work with mutual trust, respect, participation, justice, and collaboration—like a family. We provide all Boyner Group employees the opportunity to work and get promotions based solely on their merits and performance. We provide an equal opportunity for all employees to develop. Our core principle is to enjoy and share the security and warmth of a family.

Democracy in the Workplace

In Boyner Group, open communication is supported for all employees to express own ideas and suggestions freely. Employees are encouraged to share ideas and opinions through intranet, an internal communication channel. In all of our organizations, open communication is supported not only through specified channels, but with the belief that sharing any ideas, suggestions or criticisms will improve our businesses.

Boyner Group's management approach is based on transparency, openness, accountability, and mechanism that support participation. When disagreements arise in the workplace managers lend an objective ear to every party involved regardless of status.

We believe in providing employee rights, and beyond that, providing human rights in our workplaces and suppliers within the context of our "democracy in the workplace policy." We aim to establish a work environment that respects human dignity. To ensure fairness and equality through our policy of equality, we establish necessary mechanisms. We recognize the freedom of association and collective bargaining of all Boyner Group and supply network employees, and provide a suitable environments for their demands.

Our Principle of Equal Treatment

We do not tolerate discrimination based on race, color, gender, religion, marital status, sexual orientation, political views or affiliation, ethnicity, health status, family responsibilities, union activity or membership, physical disability or age. Boyner Retail and Textile Investments, offers employees equal opportunities in recruitment, the employment process, remuneration, participation in training, promotion, retirement and all other work related aspects.

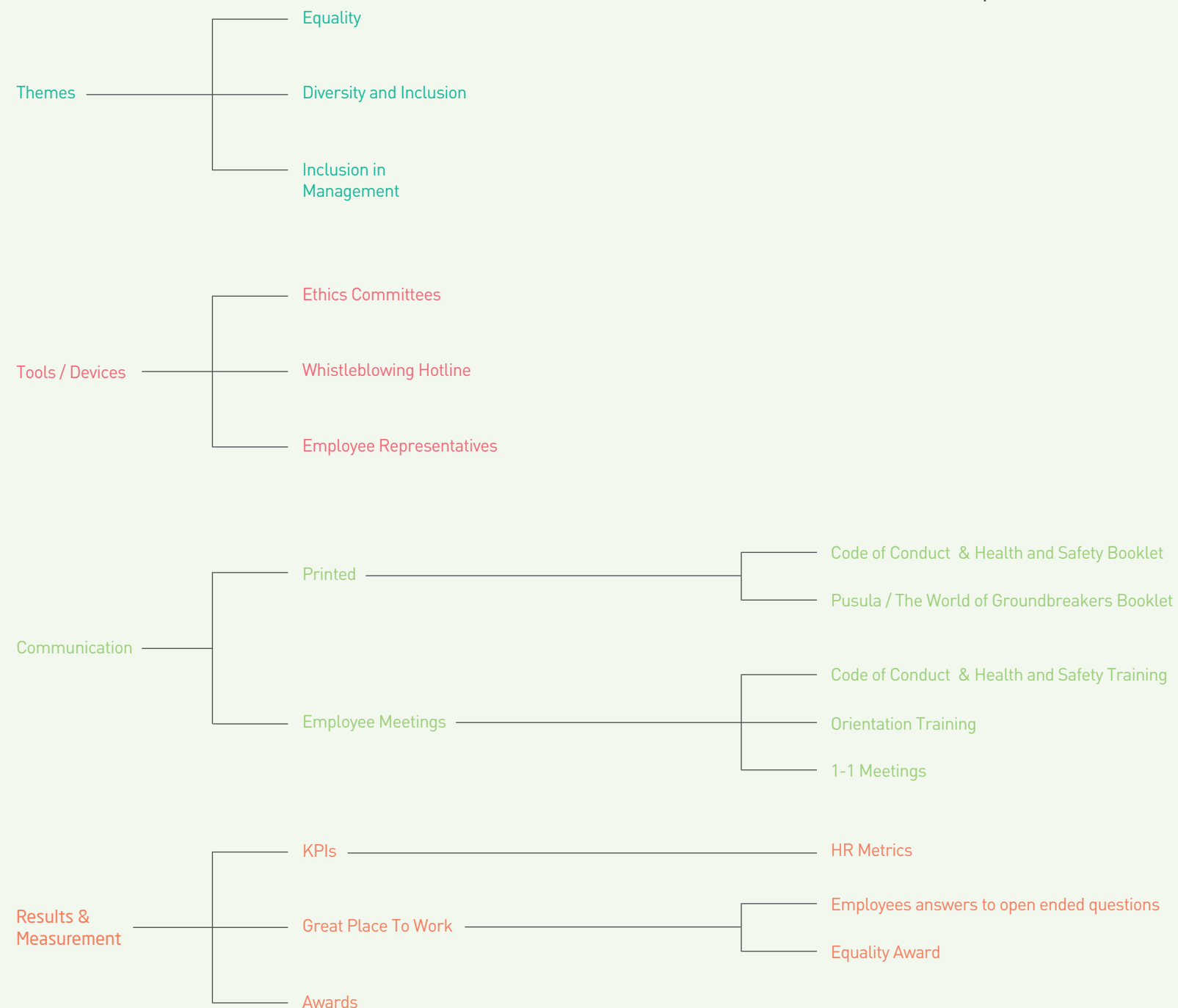
We approach each of our employees with dignity and respect

Within Boyner Group, in all our Human Resources policies and practices, such as recruitment, promotion, transfer, rotation and remuneration, we embrace a fair approach; and work in accordance with all current laws and regulations in all business processes.

Equal Opportunities

We do our utmost to practice equal opportunity in ads, interview questions of recruitment processes, job postings, career planning and training and development of employees in Boyner Group workplaces.

Democracy in the Workplace



NO!
 Manage
 Punishing
 Authorcatic
 Questioning
 Discipline

YES!
 Guide
 Rewarding
 Participative
 Inquiring
 Ethics

Establishment of Gender Equality

Boyner Group joined World Bank initiative "SheWorks" in 2015. We initiated a program to empower women in the supply chain, increasing the number of female managers in stores of Anatolia and providing awareness of gender equality in the community. In our annual reports, we report these initiatives in the SheWorks platform, and share our activities with other members of platform via webinar.

In 2016 Boyner Group's Good for Business project was published in World Bank's SheWorks report entitled 'Putting Gender Smart Commitments into Practice) as the only good example from Turkey. There were 43 companies in the report from all around the world, providing a total employment of 360 thousand women.

The full report can be viewed at: www.ifc.org/sheworks



International Women's Day Campaigns

Since 2009, we share our perspective and policy with the public on gender equality with special ads for World Women's Day on March 8. Every year, we emphasize citizenship rights of women and be a voice in eliminating discrimination against women with these ads. Besides policies and practices required in every aspect of life regarding gender

equality, we support the efforts in establishing an agenda on gender equality.

We support all of our managers, particularly our senior management, to attend events in order to establish awareness in the public regarding this matter.

KADINLAR

NE İSTER? -I

Bir şey istemiyor ister. Korkmadan ifade edilemek ister. Kendisiyle ilgili kararları, kendisi vermek ister. Aşık olmak ister. Sevdiğine dokunmak ister. İzaa atabilmek ister. Hazır hissettğinde, önce olmak ister. Tıynet kurban gitmesin ister. Yakınlaşmak ister. Uzaklaşmak ister. Şıbeyt özmesin ister. Birini ve aklı teğavüze ulaşmasını ister. Rohu da iyileşsin ister. İnanmak ister. İnançlarını savunabilmek ister. Okumak ister. Dilebileceği gibi görünmek ister. Çalışmak ister. "Elinin hamurunu" erkek işine karışmak ister. Kendisine ait bir cüzdanının olmasını ister. Güneşin altında boylu boyunca uzanmak ister. Deniz yüzücüsünü görmek ister. Hayal kurmak ister. Geleceğe umutla bakmak ister.

İşimizi yaparken, kadınlardan çok şey öğrendik. Dünyanın da onlardan öğrendiği çok şey var.

8 Mart Dünya Kadınlar Günü yaklaşıyor... Siz, çevrenizdeki kadınların ne istediğini hiç düşününüz mü?

boyer Club BEYMEN NetWork QUE T-box

KADINLAR NE İSTER? -II

Hiç kan dökmemiş ister. Eşitlik ister. Barış ister. Düşündüğünü, korkmadan ifade edilemek ister. Kendisiyle ilgili kararları, kendisi vermek ister. Aşık olmak ister. Sevdiğine dokunmak ister. İzaa atabilmek ister. Hazır hissettğinde, önce olmak ister. Tıynet kurban gitmesin ister. Yakınlaşmak ister. Uzaklaşmak ister. Şıbeyt özmesin ister. Birini ve aklı teğavüze ulaşmasını ister. Rohu da iyileşsin ister. İnanmak ister. İnançlarını savunabilmek ister. Okumak ister. Dilebileceği gibi görünmek ister. Çalışmak ister. "Elinin hamurunu" erkek işine karışmak ister. Kendisine ait bir cüzdanının olmasını ister. Güneşin altında boylu boyunca uzanmak ister. Deniz yüzücüsünü görmek ister. Hayal kurmak ister. Geleceğe umutla bakmak ister.

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BEYMEN Club boyer NetWork QUE T-box

KADINLAR NE İSTER? -III

Geleceğe umutla bakmak ister. Savaş bitmiş ister. Çocukları gibi düşünür ister. Çocukları anabilmek ister. Konuşabilmek ister. Hükük ister. Demokrasi ister. Düzünü belirtebilmek ister. İtiraz etmek ister. Sesli duyulmuş ister. Tabuları yıkmak ister. Bekarlığı, nametli hissetmiş olarak görülmüş ister. Şıbeyt özmesin ister. İtibarını kılıf ile iyileştirebilmek ister. Kadınların dünyaya yaşamak ister. Eşinin arkasında değil, yanında yürümek ister. Kıyafeti üzerinden politika yapılmışın ister. "Saçı uzun, aklı kısa" görülmüşün ister. Çalışmak ister. Emeğinin karşılığını almak ister. Kazandığını itibarlı gibi harçatabilmek ister. Eşitlik ister. Yüksek ister. Tüm bunları istemesin gerekir olmadık bir dünyaya yaşamak ister.

İşimizi yaparken, kadınlardan çok şey öğrendik. Dünyanın da onlardan öğrendiği çok şey var.

Tüm kadınların Dünya Kadınlar Günü kutlu olsun.

NetWork FAİRİKA QUE MİYİMİZ BEYMEN Club

KADINLAR İŞ HAYATINDA NE İSTER?

ÇALIŞMAK İSTER. EKONOMİK ÖZGÜRLÜĞE SAHİP OLMAK İSTER. İTİBAZINA DOLANMASIN İSTER. FİRSAT EŞİTLİĞİ İSTER. EŞİT ŞARTLARDA ÇALIŞABİLMEK İSTER. DEKOLTESİNE DEĞİL, FAKÜLTESİNE BAKILSIN İSTER. ÇALIŞIRKEN "KADIN" DEĞİL "İNSAN" OLMAK İSTER. KENDİNİ HAZİR HİSSETTİĞİNDE ANNE OLMAK İSTER. BEBEĞİNİ EMZİREBİLMEK İSTER. ÇOCUĞU İŞYERİNİ GÖREBİLSİN İSTER. KONUŞMAK İSTER. SESİ DUYULSUN İSTER. TACİZ EDİLMEMEK İSTER. YÜKSELMEK İSTER. YÖNETMEK İSTER. GÜÇLÜ OLMAK İSTER. GÜCÜNÜ GÖSTERMEK İSTER.

Boyer Holding ve grup şirketlerimizdeki çalışanlarımızın %41'i, çeşitliliklerimiz için kadınlar. İstatistikler, kadınlardan çok şey öğrendik. Dünyanın da onlardan öğrendiği çok şey var.

8 Mart Dünya Kadınlar Günü için bir kez daha istisna baskı baskı. Yaşatın kadınlar

#Yaşa

BOYERGRUP

ÇIK!

Haklarını elinden alanlara karşı çık. Bedenin senin, ona sahip çık. Engellere aldırma, kariyer basamaklarını çık. Sana konan suçların dışına çık. Meclele çık. Meydanlara çık. Kurban olmaya karşı çık. Haklarda kararlar alınırken sözünü söyle, ortaya çık. Birilerinin namusu olmaya karşı çık. Sokaja çık.

Ne yazık ki bugün, kadınlardan öğrendiği bir dünyada yaşamıyoruz. Ama hep beraber böyle bir dünya yaratabiliriz. Yeter ki gücünün farkında ol ve ona sahip çık.

#Farkındal

BOYERGRUP MİYİMİZ MİYİMİZ +BACK-UP+ BACK-UP+ BEYMEN BEYMEN Club boyer By FAİRİKA İĞİŞE MİYİMİZ MİYİMİZ +BACK-UP+ FAİRİKA İĞİŞE MİYİMİZ MİYİMİZ +BACK-UP+

Seç!

Arkadaşını seç, sevgilini seç Okulunu seç, mesleğini seç Çalışmayı seç, öğrenmeyi seç Evlenmeyi seç, evlenmemeyi seç Anneliği seç, çocukluğu seç Yaşamayı seç, yaşatmayı seç Erkeği seç, kadını seç Konuşmayı seç, dinlemeyi seç Yiyeceğini seç, içeceğini seç Kendini seç, kentini seç Yegli seç, mayiyi seç Aramayı seç, sormayı seç Bağlanmayı seç, ayırmayı seç Gelmeyi seç, gitmeyi seç Gerçeği seç, imkanı seç Özgürlüğü seç Özgürlüğü seç

Seğmenin kıymetini bilen ve seçme hakkına sahip çıkan herkesin, Kadınlar Günü kutlu olsun.

BOYERGRUP BEYMEN BEYMEN Club boyer By İĞİŞE İĞİŞE FAİRİKA İĞİŞE MİYİMİZ MİYİMİZ +BACK-UP+ FAİRİKA İĞİŞE MİYİMİZ MİYİMİZ +BACK-UP+

#vazgeçmem

Bugün, prensi gelene kadar uyuyan güzellerin değil, hakkını alana kadar vazgeçmeyenlerin günü.

8 Mart Dünya Kadınlar Günü kutlu olsun.

BOYERGRUP

#Yaşa

Hayatını yaşa, hayallerini yaşa çocukluğunu yaşa, olgunluğunu yaşa okulda yaşa, işte yaşa sevgiyle, aşkla, umutla yaşa kendi kararlarını yaşa saklanmadan yaşa, katlanmadan yaşa susmadan yaşa, korkmadan yaşa kalbinle, aklınla, bedenle özgür yaşa bir ağaç gibi yaşa bir orman gibi yaşa

8 Mart Dünya Kadınlar Günü için bir kez daha istisna baskı baskı. Yaşatın kadınlar

#Yaşa

BOYERGRUP

Besides printed and visual press interviews, we share our activities and messages in events held by universities and nongovernmental organizations. We actively participate in local and international platforms and share our practices with other companies in experience sharing meetings to popularize them.

Our platforms and programs that provide gender equality are:

- KAGİDER & World Bank - Equal Opportunities Model
- UN Global Compact & UN Women (Women's Empowerment Principles - WEPs)
- United Nations Global Compact
- Women In Boardroom Platform
- TÜSİAD - Gender Equal Opportunities Work Team
- World Bank SheWorks Initiative
- WEConnect Turkey

Development of Our Employees

Boyner Group follows equal opportunity principle in training and development areas and provides several training and developmental programs in Group companies. All trainings provided for our employees personal development, professional development, occupational health, and safety- are tracked by attendance, training time and training investment metrics refracted by gender.



in 2016

- Number of employees who joined training and development activities:

12.919



Percentage of female attendees

%44

Participation of employees in training and development Activities

- Number of employees who joined training and development activities in BRTI

126

Number of women attendees: **56**

- Number of employees who joined training and development activities in BBM

7081

Number of women attendees: **3470**

- Number of employees who joined training and development activities in Beymen

979

Number of women attendees: **426**

- Number of employees attending training & development activities in Ay Marka

1217

Number of women attendees: **462**

- Number of employees who joined training and development activities in Altınyıldız

3297

Number of women attendees: **1199**

- Number of employees who joined training and development activities in Anka

219

Number of women attendees: **104**

BIG-BANG Effect

Since 2003, all managers working in Boyner Group are included in "Boyner Group Managers Communication and Development Program" (BIG). The objective of BIG program is to help managers to get to know the group and other managers better, to help all managers benefit from the experiences of senior management, to share know-how within the group and to provide development opportunities. We organize meeting, seminars and competitions and develop projects in BIG.

Boyner Group Akademi ve Nitelik Gelişimi - BANG- (Boyner Group Academy and Quality Improvement) is a platform where training activities for all group employees take place for continuous improvement. "Boynerişim" is a common platform accessible to all employees where we provide tens of articles, presentations, resources, training and development opportunities about creativity, customer satisfaction, general knowledge, career, personal development, marketing, retail, health and safety, foreign languages. Additionally, every two months, the Group holds development seminars on a wide range of subjects such as fashion, management, personal development, ethics, and values, open to all employees regardless of title or position.

Parallel to the strategy for our customers, our education and development programs are personalized, flexible and various. In 2016 BANGonline e-Learning platform was available to all Boyner Group employees.

Our Compensation Policy

In our companies, we implement a fair and egalitarian compensation system. In this system, characteristics such as age and gender are not taken as criteria. Each position corresponds to a certain point value, and salaries are managed according to this system.

In 2015, our Human Resources System was redesigned in accordance with Boyner Groups company culture, business focused, supporting performance culture, promoting talent and expertise, and always focusing development to fit a global compensation system of infrastructure that is commonly used in Turkey. Hay Group, who we work with in this compensation project, offers another service called "Piyasa-Ücret Araştırması" ("Market Wage Survey"). Boyner Group has been part of this project for four of pay structure for equivalent positions in rival companies and consider them in our own pay structure.

In our stores, the salaries of sales consultants and expert sales consultants are determined according to their occupational position. While recruiting for these positions, everyone with similar authorization and responsibilities is

compensated equally. Individual differences are rewarded with bonuses calculated on the basis of sales performance.

In Boyner Group companies, employees are extended fringe benefits covering their meal, transportation, and private health insurance expenses; they are also issued Group discount cards. Depending on the requirements of the duty, vehicle and mobile phone may be provided to management positions. The side benefits enjoyed by unionized personnel working in Boyner Group are outlined in the collective labor agreements.

Occupational Health and Safety

We deem safe working conditions, compatible with human dignity, as a right of life for our employees.

Within the year, we are providing training and seminars of "Occupational Health and Safety" for our employees, and help them to be aware of important issues in their daily work environment. Our information activities are shared via in-house system within the Group.

We aim to increase our employees' health and wellbeing, by upgrading their knowledge and giving practical advice through our "Occupational Health and Safety" handbook. We also inform our visitors via informative and instructive cards in our workplaces especially prepared for visitors.



Occupational Health and Safety at Boyner Group

2016 Yılı Eğitimler	Total Male Employees	Total Female Employees	Total
Total Employees in OHS training in 2016	1470	1136	2606
Total Number of employees attended emergency training in 2016	455	162	617
Total Number of employees attended First Aid training in 2016	103	68	171
Total Number of employees attended Hygiene training in 2016	43	33	76
Total Number of employees attended OHS training in 2016	2071	1399	3470

In addition to compliance with the laws, we handle occupational health and safety to create workplaces, which are not conflicting with human dignity, and to establish the wellbeing and happiness of our employees. In this context, we provide practical information about healthy nutrition, right posture, ergonomics, and personal care to our employees and share calories of the meals at the cafeterias of our offices and form healthy diet corners. Moreover, every year, we provide activities with the participation of our employees in our OHS themed week.

To take more preventive measures, whether there is workforce loss or a situation that requires medical attention or not, we record all accidents occurring in all workplaces or that are related to work. This helps us analyze the base problems and increases awareness in the organization about near misses.

We are committed to our employees protecting themselves. We encourage our employees to report and recommend any necessary measures to be taken. We encourage our employees to identify and report potential risks to prevent greater possible setbacks. We take these actions not because it is our legal responsibility, but because we care for our employees.

We keep statistics on occupational accidents and form regulatory action plans by our base problem analysis. In 2016, total occupational accidents including no workforce loss notifications were 126. The rate of occupational accidents to total employees is 1.27 %. Mainly, accident notifications are incidents such as slipping and falling that do not cause workforce loss. Both additional physical measures are taken, and post-accident informational meetings are held for employees.

Freedom of Association

Our employees have the freedom of association and membership of our employees in nongovernmental organizations and political parties cannot be restricted. Blue-collar employees working in Altınyıldız Tekstil ve Konfeksiyon A.Ş. are members of a union, and our employees reserve the right to sign collective labor agreement via the worker's union that represents them.

Committee of Ethics

With the guidance of our business policies, Our Group Companies have their own Ethic Committees besides Boyner Perakende ve Tekstil Yatırımları A.Ş. Objectives of these committees are investigating and evaluating warnings, complaints and incidents violating of Group and operational principles.

A communication channel has been created in all Boyner Group companies for the employees to report ethical issues or situations when faced via special e-mail addresses of ethics committees of each company. In the case event considered unethical, employees can make complaints and report the situation to their own ethics committee. Verification investigations are carried out to solve any situation. The details of internal investigation are recorded through a reporting system in case the case is verified. The Committee of Ethics carries out any analysis needed on those issues brought to its attention and proposes various sanctions including dismissal in the event that violations are found.

In 2015, in addition to its current members, employee representatives were included in decision-making processes to create an ethic system within of The Committee of Ethics. Through the internal communication system, employees were informed about the elections of the Committee of Ethics. The elected employee representative has the same voting rights as the other members of the Ethics Committee.

In Boyner Group Operational Principles booklet, all employees are deemed liable for ethical behavior and transparency.

Reaching out the employees: Our Communication Platforms

Boyner Group facilitates activities in order to provide communication with employees. We reach out to our employees through internal and external channels, and with these channels we share the information from both our yearly operations and current news. Through our intranet platform "Boynerişim," we share current news of about available positions in our group companies, individual achievements of our companies, special campaigns for employees, history of our corporation, information about our managers, our conferences, projects under corporate responsibility, and voluntary activities.

Our basic communication channel Boynerişim was designed as a platform to provide two-sided communication. Moreover, this platform also provides our employees a chance to share their creative ideas and their own announcements. Through the internal stakeholder network, we are gathering all Group employees around a common platform.

In addition to our internal communication channels, with Boyner Group website, we are empowering the communication with our stakeholders from both inside and outside corporation, and we provide updated information about our company via social media.

Retail Summit within the Group

Since 2011 we have shared new projects and plans to our employees via Boyner Group Retail Meeting. This yearly meeting enables senior managers to share their knowledge. During this one-day event, Boyner Group company managers listen to inspiring speakers, experts and the best examples of their sector. Every year, retail meeting gather our board members, general managers, vice general managers, department managers and store managers on a common ground. This gives us a chance to share our developments in our group.

OUR FIGHT AGAINST CORRUPTION

We guarantee to operate in compliance with anti-corruption regulations and provide honest and transparent service. With this policy, we aim to prevent bribery and corruption in all Boyner Group activities, to comply with legal regulations, ethical and professional principles, and universal rules. Boyner Group's anticorruption policy covers all business partners of Boyner Group as well as those acting on behalf of Boyner Group, and all Boyner Group employees. Boyner Group Anti-Corruption Policy covers all Boyner Group employees including board members and persons or organizations working on behalf of Boyner Group, including outsourced companies and their employees, suppliers, consultants, lawyers and external auditors.

Our Anti-Corruption Policy;

- Legal regulations,
- Human Resources Code of Practice and Collective Labor Agreements,
- Principles pledged to comply by participating in UN Global Compact,
- Corporate Management Principles,
- Boyner Group Ethical Principles

Regulation and modification of ethical principles is under Boyner Group Management authority. Necessary sanctions are applied in case of violation of these principles practiced by Boyner Group Employees. Boyner Ethics Committee has the authority to review and report these issues. Boyner Group employees report any situations encountered or suspected regarding bribe and corruption to the notification address of Boyner Group Ethics Committee.



OUR ENVIRONMENTAL AWARENESS

As Boyner Group, we work to reduce the environmental impact of our products and services, and we also carry out activities within the scope of climate change. Since 2013 we have been part of the Energy Efficiency in Buildings contract for our companies and the Green Office Project of the Society for the Protection of Natural Life for Boyner Büyük Mağazacılık from the Group companies on the same date, with the commitment to take corrective action to manage our emissions and waste. In this context, we are implementing our emissions calculations and our improvement plans and presenting our reports to our stakeholders.

Our measurement and corrective actions in the scope of our environmental sensitivity also apply to our company performances as well as our supply chain. Within the framework of our analysis, we look at compliance with regulations according to our suppliers' business lines, and we take positive actions to ensure that we establish compliance with our contracts and inspections.

With the project of "Cycle into Goodness" hosted by Boyner Büyük Mağazacılık started in 2014, which continued in 2016, with the cooperation of Lokman Hekim Health Foundation, we utilize their experience of their gaining sources from waste projects, and work on providing reusage/ recycling.

Below you can find the details of projects about energy efficiency, and oscillation decrease which are managed by our companies jointly and separately.

Energy Efficiency in Buildings

Since 2012, we calculate and report energy consumption of Boyner Group companies headquarter buildings. The scope is limited to the head offices of Group companies and emission sources including those related to energy consumption inside the premises. Considering the buildings, our consumptions are restricted to natural gas and electricity. Natural gas was evaluated under Scope 1 as it is not purchased as heating but natural gas.

Scope 1: Natural gas use

Scope 2: Electricity

Natural gas and Electricity consumption data are read from the invoice and recorded in data forms. These data are requested from the relevant departments via data forms, and archived by the Corporate Responsibility and Sustainability Department, which carries out the necessary calculation.

Natural Gas Emission factors were calculated according to the values indicated in 2006 "IPCC Guidelines for National Greenhouse Gas Inventories". Grid values announced by TEIAS (Turkey Electricity Inc.) annually are considered for electricity consumption.

Total amounts were considered in the calculation in previous

years. As of 2014, they are monitored based on company. This is because Altinyıldız Tekstil ve Konfeksiyon A.Ş. Head Office is Yenibosna was relocated in our manufacturing center in Çerkezköy, and all offices were distributed to different locations in the manufacturing plant.

Boyner Retail and Textile Investments A.Ş.

Boyner Retail and Textile Investments A.Ş. operating on 15th and 16th floors of Eski Büyükdere Caddesi Park Plaza Maslak / İstanbul in 2011, but in May 2012, 2nd floor of the same building and on May 2014, 3rd floor was added to the head office. These two expansions increased the total area in square meters while consumptions made due to relocation and installation increased our energy load as well. As of April 2014, natural gas and electricity consumption of common areas, which was invoiced under contribution fee during the previous period, are included in energy consumption invoices by the resolution of Plaza management and included in our calculation. In 2015, even though the third floor was a separate company and therefore not considered part of the energy consumption, the increase in energy usage compared to the previous years is a result of shared area.

In 2016, we started to use the third floor in the same way, and we experienced a total increase in square meters. In this context, a reduction of 1.73% is achieved in emissions per m², with an increase in total emissions.

Boyner Retail and Textile Investments A.Ş.	Total Consumption Kwh	Unit Consumption Kwh / m ²	Total Consumption Ton CO ₂ -e	Unit Emission Ton CO ₂ -e / m ²
2012	187.252,00	65,56	101	0,0354
2013	209.506,00	73,36	118	0,0413
2014	476.115,52	146,02	212	0,0782
2015	526.366,44	152,00	203	0,0586
2016	445.274,00	107,61	238	0,0576
2012 - 2016 Change	137,79%	64,12%	136,02%	62,90%
2015 - 2016 Change	-15,41%	-29,21%	17,43%	-1,73%



Boyner Büyük Mağazacılık

Boyner Büyük Mağazacılık A.Ş. has completed its merge with YKM by the end of 2012 and began operating at Büyükdere Cad. No: 245/A Uso Center Zemin Kat Maslak / İstanbul. 2012 values were calculated for the former office at Büyükdere Cad. No-raminışMerkezi No: 55 K: B-1 Maslak / İstanbul. 2013 was our basis year in our new location. When the basis year and 2016 are compared, we observe 11.22% decrease in consumption per square meters and 28.37% in the change of Unit Emission. No:

Boyner Büyük Mağazacılık	Total Consumption Kwh	Unit Consumption Kwh / m ²	Total Consumption Ton CO ₂ -e	Unit Emission Ton CO ₂ -e / m ²
2012	872.736,88	161,62	411	0,0761
2013	1.545.551,69	166,19	739	0,0795
2014	1.518.001,39	163,23	586	0,0630
2015	1.462.752,49	157,29	552	0,0594
2016	1.334.333,08	143,48	507	0,0545
2012 - 2016 Change	52,89%	-11,22%	23,36%	-28,37%
2015 - 2016 Change	-8,78%	-8,78%	-8,15%	-8,15%

Beymen Mağazacılık

Beymen Mağazacılık A.Ş. is operating in Büyükdere Caddesi Oycan Plaza Kat: 2-8-9 Maslak / İstanbul address. Our company increased its total working area in 3,317 m² by operating on the second floor. In 2015, a significant decrease was observed in both consumption and emission. In 2016, our emission decreased when compared with the previous year. We have witnessed the reduction impact of our measures taken in infrastructure and energy management in 2015, and we will continue to use emission reduction targets in the following years.

Beymen Mağazacılık	Total Consumption Kwh	Unit Consumption Kwh / m ²	Total Consumption Ton CO ₂ -e	Unit Emission Ton CO ₂ -e / m ²
2012	641.734,28	219,47	287	0,0982
2013	590.827,36	202,06	270	0,0923
2014	619.327,52	211,81	255	0,0872
2015	576.822,92	173,90	219	0,0660
2016	511.970,18	154,35	195	0,0589
2012 - 2016 Change	-20,22%	-29,67%	-31,95%	-40,01%
2015 - 2016 Change	-11,24%	-11,24%	-10,82%	-10,82%

AY Marka Mağazacılık

AY Marka Mağazacılık A.Ş. had a total of 3200m² in its Fazıl Kafanoğlu Cad. No: 15, Seyrantepe / İstanbul address between 2011 and 2012; as of September 2014, moved to 6000m² Yenibosna office in Merkez Mahallesi 29 Ekim Cad. No: 22 YenibosnaBahçelievler / İstanbul. In 2015, AY Marka Mağazacılık finished its first year in the new office building, and total consumption results showed a decrease. Taking 2015 as the new base year, we see a 9.59% reduction in our total emissions due to energy consumption in 2016.

AY Marka Mağazacılık	Total Consumption Kwh	Unit Consumption Kwh / m ²	Total Consumption Ton CO ₂ -e	Unit Emission Ton CO ₂ -e / m ²
2012	527.227,00	164,76	281	0,0878
2013	560.649,00	175,20	299	0,0934
2014	1.248.704,64	320,18	588	0,1508
2015	695.890,12	115,98	323	0,0538
2016	608.393,52	93,60	292	0,0449
2012 - 2016 Change	15,39%	-43,19%	3,93%	-48,84%
2015 - 2016 Change	-12,57%	-19,30%	-9,59%	-16,54%

Total Consumption

When we look at the total energy source emissions of our companies which are included within the scope of Energy Efficiency in Buildings, we have a decrease by 29,42% compared to 2012 and our carbon footprint has decreased.

Total	Total Consumption Kwh	Unit Consumption Kwh / m ²	Total Consumption Ton CO ₂ -e	Unit Emission Ton CO ₂ -e / m ²
2012	2.228.950,16	155,00	1.080	0,0751
2013	2.906.534,05	159,00	1.426	0,0780
2014	3.862.149,07	199,24	1.641	0,0847
2015	3.261.831,97	147,73	1.297	0,0587
2016	2.899.970,78	124,70	1.233	0,0530
2012 - 2016 Change	30,10%	-19,55%	14,14%	-29,42%
2015 - 2016 Change	-11,09%	-15,59%	-4,95%	-9,76%

Altinyıldız Corporate Carbon Foot Print – ISO 14064 – 1 Standard

Since 2011, we have regularly calculated the carbon footprint of AltinyıldızTekstilveKonfeksiyon A.Ş (AYTK) in all areas of production and administration. Our goal is to decrease our emissions to combat climate change. Altinyıldız Emission Sources and Greenhouse Gas Protocol are based on the ISO 14064-1 Standard. As a result, AYTK have included in our calculations emission sources such as those falling under Scopes 1 and 2 as defined by the Standard, as well as Scope 3. As for emission factors, we have utilized the methodologies and measurements of IPCC. Additionally, we have made use of the emission values of Turkish public agencies, the LCA reports of private companies, measurements demanded by AYTK from external bodies, the coefficients of NGGIP, and values provided by UNFCCC.

Scope 1: Direct Emissions: Emissions directly released into the atmosphere by our enterprises: natural gas, fuel oil, LPG tanks, air conditioners and fire extinguishers.

Scope 2: Indirect Emissions from Electric Energy: Emissions related to our consumption of purchased electricity and steam from the outside. Since they are generated at the source, we have no control over such emissions.

Scope 3: Other Indirect Emissions: Emission sources and sinks related to the activities of companies whose services we purchase, and over which we have no control. These include recycling processes that function as a carbon sink. We do not have direct access to their precise emission values: domestic and hazardous waste, waste water, raw materials, personnel service buses, taxi fees, logistics activities, and domestic and international air travel fees.

For our calculations, 2011 is taken as basis. Total emissions according to years and the change rates in emissions are provided in the following tables. Our cogeneration facility, which has operating from time to time as of 2012 and full time since 2013, is our main reduction source. However, there are fluctuations in our total emissions depending on the change in our production. When our textile and apparel production is normalized with our emissions, we observe the changes in the table below.

An increase by 13,73% between 2011 and 2015 is observed.

	2011	2012	2013	2014	2015	2016
Scope 1	5.651,97	15.009,77	24.147,91	29.073,00	29.200,00	21.947,00
Scope 2	43.222,91	27.592,08	4.451,60	2.612,00	3.046,00	3.388,00
Scope 3	31.550,62	26.066,58	18.205,36	24.444,00	22.412,00	22.222,00
Total Ton CO ₂ -e	80.425,50	68.668,44	46.804,87	56.129,00	54.658,00	47.557,00

Change in Emissions	Change Rates on Year to Year Scope 1 - Scope 2 - Scope 3				
	2012	2013	2014	2015	2016
2011	%-14,62	%-2,42	% 19,92	%-2,62	%-12,99
	% -40,87				

Our emissions dropped in 2012 and 2013 but increased in 2014. The main reason for this increase is the calculations performed by adding our values to the emission factors during calculation of raw material items evaluated under Scope 3. This new methodology reduced the uncertainties in our calculations but caused an increase in our emissions.

When changes in emissions depending on production are reviewed under Scope 1 and Scope 2, reduction rates observed each year, except 2015 and 2016.

Change in Emissions (on Production)	Change Rates on Year to Year Scope 1 - Scope 2 - Scope 3				
	2012	2013	2014	2015	2016
2011	%-9,94	%-1,05	% 2,35	% 1,62	% 11,87
	% 13,73				

With the increase in the use of Cogenerated Natural Gas in 2015, this increase was observed and in 2016 the same increase in emissions continued due to the partial increase in electricity consumption from outside due to the restriction of natural gas consumption. 0.31 % reduction was observed in the comparison between 2011-2016.

Change in Emissions (on Production)	Change Rates on Year to Year Scope 1 - Scope 2 - Scope 3				
	2012	2013	2014	2015	2016
2011	%-8,06	%-2,54	%-5,45	% 6,20	% 1,02
	% -0,31				

Areas we have Improved:

- Our Integrated Power and Heat Plant, which became totally operational in 2013, have helped minimize our electric and steam purchases falling under Scope 2. As such, we have eradicated power loss due to the external purchase of electricity and decreased our overall consumption.
- We used another output of our cogeneration facility, which is steam, in our processes and lowered our steam purchase in 2013 and zeroed in 2014.

Boyner Büyük Mağazacılık Green Office

Boyner Büyük Mağazacılık (BBM) and World Wide Fund for Nature (WWF) began to cooperate for green office implementation in 2012. In this context, head office in-structure was renovated as environment-friendly while also focusing on consumption habits of employees and green consumption at the same time. In June 2014, Boyner Büyük Mağazacılık has acquired Green Office Certificate from World Wide Fund for Nature (WWF) through the actions taken to become a green office. Since 2014, we focus on our head office consumption and attach importance to employee participation. In addition to that, we come together with good examples from the private sector. In 2016 Boyner Büyük Mağazacılık has hosted the annual "Green Offices" meeting of the Natural Life Protection Foundation, where good examples from the private sector are shared and met with other private sector representatives. In 2015, four consumption sources were tracked in the frame of Green Office.

Electricity, Natural Gas, Water and Paper consumed in the head office are monitored and reported monthly and recorded both in type of consumption and its greenhouse gas equivalent CO₂-e.

Green office consumptions are monitored periodically, and consumption is kept to a minimum with current situation analysis and seasonal measures. We reached the following numbers when to try to find CO₂-e equivalents by adding these consumption values. Similarly, a decrease in emission targets both per person and per m² equivalent is observed.

Our emissions for the year 2016 have decreased by 8.39% compared to the previous year, and by 33.30% compared to our base year, 2013. We monitor Electricity and Natural Gas daily and water on a monthly basis. Our first application as Green Office was to purchase and implement according to the green purchasing principles of the year and we have reduced our carbon footprint by using our air conditioner system connected with automation, hourly consumption by application of energy analyzer and taking positive action when necessary. We aimed to reduce our footprint in our total retail operation by spreading our hourly metering system, which we implemented in 2016, into our stores.



	Consumption	Electricity Kwh	Natural Gas m ³	Water (liters)	Total Paper Consumption KG
Total Annual Consumption	2013	1.256.851	45.233,00	5.407,00	9.612,93
	2014	1.041.805	41.412,00	5.070,00	11.594,47
	2015	982.232	48.505,00	5.039,00	9.511,38
	2016	901.849	40.647,00	4.499,00	9.669,38
Annual Consumption per person	2013	3.065,49	110,32	13,19	23,45
	2014	2.264,79	90,03	11,02	25,21
	2015	2.192,48	108,27	11,25	21,23
	2016	1.927,03	86,85	9,61	20,66
	% Change 2014	-26,12%	-18,40%	-16,42%	7,50%
	% Change 2015	-3,19%	20,27%	2,05%	-15,77%
	% Change 2016	-12,11%	-19,78%	-14,53%	-2,68%
	% Change 2013 -2016	-37,14%	-21,28%	-27,11%	-11,88%
Daily Consumption per person	2013	12,41	0,45	0,05	0,09
	2014	9,10	0,36	0,04	0,10
	2015	8,70	0,43	0,04	0,08
	2016	7,77	0,35	0,04	0,08
	% Change 2014	-26,71%	-19,05%	-17,10%	6,64%
	% Change 2015	-4,35%	18,83%	0,84%	-16,77%
	% Change 2016	-10,69%	-18,49%	-13,15%	-1,11%
	% Change 2013 -2016	-37,39%	-21,59%	-27,40%	-12,23%
Annual Consumption by sqm	2013	135,15	4,86	0,58	1,03
	2014	112,02	4,45	0,55	1,25
	2015	105,62	5,22	0,54	1,02
	2016	96,97	4,37	0,48	1,04
	% Change 2014	-17,11%	-8,45%	-6,23%	20,61%
	% Change 2015	-5,72%	17,13%	-0,61%	-17,97%
	% Change 2016	-8,18%	-16,20%	-10,72%	1,66%
	% Change 2013 -2016	-28,25%	-10,14%	-16,79%	0,59%

	Emission tCO ₂ -e	Electricity	Natural Gas	A4 Paper	Paper Other	Total Paper	Total Emissions
Total Emission Ton CO ₂ -e	2013	672	88	3	2	5	766
	2014	492	94	3	3	6	592
	2015	464	88	2	3	5	557
	2016	426	80	2	3	5	511
	% Change 2014	-26,79%	6,34%	-12,50%	83,29%	20,61%	-22,64%
	% Change 2015	-5,69%	-6,11%	-28,62%	-8,34%	-17,97%	-5,88%
	% Change 2016	-8,19%	-10,00%	3,12%	0,64%	1,66%	-8,39%
	% Change 2013-2016	-36,61%	-10,14%	-35,59%	69,07%	0,59%	-33,30%
Annual Emission per person Ton CO ₂ -e	2013	1,64	0,22	0,01	0,00	0,01	1,87
	2014	1,07	0,20	0,01	0,01	0,01	1,29
	2015	1,04	0,20	0,00	0,01	0,01	1,24
	2016	0,91	0,17	0,00	0,01	0,01	1,09
	% Change 2014	-34,74%	-5,22%	-22,01%	63,37%	7,50%	-31,05%
	% Change 2015	-3,16%	-3,59%	-26,71%	-5,89%	-15,77%	-3,36%
	% Change 2016	-12,11%	-13,84%	-1,29%	-3,66%	-2,68%	-12,30%
	% Change 2013-2016	-44,46%	-21,28%	-43,58%	48,12%	-11,88%	-41,57%
Emission per sqm Ton CO ₂ -e	2013	0,0723	0,0095	0,0004	0,0002	0,0005	0,0823
	2014	0,0529	0,0101	0,0003	0,0003	0,0007	0,0637
	2015	0,0499	0,0095	0,0002	0,0003	0,0005	0,0599
	2016	0,0458	0,0085	0,0002	0,0003	0,0006	0,0549
	% Change 2014	-26,79%	6,34%	-12,50%	83,29%	20,61%	-22,64%
	% Change 2015	-5,69%	-6,11%	-28,62%	-8,34%	-17,97%	-5,88%
	% Change 2016	-8,19%	-10,00%	3,12%	0,64%	1,66%	-8,39%
	% Change 2013-2016	-36,61%	-10,14%	-35,59%	69,07%	0,59%	-33,30%

OUR CHAIN OF VALUES

SUPPLY CHAIN SUSTAINABILITY

Supply chain sustainability is the basis of our production and service network and our production process. In our work in this area, we continue to value transparency for the products we offer to our customers in accordance with our Unconditional Customer Happiness principles and accountability to ensure the social compliance and flexibility of our supply network.

Our Supply Chain Sustainability includes the objectives to improve the economic, social and environmental effects in the process of our products,

- to provide human dignity in the workplace with our cooperatives in our logistic network and;
- to create long term environmental, social and economic value,
- to maintain continuity of the business, and to protect the integrity of the brand,
- to manage efficient source and business costs, and to encourage our suppliers to do the same.

With "cleaner production principles," "labor rights" and "chemical safety," Boyner Group follows the suppliers' compliance to the standards with contracts, and started the social compliance observations in 2013. Textile production and operating in the textile and apparel field Altinyıldız Tekstil ve Konfeksiyon brings products to the market as EKOTEX certified in 2014 and follows the chemical safety of suppliers providing products to the Group with "3rd Party Laboratory Analysis ". To control the production process of the materials we offer to our customers, to ensure the materials used by our suppliers for our products to consumers' health, and to provide security and health of our products we work with conforming analysis and observation of our Corporate Responsibility and Sustainability team in addition to our occupational health and safety contract.

As a result of all these activities, we have identified the issues that we are preparing incomplete and inadequate regulatory action plans in order to enable the positive action. Located value of the chain of production of our private brands, which we began in 2013. We continued our work in the domain of 2014, and we have expanded in 2015. In addition, the sustainability of our business processes, our work with our partners in the field of logistics, we have re-examined in 2015 for our sphere of influence and we created our direct and indirect application step.

As a result of these operations, we are establishing improvement plans to provide positive actions for the areas we observed and regulated. In addition to our chain of value on our special production, we expanded the effect of that we started in 2013 in 2015. Furthermore, we designed our application steps for sustainability of our work process in 2015 with our cooperatives in logistics.

AREAS OF AUDIT AND MONITORING

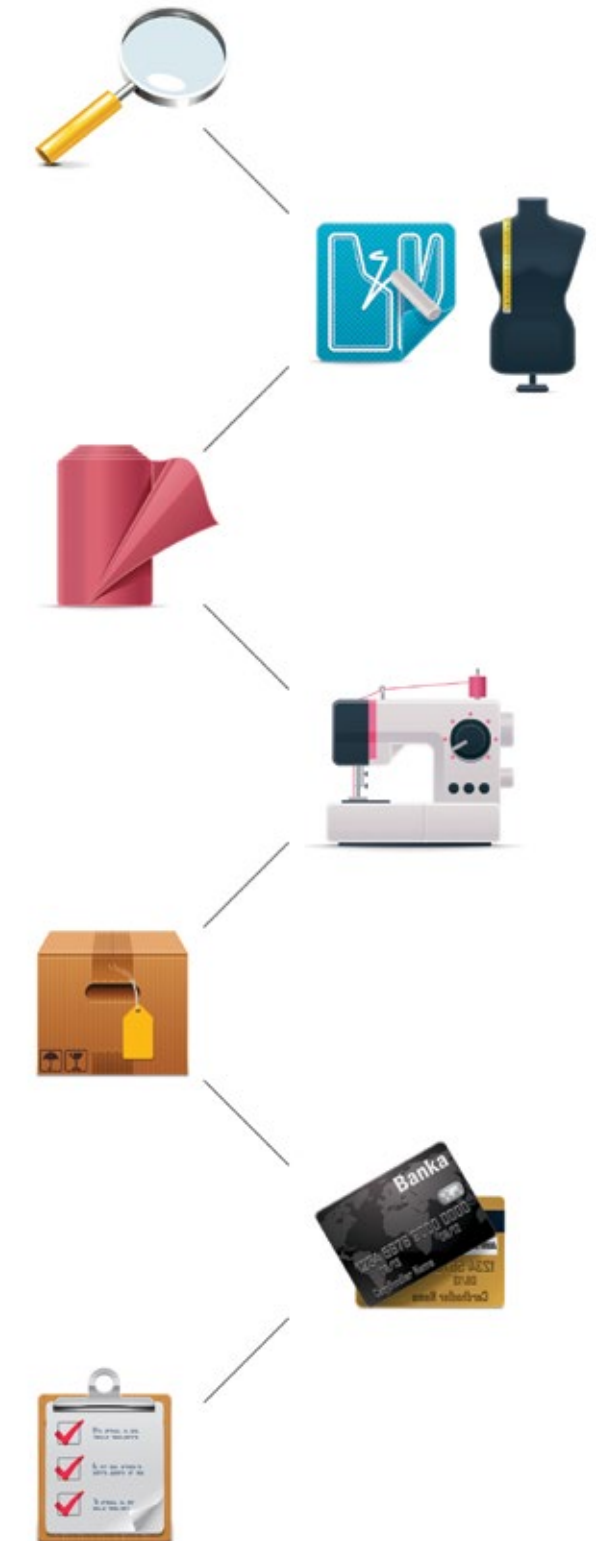
- Management systems
 - » Legal documents
 - » Informing the employees and basic employee participation mechanisms
 - » Labor contracts
 - » Labor records

Right to Labor and Occupational Health and Safety

- Working hours and leaves
 - » Night work
 - » Overtime hours
 - » Weekly and annual leaves
- Payments and social benefits
 - » Minimum Wage
 - » Payment methods
 - » Overtime payments
- Non-discrimination policy
 - » Equality principle
- Disciplinary procedure
 - » Right to Defend
- Working conditions of pregnant and young employees
 - » Working conditions
 - » Working hours
 - » Annual leaves
- Child workers and forced labor
- Access to health services
 - » Routine examination leaves of pregnant women
 - » Notification of occupational accidents
 - » First aid training
- Service safety
- Fire Safety
 - » Emergency trainings
 - » Emergency responsible
 - » Preventive and protective equipment
- Building Safety
- Safe use of chemicals
 - » Information Sheets
 - » Personal Protection Equipment
- Electrical safety
 - » Certification
 - » Preventive measures
- Safe use of machinery
 - » Training
 - » Notification
 - » Personal Protection Equipment
- Waste management, energy and water management
 - » Certification
- Workplace hygiene
 - » Training

Boyner Group Chain Of Values

- Research & Development
- Design
- Purchase/ Raw Material
- Production
- Logistics
- Sales
- After Sales Services



Social compliance milestones

- In 2012, we have signed the United Nations Global Compact (UNGC). Based on the principles of this compact we pledged to uphold human rights, prevent forced labor, prevent child labor, prevent discrimination in employment, protect the environment, and respect the right to be unionized. Included in this pledged to abide by 10 principles is the commitment to fight against corruption.
- After signing the UNGC on a global level, Boyner Group became the first and only company from Turkey to participate in the Consultant Committee of Supply Chain Sustainability, and has continued this since 2013.
- In Turkey, Supply Chain Sustainability Working Group operated by the Global Compact Turkey Secretariat, which is part of TUSIAD, has been led by Boyner Group since 2013.
- In 2013, we translated and distributed the publishing called Practical Manual on Constant Improvement of "Supply Chain Sustainability" prepared by the Global Consultant Committee of Supply Chain Sustainability in United Nations Global Compact, and in 2014 we added an extra issue to the publishing, and provided the activities of expansion with our shareholders.
- We designed a "Manual of Supply Chain Social Compliance" including our zero tolerant points by the concept of Boyner Group supply pool, and with all of our suppliers expected to follow the social criteria and parallel to our inspections.
- We started our inspection with the scope of Boyner Group Social Compliance in March 2013. Through the operations regarding Social Compliance, in the end of 20156, total number of suppliers we approached by inspections is 464.

Year	New Suppliers Audited	No of Continued Visits	Total
2013	54	-	54
2014	122	57	179
2015	237	66	303
2016	307	157	464
Total	720	280	1000

With all our warehouse and logistics business partners, we follow social law issues, in particular business health and safety, with our business contracts and self-assessment questionnaires.

In 2016, we published an impact analysis of our supply chain female empowerment program, which we implemented in cooperation with IFC in 2015.



Summit meeting of Boyner Group Suppliers

In 2014, 2015 and 2016, we organized summit meetings in order to update our suppliers with the scope of our operations regarding social and chemical compliance.

In the supplier meetings we organized in 2016; Within the scope of our sustainability studies in the supply chain "Social Compliance: Labor Standards, Occupational Health and Safety, Product."

Safety: "Chemical Compatibility" and "Supply Chain Optimization Project" with 220 manufacturers in the categories of fabric, ready-made clothing, shoes, bags and accessories.

The steps that we take in Summit Meetings of Suppliers includes; to develop our chain value, to increase awareness in order to improve together with our suppliers and including them to our responsible production process:



PRODUCT SAFETY

The chemicals used during the production of our products, which were produced for Boyner group brands, are controlled and monitored as part of responsibility for our community, environment, and our customers. In order to maintain the safety of our products, we are operating a third party, cooperating with an expert lab and providing procurement principles with chemical tests.

We provide necessary measures about chemical safety under the commitments and/or contracts. These measures are also designed in accordance to our responsible purchasing principals to provide safety of the products that we offer to our customers in our multi story stores and in our special brands.

We provide consultancy through our sustainability department to our suppliers about the regulations they need to be harmonized and the in the areas of compliance.

OUR LOCAL FOOTPRINT

OUR LOCAL FOOTPRINT: SOCIO-ECONOMIC FOOTPRINT OF OUR BUSINESS

After calculating our 2015 figures together with the Activity Report and uploading our reports to the Public Disclosure Platform, we calculated our local footprint by using our 2015 data to create the value of our companies to the Turkish economy and social development.

Our aim in this study is to measure the socio-economic footprint of our work, to show the contribution we have made in our suppliers and end users with the effect of our products and services, beyond the business opportunities we offer and the contribution we make to Turkish labor market.

The international statistics we use in this context are taken from the EORA database and the sector list analyzed in this database is as follows:

List of activity sectors analyzed in Local Footprint EORA Database (accessible in 189 countries)

1. Agriculture
2. Fishing
3. Mining and Quarry
4. Food and Beverage
5. Textile and Garment
6. Wood & Paper Products
7. Petroleum, Chemical and Non-metallic Mineral Products
8. Metal Products
9. Electrical Mechanisms
10. Transportation Equipment
11. Other Manufacturing
12. Recycling
13. Electricity, Gas and Water
14. Construction
15. Maintenance and Repair
16. Wholesale
17. Retail
18. Hotel and Restaurant
19. Transportation and Logistics
20. Post and Telecommunication
21. Financial Intermediary and Business Activities
22. Public Administration
23. Education, Health and Other Services
24. Real Estate
25. Other

- Our activities that we have analyzed while doing this study
- Expenditures to suppliers
 - Sponsorship, membership and help expenditures
 - Costs of beneficial rights for our employees
 - Employee payments
 - Taxes

and all other types of payments and expenditures while running our business.

In this study, also the direct and indirect and the wages we have paid for our employees and the expenses they have made are calculated.

In addition to the statistics recorded in the EORA database, data from the Turkish Statistical Institute were used when calculating.

The impact of the business we created in our companies and the impact of the economy we created on the GDP, as well as the business opportunities we created for our suppliers in the course of our work, are addressed in this study.

For these calculations in the methodology, we made our calculations with the statistical data in the EORA data base of this sector by determining which sector we had all the expenditures in detail breakdown.

The results we have obtained in this context are:

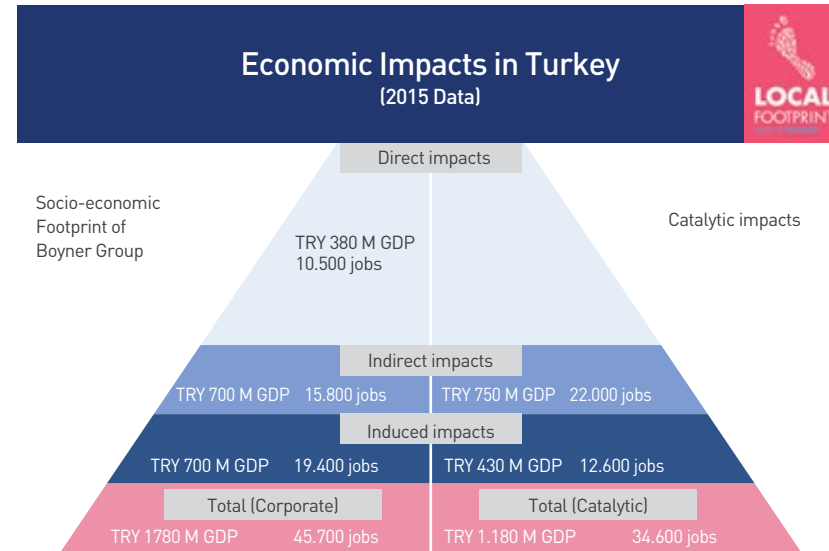
Boyner Retail and Textile Investments Inc. for the year 2015. The total number employed by the company is 9.952.

Payments made to employees who provide employment and the employment created by suppliers and other stakeholders with purchases made by these employees in the context of their contribution to the economy and all their operations are 80,300 persons.

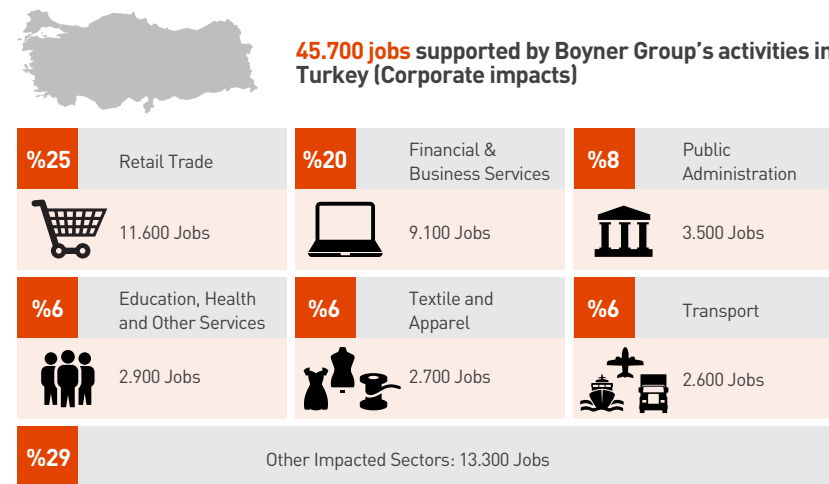
When we draw the economic effect of our employees, the employment created is 45,700 people, which is 0,1% of the working age population in Turkey.

Moreover, the effect of economic value on GDP is 0.2%.

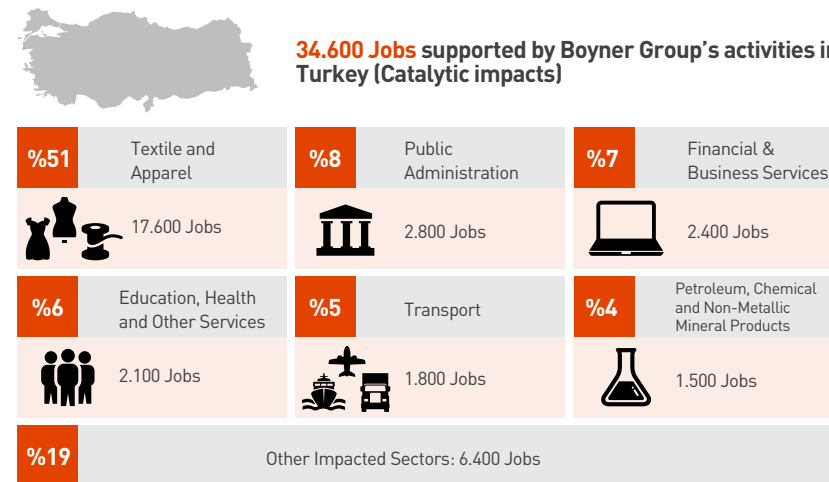
The methodology and calculations of this work have been developed and calculated by UTOPIES. www.utopies.com



Distribution of Job Impacts Across Sectors - Corporate



Distribution of Job Impacts Across Sectors - Catalytic



CONTRIBUTION TO SOCIETY



Güçlü genç kadınlar,
Mutlu yarınlar.

Pomegranate Arils: Stronger Young Women, Happier tomorrows

Originating in 2009, our project, Pomegranate Arils: Stronger Young Women, Happier Tomorrows is being coordinated by the Ministry of Family and Social Policies and Boyner Holding and its subsidiaries. The project receives technical support from the UNFPA, General Directorate of Child Services (GDSCS), and the Human Management Association of Turkey (PERYÖN) and in cooperation with Family Health and Planning Foundation of Turkey (TAPV).

This project aims to promote the continuing education of young female high school graduates, age 18-24, who grew up in orphanages and are exposed to social and economical discrimination. The project teaches them how to be ready for the business market by developing their skills and personal development. Moreover, it works to contribute to a solution of problems caused by gender discrimination and establish a mentoring system with socio-economical guidance.

The transformative mentoring, which has been applied for the first time in Turkey, takes into account the psycho-social situation of disadvantaged groups, their motivation, their conditions and their skills. The group that we work with includes those who have difficulty in life and no support mechanisms. Long-term support is given in this project. The Pomegranate Arils that we work together have been subjects of transformation and have become positive models in their environments. At the same time, with the help of professional members in the orphanages, the project was aimed to reach to a larger group.

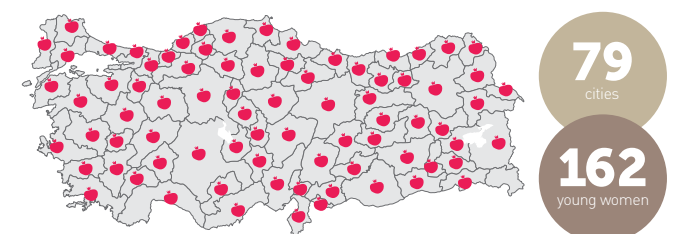
This project aimed to accommodate the youth, to provide gender equality, and to prevent discrimination of disadvantaged groups. Pomegranate Arils, which is the first empowerment-based project established by the private sector applied in orphanages. The project has two terms, 2009-2012 and 2013-2015.

Our Pomegranate Arils' life changes

Between 2009 and 2013, 162 young women received 15 day-long training and yearlong mentoring support across Turkey. In 2015, 77% of the total young women involved joined the business world, while 10% of them are still continuing their education and 13% of them are actively searching for a job.

Between 2013 and 2015, with the experience from the first term of the project, we organized training programs for team members (job members, group and house responsibilities and care members) working in the Child and Care Houses operated by General Directorate of Child Services, in order to develop their skills for supporting the personal development of the youth cared for in these houses.

2009 - 2013 Empowering Young Women



Boyner Grup Gönüllüleri

82 Trainers

640 Hours Training

223 Volunteer Employee

117 Volunteer Mentor

1.509 Hours

8.812 Hours

As a result of these training programs, we aimed to promote these team members to encourage the youth who are under the care of the institution to discover their skills and support them in getting education according to their skills and interests. In addition, we aim to establish an observation and evaluation system for the lives of the youth under caretaking during their time in the institution and later. We aimed to provide support for the youth staying in the Child and care Houses operated by GDSCS with the following:

- Knowing themselves,
- Personal and psychological development,
- Socialization & acceptance by community,
- Taking responsibility and becoming an individual,
- Development of values,
- Continuous education and academic success,
- Higher education in accordance to interests,
- Getting ready for business life through trainee opportunities,
- Receiving counseling for job selection,
- Reaching the correct information, source, and role models

Cooperation with local governments in four pilot provinces - Sivas, Diyarbakir, Bursa and Samsun- where studies for Child Empowerment Program are ongoing have accelerated the project.

In 2015, through the long-term training for the personnel of the institution and later for the trainers, we aimed to transfer the model developed by Pomegranate Arils project to the General Directorate of Child Services. Through this channel, we aim to reach all the children under protection of the state in Turkey. Training for the trainers, materials to be used by trainers, and the first pilot programs were completed in 2015. Within the scope of the project a distant training was provided for the participants who attended the training in the second term. Enoct distant learning platform sponsored the distant training.

The social effect analysis of the project in the second term will be prepared by Assist. Prof. Elif Gökçe Arslan Çiftçi from Hacettepe University. Social effect analysis will be completed in March 2016, and will be shared with the Ministry and the community. In addition, there will be "A Guidebook for Appliers." The project will share the information and the model chiefly with the Ministry, the institutions and projects that support gender equality and work with disadvantaged groups. In 2016, the project will be passed on the Ministry with all its materials and information.

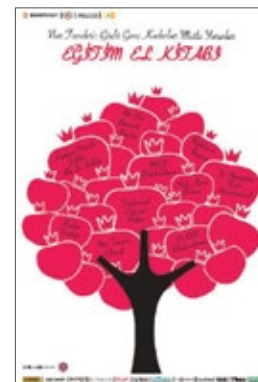
	SIVAS	DIYARBAKIR	BURSA	SAMSUN	TOTAL
House Resp.	14	18	14	14	60
Keepers	27	20	24	24	95
Mentors	10	8	10	17	45
Volunteer	15+7	28+4	11+3	17+5	71+19
House Resp.					
Teenagers	9	12	10	11	42
Group Mentors and Coordinators	13	5	9	10	37
TOTAL	95	95	81	98	369

PROJECT PUBLICATIONS

Pomegranate Arils: Many supporting publishing involving the information of activities of the project were established. "Sociological Evaluation Report" which analyses the years of the project between 2009 and 2012 prepared by sociologist Nihan Bozok. The report contains both the analysis of goals of the project and the details of the mentoring process. Project partners also used the report, which was prepared based on the interviews with mentors and Pomegranate Arils, in order to plan the further years of the project. Moreover, within the project, in 2011, an education document called "Pomegranate Arils Training Manual" was organized.

In 2014, "Pomegranate Arils Career-Planning Manual" was organized. Prior to the onset of 2nd term studies, the project issued the publication entitled "Career Planning Manual" which is required particularly by the population of high school age and used by the people dealing with this age group and likewise accessible via the website. This manual was sent to the organizations under GDCS.

Within the scope of Pomegranate Arils, the operations in 2015 including the project of "Social Effect Analysis" and the publishing of "Pomegranate Arils Career-Planning Manual" was shared in 2016 with project shareholders.



For Project publishing:
<http://www.nartaneleri.com/>

SOMA ARTISANS

Boyner Group company Beymen created sales channels for Soma Artisans products in 2016. Soma Artisans products have been put on sale in Beymen Kids since April 2016. Products sold by Beymen in 3 different provinces and in 6 different stores and beymen.com are made by women from Soma who are the creators of Soma Artisans brand. The pictures on the products were drawn by the children of the women and they were processed by the mothers. The sales of Soma Artisans products contribute to the economic strength of women living in Soma and to the education of children.

Not only the sales channel was created in the project, but women also had the opportunity to do business in the category of suppliers under the New Year products for Beymen Merchandising. Beymen ordered the Soma Artisans team for the new year ornaments and made purchases. It was aimed to have a sustainable income model for women with the Soma Artisans brand, which entered the Beymen corporate catalog for the supply network and corporate sales.

Within the scope of the project, the handmade products by 25 women in Soma obtain a profession and transform it into a sustainable income model. Women of Soma have earned about 50.000 TL in 2016 from their project with Beymen. In the new year, we aim to increase the benefits created for Soma women through permanent business models.

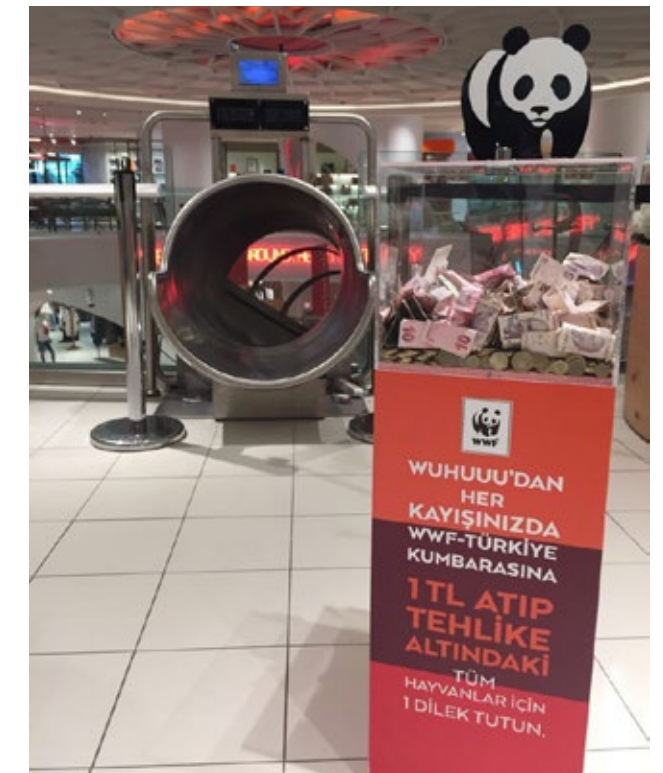


HELPFUL WUHUUU!

Located in the heart of Akmerkez, one of Istanbul's first shopping locations, the slides in WEPUBLIC were made useful for the society. The entertainment in seen as an indispensable item for WEPUBLIC, and the slide inside it benefits the visitors as well as the animals. The slide named "Wuhuuu" enables people to slide from the female floor at the top to the male segment floor below; and WEPUBLIC visitors can provide 1 TL support for WWF at the collection box.

It is aimed at contributing more animals by the support for WWF, which enables visitors to support NGOs.

With the contribution of the customers a total of 3,500 TL donations have been collected and donated to WWF since the first day.



YUVARLA (ROUND-UP)

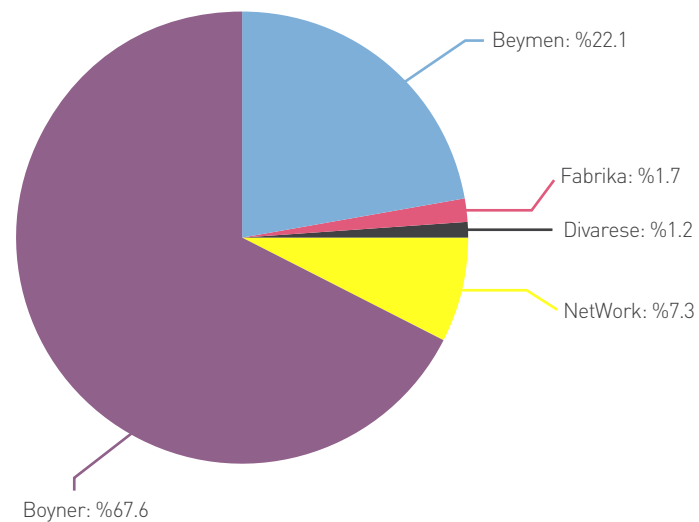
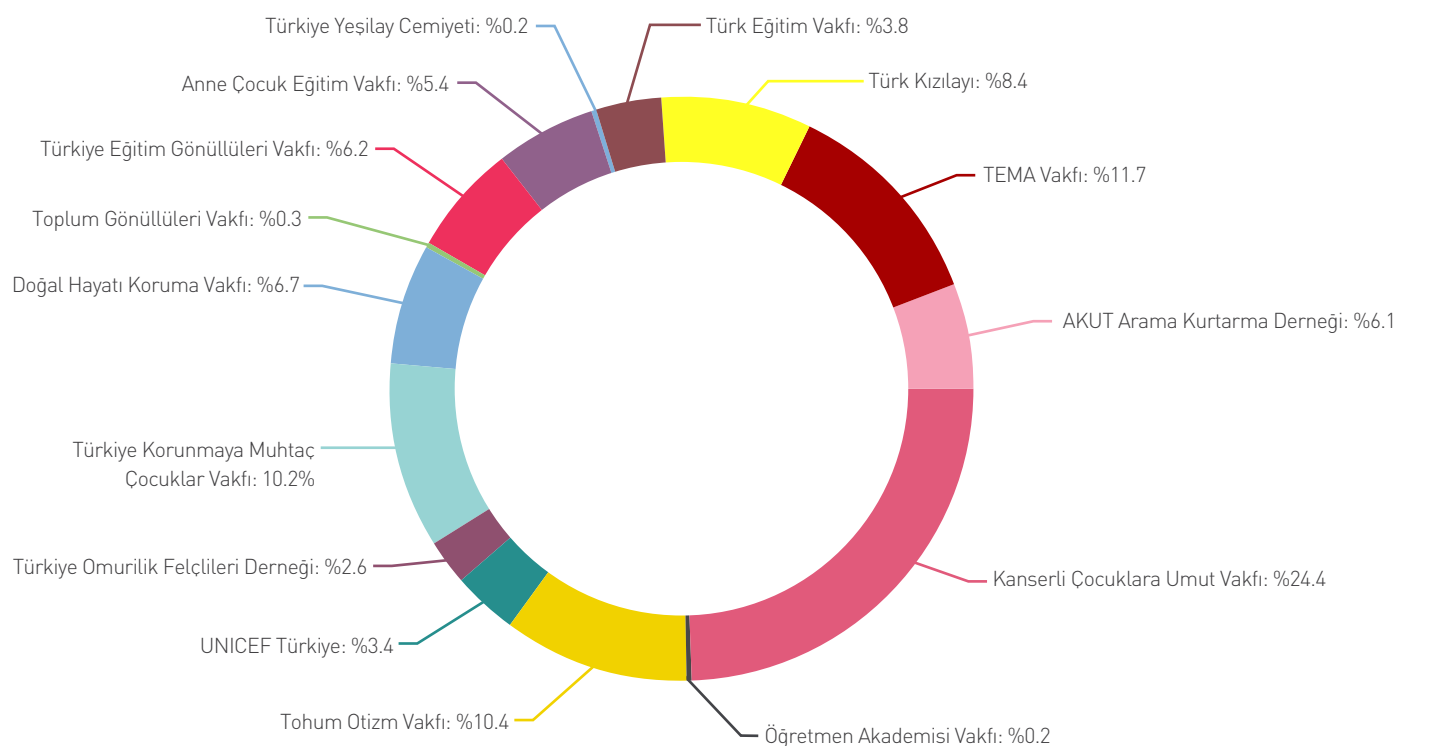
In 2013, the project called "Yuvarla" (Round Up) was established through digital channels such as www.network.com.tr, www.divarese.com.tr, www.fabrika-tr.com and www.boyner.com.tr and www.beymen.com. Since its inception, Yuvarla has served as a conceptual model for Turkey's nongovernmental organizations. Yuvarla has provided support for nongovernmental organizations dealing with education, youth, health, gender equality, and environment. With Yuvarla project, our goal is to expand the value created by our customers, and create a value for the whole community. We aim to raise the value of our customers by day and create value for society together through Yuvarla.

With Yuvarla, we provide the opportunity for our customers to support civil society organizations. When our customers complete their purchases smoothly when they want, they can easily support the NGOs they choose by rounding up their basket amounts.

With the help of Yuvarla, which was initiated in 2014, in 2016 we also supported donation cultivation to donate a total of 47,628 TL over our digital channels.

In 2016, our customers have used "Yuvarla" 54 thousand 227 times.

www.boyner.com.tr
www.network.com.tr
www.divarese.com.tr
www.fabrika-tr.com
www.beymen.com
 distribution of donations from above channels:



GOODNESS IS NEVER OUT OF FASHION

Boyner Büyük Mağazacılık, which is one of the Boyner Group companies acting with the awareness of social responsibility, continues to grow and reach to the need more by collecting the "Cycle Into Goodness" project that reflects its social sensitivity under the same roof as "Donate Goodness". Boyner Büyük Mağazacılık initiated the "Goodness is Never Out of Fashion" movement and its sphere of influence was expanded in 2016.



DONATE GOODNESS

Boyner Büyük Mağazacılık's new social responsibility project in 2016 is "Donate Goodness"; and we are working with the Lokman Hekim Health Foundation.

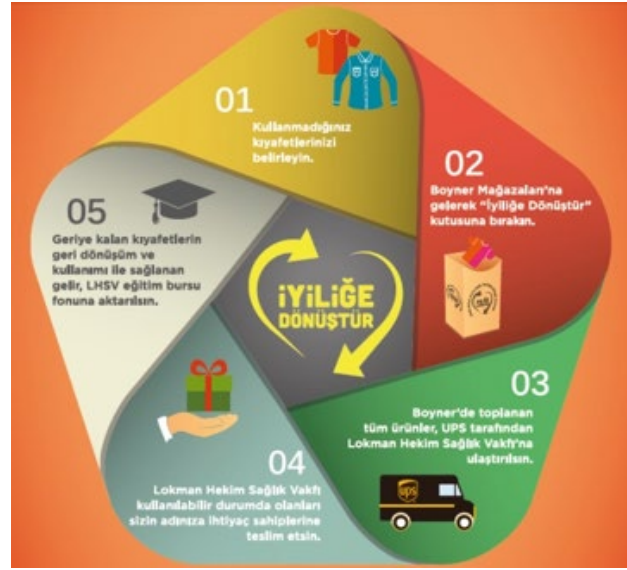
For this project, Boyner prepared packages of 'Adult and Child' favor to customers at symbolic prices. Boyner and YKM customers supported the delivery of these packages to the needy through the Lokman Hekim Health Foundation.

The "Goodness Packages" for adults are a combination of upper and lower parts; and for children, it includes bottom, top parts as well as socks and hats. In the project realized in 36 cities and 96 stores, Foundation was donated with 19.419 summer and 4.015 winter goodness packages in order to be delivered those who need them.

It is possible to do big favors with little contribution!

In the project that started in the summer of 2016, adult Goodness Package was offered for sale from 15 TL and Child Goodness Package was offered for sale from 20 TL and they became "Donate Goodness". In winter, adult and child Goodness packages were offered for sale for 30 TL. Boyner and YKM customers have the opportunity to make a favor for those who need while completing their shopping at the cashier. A total of 18,749 Boyner and YKM customers donated these combinations through the Lokman Hekim Health Foundation. All Boyner and YKM clients have the chance to participate in this favor movement. 60% of the cost for these products within the project, which we implement in 114 stores at 37 provinces, are covered by our company.





CYCLE INTO GOODNESS

23,3 tons of clothes have turned into goodness by our project that has been going on for two years, "Cycle into Goodness" with the participation of our employees and our customers in 2016!

Total amount turned into goodness since we started the project in 2014 is 79,3 tons.

With the project of "Cycle into Goodness" hosted by Boyner and YKM Stores, our initial goal is to provide our customers re-usage/ recycling of our own and other brands of products in the retail textile sector. In Boyner and YKM stores we announced a program for recycling unused textile products from our customers.

Consumed materials can regain value even if they are not recyclable. Materials seen as trash and a scrap could be recycled as an added value. Therefore, we aspired to add value to the textile waste.

Within the scope of Cycle into Goodness project, the unused products brought to our stores by our customers were collected, and sent to the depot of Lokman Hekim Health Foundation in Gebze. In Gebze, the products were sorted out according to the categories below:

- Clothes in wearable/usable condition
- Non wearable/not usable with 100% organic raw material
- Non wearable/not usable with nonorganic raw material

With the cooperation of Lokman Hekim we decided how to make the products in these categories valuable (according to social and environmental benefits).

Cycle into Goodness project, with its recycling system, provides both a large amount of support to the environment, and an income to our project partner Lokman Hekim Health Foundation's scholarship.

With the help of our customers who brought to Boyner and YKM stores their unused clothes they wished to give away, wearable clothes are transferred to the ones in need while non wear-

able ones are recycled instead of being turned into a waste. With the active participation of our customers, in this campaign, we strengthen the project model, which is sustainable, constant, economical, social, and environmental with our cooperation. Our collection boxes placed in our stores, and the depots of Lokman Hekim were filled up from the first day of the project.

- We have recycled 2380 kg. textile waste.
- Usable products were cleaned and sold at the charity organization by Lokman Hekim Health Foundation. The income from this sale (24.955 TL) was transferred to scholarship fund of Foundation.
- 18 medical students have received scholarships.



PI Collection by Piyale Madra

In 2016, the Collection created by the Caricaturist Piyale Madra drawings for Association for the Support of Contemporary Living (CYDV) were put in sale at Boyner Stores.

Within the scope of the project, which is named as 'Pi Collection', the collection consisting of bags, cups, tshirts, bookshops and notebooks specially designed by Caricaturist Piyale Madra is offered for sale in Boyner Stores.

Income generated from the products are used to generate funds for the CYDV.

Boyner continues to touch the hearts of both the customers and the needy through the 'Pi Collection' offered for sale in stores.

With the acceleration of New Year's Eve shopping, customers who want to purchase surprise gifts for their loved ones can find this collection at Boyner stores and at boyner.com.tr



Boyner Grup Gönüllüleri

Boyner Group Volunteers

"Boyner Group volunteers is a corporate team with passion for business, voluntarism, and charity"

We are an exciting, passionate, and ambitious organization, which provides social benefits by making life more colorful. We are a contributing corporate partner with the responsibility of targeting and contributing to social and environmental problems with innovative, courageous, proactive, and creative approaches.

Since 2002 Boyner Group Volunteers (BGV) has been contributing to resolve social problems through projects and activities in the subject fields that are decided each year.

Our volunteers promote corporate responsibility and sustainability by ensuring that our stakeholders participate in their organizations. Boyner Group Volunteers create their projects by giving shape to their activities and campaigns under the titles of support to needed social inclusion of disadvantaged groups, fund raising, increasing motivation, support for non-governmental organizations, and improvement of environmental awareness and strategic philanthropy.

Under the framework of corporate development, Boyner Group Volunteers (BGV) keep their own database to measure the social contribution and impact of all activities and projects carried out within the year.

The database also keeps records on the fields of interest of our workers and subjects they would like to act on as volunteer thus determining the personal interests and volunteer supports that may offer, it gives us the opportunity to describe developmental areas directed to improve the volunteer involvement.

In 2016, BGV continued to volunteer in areas such as support for disadvantaged groups, health, education, animal rights, support-motivation activities.

Boyner Group Volunteers Have Been Voluntary in 5 projects with 238 employees for the Solution of Social Problems

In 2016, BGV Project Leaders Project Management Workshop was organized and volunteers came together and they had the opportunity to share volunteer experiences with each other.

Boyner Group Volunteers met on February 5-6, 2016.

34 volunteer project leaders from Istanbul, Antep, Kayseri, Adana, Erzurum and Trabzon have organized a workshop to plan for future projects.

Vocational School Coaching Project

In 2015, with the cooperation of Private Sector Volunteer Foundation, our volunteer employees participated in the "Vocational School Coaching Program." Our volunteers continued their volunteer activities for the 2015-2017 period, with coaching and mentoring a total of 26 students for two years. The vocational school coaches focus on the development of young people's capacities by conducting 6 meetings in the project they started in 2015-2016 school year. Within the scope of the meetings, they realized the modules for the students as "Guides for Guidance, Time Management, Continuous Learning and Development, Responsible Citizenship". They have increased the motivation by meeting young people in the places related to their professional fields or social activity places.

It is aimed to increase the capacities related to the occupational areas of the students with the modules to be realized in 6 different courses during 2016-2017 academic year.

Boyner Group Volunteers on the Field!

Boyner Group Volunteers (BGV) participated in the first private Women's Football Tournament "Girls on the Field", which took place with the highest participation in Turkey in 2016. Our team was on the field to defend gender equality and to support civil society.

Our volunteers supported both civil societies and defended gender equality within the tournament. On the first day of Tournament, our volunteers have emphasized the gender equality with their banner "Score a Goal Against the Sexist System!"

They were deemed worthy of the two categories of competitions that took place in the tournament at the same time. Boyner Group Volunteers Girls on the Field Team was selected as "The Team Collecting the Most Donors" and "The Most Friendly Team to Nature". Our volunteers supported both civil societies and defended gender equality within the tournament. Boyner Group women's soccer team performed the most important responsibility movement towards the environment as part of the tournament, as well as showing that their actions can be evaluated from an environmental point of view. They calculated the energies & carbon footprints they spent on training and preparation for the tournament.

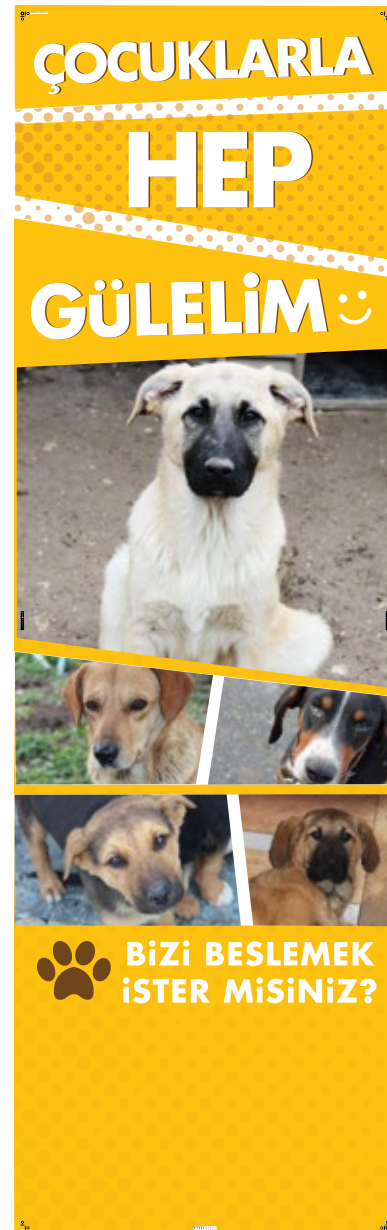
Result?

Energy equivalent with 15 trees! This negative impact on environment was neutralized by planting 15 trees through a collaboration with CEKUL Foundation.

Showing their enthusiasm on environment, the team named Girls on the Field was selected as the "Most Nature Friendly Team".



Hope in hands Project



In 2016, we have continued with our project named "We Feed" which is launched in November 2015. Boyner Group Volunteers have worked for stray animals in 2016, too. The volunteers are feeding the stray animals at the Bolu, Bolluca, Hadımköy and Taya-KadınYolu, treating those who need treatment.

Nearly 700 hours of volunteerism was conducted in 2016 with the volunteer collaborations they carried out (Maslak Veterinary Clinic, Banvit, Dardanel, GöktürkPati House) while feeding, sheltering and treatment of more than 300 stray animals.

The volunteers organize the fund for the project with a fundraising campaign, while the financial resources created by individual donors and institutional donors for food and health services within the scope of this project reached to 30.000 TL

with the support of 63 individual donors by the end of 2016.

In 2016, our corporate sponsors who donated products every week donated 35,600 kg of products under monetary support.

The project was extended in the central offices with the work of the employees. At BoynerBuyukMagazacilik, some corners were dedicated to those who can leave food for stray animals.

BULUŞUM

Buluşum, which was established by the Boyner Foundation in 2015, is a web-based platform that supports social entrepreneurs and aims to promote strategic donation, while at the same time being a social enterprise itself.

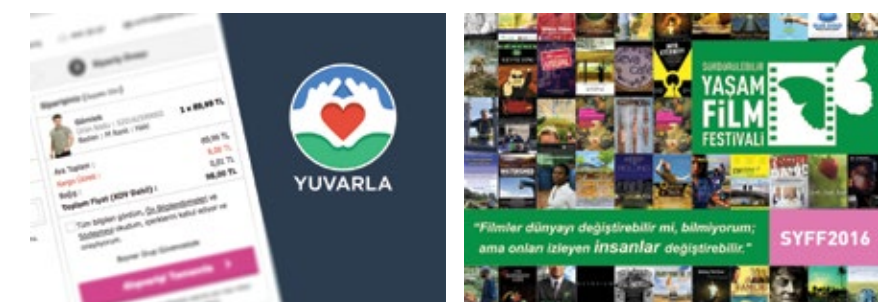
Buluşum is a "meeting area".

It is a massive funding platform in which the projects that will benefit the community are introduced, and those who want to support these projects can also support it to the extent possible. The purpose of Buluşum is to bring together social entrepreneurs who say "I have an invention" and "I support this invention" and to provide a platform for social entrepreneurs and supporters to meet.

The most important criterion of the Buluşum is that it is open only to the projects that will provide social benefits. The main purpose is to support social benefit projects and to ensure social transformation. Buluşum is different from other platforms by the funding model and works with a hybrid model in which the traditional funding scheme for social entrepreneurs is brought together by the mass funding approach that individual donors support social projects.

The aim of Buluşum is to support projects that will provide social benefits with individual and institutional supporters. Four social initiatives were supported in 2016 at Buluşum platform and their activity in eco-system was made possible.

Buluşum platform will continue with its operations in 2017. www.bulusum.biz



Global Compact	References
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Sustainability Management and Our Stakeholders, Our Working Ecosystems, Democracy in the Workplace, Equal Treatment, Equal Opportunities, Ethical Committee,
Principle 2: make sure that they are not complicit in human rights abuses.	Supply Chain Sustainability, Democracy in the Workplace,
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Supply Chain Sustainability, Freedom of Association
Principle 4: the elimination of all forms of forced and compulsory labour;	Supply Chain Sustainability,
Principle 5: the effective abolition of child labour; and	Supply Chain Sustainability,
Principle 6: the elimination of discrimination in respect of employment and occupation.	Our Working Ecosystems, Equal Treatment, Equal Opportunities, Wages Policies, Democracy in the Workplace,
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Sustainability Management and Our Stakeholders, Our Environmental Awareness,
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Sustainability Management and Our Stakeholders, Our Environmental Awareness, Supply Chain Sustainability, Cycle into Goodness,
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Our Environmental Awareness,
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-Corruption, Ethical Committee.

For questions:
 Boyner Perakende ve Tekstil Yatırımları A.Ş.
 Eski Büyükdere Cad. Park Plaza No:14 Kat:15 - 16 34398 Maslak / İstanbul

Aysun Sayın, Gizem Kahraman Corporate Sustainability Department
 asayin@boynergrup.com, gkahraman@boynergrup.com

United Nations Women's Empowerment Principles References

1. Establish high-level corporate leadership for gender equality
 - Our Working Ecosystems
 - Democracy in the Workplace
 - Value Chain
 - Our Contribution to Society
2. Treat all women and men fairly at work - respect and support human rights and nondiscrimination
 - Our Working Ecosystems
 - Democracy in the Workplace
3. Ensure the health, safety and well-being of all women and men workers
 - Our Working Ecosystems
 - Health and Safety
4. Promote education, training and professional development for women
 - Democracy in the Workplace
5. Implement enterprise development, supply chain and marketing practices that empower women
 - Value Chain
6. Promote equality through community initiatives and advocacy
 - Our Working Ecosystems
7. Measure and publicly report on progress to achieve gender equality
 - Our Working Ecosystems
 - Democracy in the Workplace

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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CHAPTER I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

As a well-established entity with strong corporate foundations, Boyner Group strictly respects its corporate governance approach as it considers it as the key to continued successful business practices. Boyner Retail and Textile Investments Co. Inc. (Boyner Perakende ve Tekstil Yatırımları A.Ş.) (the "Company" or "Boyner Retail" or the "Group") equally protects the interests of its shareholders and all other stakeholders and aims at maximizing its market value.

In the fiscal period of 2016, the Company has fully complied with the mandatory principles issued in Corporate Governance Communiqué (CGC) No. II-17.1 of the Capital Markets Board (CMB); and it significantly adopted its voluntary principles; in this context, the efforts made in 2016 to further improve compliance with Corporate Governance Principles under the structure of the Company are provided in the following sections.

Although the company aims to ensure full compliance with the voluntary Corporate Governance Principles; full compliance has not yet been established due to reasons such as the difficulties in implementing some of the principles and the lack of compatibility of some principles with the market's and the Company's current structure. The company is continuously working on the principles that have not been implemented yet; and it plans to carry them into practice upon the finalization of the related administrative, legal and technical infrastructure works that will contribute in the Company's efficient management.

The Corporate Governance Principles Compliance Report for 2016 has been prepared in the new format required in Capital Markets Board's Bulletin no. 2014/2 dated 27 January 2014. So far, the principles that are not yet implemented excluding the principles which are currently applied have not resulted in any conflict of interest among stakeholders.

Voluntary Corporate Governance Principles not yet complied with by our Company

Our Company Disclosures required pursuant to Article 8 of the CGC in regards to voluntary corporate governance principles not yet complied with are presented below:

- 1.3.10. Our Company has not yet drawn up a "Policy on Donations and Aids", nor submitted it to the General Assembly for approval. In other respect, in the Ordinary General Assembly Meeting held in 2016, information on donations and aids granted in 2015 was given under a separate item of the agenda and the donation limit for 2016 was specified. Accordingly, it is foreseen that donations and aids will be conducted without any restrictions of the organizations to be supported.
- 1.3.11. Our General Assembly meetings are held open to public. Meetings can be followed up by our stakeholders and media. However, there is no provision on this matter in our Articles of Association.

- 1.5.2. Our Company pays utmost attention to ensure that minority rights are exercised in accordance with the provisions of the Turkish Commercial Code. Although it is not specifically regulated in the Articles of Association, the independent board member structure and the right of voting and the principles for holding an e-general assembly meeting pursuant to CMB provisions were specified in our articles of association; and thus, voting rights were secured in accordance with the Turkish Commercial Code. Although the right to request a special auditor is not specified as an individual right in our Articles of Association; pursuant to Article 438 of the Turkish Commercial Code, every shareholder may, even if not listed on the agenda, ask the General Assembly for clarification of certain incidents through a special audit, if necessary for exercising shareholding rights and if the right to request or review information was previously used. In 2016, shareholders did not ask for such an audit.
- 2.1.3. As our Company is in the second group as of 2016, material event disclosures, financial statements and annual reports prepared in English are posted on the Company's corporate website as early as possible.
- 3.1. There is no special compensation policy for company employees; and the employees are compensated within the scope of their statutory rights.
- 4.2.4. Studies on efficiency of the risk management and internal control systems are ongoing.
- 4.2.5. In our Company, the Chairman of the Board and the General Manager are two separate persons; and clear differentiation of their powers and authorities and statement of this distinction in writing within the Articles of Association will be addressed more comprehensively in the upcoming period.
- 4.4.5. It is not specified in writing within in-house regulations how the Board of Directors' Meetings will be held. Compliance with this principle will be handled more comprehensively in the upcoming period.
- 4.4.7. Our Company's Board Members provide significant contributions to the Company within the confidentiality principles based on the trust to their careers and their competencies; there is no restriction introduced regarding the Board Members' duties outside the company and likewise, intra-group and extra-group duties assumed by candidate members in the General Assembly and the related reasoning were not specifically identified in the related item of the agenda. There is no need for such a restriction particularly due to significant contribution of the Independent Members' business experience and sectoral experience in the Board of Directors.

CHAPTER II – SHAREHOLDERS

- 4.5.5. Our Company's Board of Directors is comprised of 9 members; and the number of Independent Members is specified as 3. Assignments in Committees are made based on the related regulations considering the knowledge and experience of our Board Members; and some of our Board Members are assigned in more than one committee.
- 4.6.1. Our Company has determined a Remuneration Policy for its Board of Directors and its senior managers; and in remuneration of executive senior managers, the principle of long-term continuous improvement is taken into account in addition to financial areas in line with the Company's performance.
- 4.6.5. The fees payable to our Company's Board Members are determined in the general assembly; and the payments made to Board Members and senior managers are disclosed to the public collectively in line with general practices within the footnotes to our financial statements.

2.1. Investor Relations Department

Ms. Taliye YEŞİLÜRDÜ is the responsible person in the Investor Relations Department. As of 30 December 2013, Taliye YEŞİLÜRDÜ was appointed as the manager of our Company's Shareholder Relations Unit (investor relations department). Investor Relations and Corporate Governance Manager Taliye YEŞİLÜRDÜ holds Capital Market Activities Advanced Level License and Corporate Governance Rating Expert License; and she is also a member of our Company's Corporate Governance Committee. She is also in charge of ensuring coordination in fulfillment of the obligations arising from the Capital Markets legislation and corporate governance practices.

Provided below is the information on the personnel working in the said department.

Name & Surname	Position
Taliye Yeşilürdü	Investor Relations Department Manager
Tuğba Uysal*	Investor Relations Department Officer

* Tuğba Uysal, a full time employee of our Company, has been assigned as the Investment Relations Department Officer to replace Dilge AŞUT as of 10 November 2016; and the necessary disclosure was made on PDP (Public Disclosure Platform).

The Corporate Governance Committee monitors the activities of the said department; and their activities are related with the exercise of shareholders' rights; they report to the Board of Directors and ensure the communication between the Board of Directors and the shareholders.

The Investors Relations Department operates directly under Mr. M. Türky TATAR, a Board Member and the CFO of our Company. The Investor Relations Department submits a report to the Board of Directors, at least once a year, in relation to its activities carried out. The Investor Relations Department has submitted its Activity Report for 2016 to the Board of Directors on 21 February 2017.

The Investor Relations Department is responsible for informing the shareholders and potential investors about the Company's operations, financial status and strategies, excluding confidential information and trade secrets and without leading to information inequality, and for management of bi-directional communication between the shareholders and company managers, upon receiving opinions from and in coordination with the other units if necessary.

The Department has answered over 300 inquiries made via telephone calls or e-mails throughout the year. Utmost attention is paid to compliance with legislation in fulfillment of investors' requests.

2.2. Exercising Shareholders' Right to Information

No discrimination is made among shareholders in respect of exercise of their rights to obtain and review information; and all information except for those considered as trade secrets is shared with shareholders. All questions brought to the attention of the Investor Relations Department, excluding confidential information and trade secrets, are answered via telephone or in writing after discussion with the highest authorized person in the related field.

Our Company's website has a separate section entitled "Investor Relations" through which investors can have access to a wide range of complete, accurate and current data in English and Turkish. During the related period, our Company's website has not posted any information or disclosure likely to affect the exercise of shareholding rights.

Although the right to request a special auditor is not specified as an individual right in our Articles of Association; pursuant to article 438 of the Turkish Commercial Code, every shareholder may, even if not listed on the agenda, ask the General Assembly for clarification of certain incidents through a special audit, if necessary for exercising shareholding rights and if the right to request or review information was previously used. In 2016, shareholders did not ask for such an audit. In addition, the Company's operations are periodically audited by an Independent Auditor selected appointed by the General Assembly.

2.3. General Assembly Meetings

The agenda of our Company's General Assembly meeting was announced on 11 March 2016 and the Annual Ordinary General Assembly Meeting was held on 05 April 2016 at 11:30 a.m. at the headquarters of our subsidiary, Boyner Büyük Mağazacılık A.Ş. located at Büyükdere Caddesi USO Center Binası No:245/A KAT:B01-Z02 Maslak- Şişli/İstanbul.

Invitations to the General Assembly meetings are made by the Board of Directors in accordance with the provisions of the Turkish Commercial Code (TCC), the Capital Markets Law and the Company's Articles of Association. When a resolution is taken by the Board of Directors to hold a General Assembly meeting, it is disclosed to the public by making necessary disclosures via PDP and Electronic General Assembly System (EGAS). The announcements for the General Assembly meetings are posted on our website (www.boynerperakende.com) in order to ensure disclosure of the announcement to the highest number of shareholders possible not later than 21 days before the meeting in addition to the procedures specified in the required statutory legislation.

Before any General Assembly meeting, the necessary documents related with the items on the agenda are disclosed to the public following legal processes and legislation governing such disclosures. Within the framework of the items on the agenda of the General Assembly and three weeks before the Gener-

al Assembly meeting; the annual report, financial statements, corporate governance compliance report, dividend distribution proposal, independent audit report, draft amendments containing the former and new texts if any amendment is to be made in the Articles of Association, Remuneration Policy, Dividend Policy, and the resumes of all candidate members of the Board of Directors including the independent ones, are made available at the Company's headquarters and on its website ensuring easiest access for examination by the shareholders. In addition, detailed description of each item of the agenda is provided in the information documents regarding such items on the agenda; and the other information stipulated in the principles with respect to General Assembly Meetings is provided for the investors.

Accordingly, the invitation to meeting, including the copy of proxy form and the agenda, was published on 11 March 2016 through PDP and EGAS, and in a newspaper circulated across Turkey and on 13 March 2016 in Turkish Trade Registry Gazette in accordance with the legislation and the provisions of Articles of Association and within the related statutory period.

The Ordinary General Assembly Meeting convened electronically on 05 April 2016 was held with a meeting quorum of 63,1% representing the shares at the amount of TL 36.406.364,925 out of our Company's total capital amount of TL 57.700.000 TL. Except for the shareholders, no stakeholders or media participated in the meeting. The shareholders did not forward any proposal for the agenda in relation to such meeting.

For facilitation of participation in the meetings, our General Assembly meetings are held in the headquarters of our subsidiary Boyner Büyük Mağazacılık A.Ş. and through the Electronic General Assembly System. The venue of our General Assembly meetings is planned properly to enable participation by all shareholders.

In addition, the proxy form to be used by the shareholders that will be represented in proxy during the related General Assembly meeting is made available for use by the shareholders through its publication in our website and in a newspaper. The minutes of meetings are accessible through PDP, EGAS and our website. In addition, such minutes are also made available at the Company headquarters for review by our shareholders; and can be received upon request.

Shareholders are allowed to express their opinions and ask questions during the General Assembly Meeting; but no question was asked by our investors in the meeting.

The Remuneration Policy was presented to the shareholders as a separate agenda item in the General Assembly Meeting dated 05 April 2016; and the shareholders were offered the opportunity to express their opinions related thereof. The Remuneration Policy issued to this effect is also published on the corporate website.

CHAPTER III - PUBLIC DISCLOSURE AND TRANSPARENCY

A separate item regarding the donations and aids made in 2015 was added to the Agenda of the General Meeting and the shareholders were informed in relation thereof; and in addition, 0,07% (seven per ten thousand) of the Company's turnover in 2015 was specified as the upper limit for donations and aids to be made in 2016.

2.4. Voting Rights and Minority Rights

The shareholders or the proxies that are present in any Ordinary and Extraordinary General Assembly meetings have a single vote for each share that they own or represent. There are no mutual affiliation relationships between any shareholder and the Company. Voting by secret ballot may be preferred upon the request of the shareholders representing one tenth of the capital owned by the shareholders present in the Ordinary General Assembly meetings. Shareholders are debarred from voting in the meetings in relation to a personal business or action between such shareholders or their spouses or any persons of lineal consanguinity and the Company. There is no provision in our Articles of Association, which stipulates or hinders the representation of minority in the management or which defines the minority as less than one twentieth of the capital.

2.5. Dividend Right

There are no shares in the Company which are privileged in terms of receiving dividend and appointing the management. In the ordinary General Assembly Meeting held on 05 April 2016, since the financial statements for 2015 prepared pursuant to the CMB Communiqué and Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/IFRS) indicate that there is a "Consolidated Net Period Loss" at the amount of TL 381.635.408,- pertaining to the parent company and there is a loss of TL 318.429.910,- in the statutory financial statements, the issue of non-distribution of dividends and the addition of the amount of TL 318.429.910,- to the accumulated losses from the previous years and the issue of approval of dividend distribution table; and the proposal given by the proxy for the Company's controlling shareholder Boyner Holding A.Ş. suggesting the use of the Share Issuance Premium (Premium on Issued Shares) at the amount of TL 867.300.000,- shown on the Company's balance sheet dated 31 December 2015 for covering the losses specified in the Company's statutory financial statements pursuant to article 519 of the Turkish Commercial Code and the dividend distribution table were agreed. Our dividend policy arranged in accordance with the new Capital Market Legislation was approved by our shareholders at the Ordinary General Assembly meeting dated 05 April 2016; and is published on our corporate website. Our dividend policy has also been included in our company's annual report for 2015.

2.6. Transfer of Shares

There are no provisions restricting the transfer of shares in the Company's Articles of Association.

3.1. Corporate Website and its Contents

The corporate website of Boyner Perakende ve Tekstil Yatırımları A.Ş. at www.boynerperakende.com is actively used for public disclosure as stipulated under the new Turkish Commercial Code and as recommended by the CMB Corporate Governance Principles. All public disclosures made by Boyner Perakende ve Tekstil Yatırımları A.Ş. are accessible through its Website. Its website is configured and divided into sections accordingly. In this context, the corporate website provides information regarding Company operations for the last 5 years. The website has been prepared in Turkish in the form and content stipulated by the CMB Corporate Governance Principles; and most of the content in Turkish is also published in English on the website considering the foreign investors. Our Company's Disclosure Policy updated pursuant to the Capital Markets Board's Material Events Communiqué no. II-15.1 and the "Guidance on Material Events" was adopted in our Company's Board of Directors' meeting dated 14 July 2014 upon its approval by the Corporate Governance Committee; and its official website address was changed as www.boynerperakende.com in line with our new trade-name. In addition, our Company's website was reviewed and necessary revisions were made to ensure full compliance with corporate governance principles.

3.2. Annual Report

The Annual Report of Boyner Perakende ve Tekstil Yatırımları A.Ş. is arranged by providing the information specified in the related Communiqué of the Capital Markets Board and the Corporate Governance Principles. Annual reports prepared in details are published in our Company's website at www.boynerperakende.com.

CHAPTER IV - STAKEHOLDERS

4.1. Disclosure to Stakeholders

Attention is strictly paid to inform, in writing wherever possible, all of the Company's stakeholders, including shareholders, employees, creditors, customers, suppliers and all potential investors that may be interested in investing in the Company, and to arrange, if required, written agreements with them regulating their relationship with the Company to the extent possible.

If stakeholders' rights are not regulated by the legislation or under an agreement, stakeholders' interests are protected in good faith and to the extent possible, considering the Company's reputation.

Information is communicated to employees through meetings held with various organizations, periodical meetings held with managers and via Internet. Some important announcements and messages are forwarded to all employees via electronic mail.

Stakeholders may report any suspicious transactions that they find illegal or unethical to the Corporate Governance Committee or the Audit Committee and Internal Audit Department via Boyner Group Ethics Committee. The Internal Audit Department and Audit Committee review and finalize any and all complaints received by the company in relation to the accounting, internal control system and independent audit of the company, and evaluate the reports by the company employees concerning the accounting and independent audit of the company in accordance with the principle of confidentiality.

4.2. Participation of Stakeholders in Management

The Articles of Association of the Company does not contain a provision that stipulates stakeholders' participation in the management of the company. However, independent members of the Board of Directors serve this purpose in a sense through representation of all stakeholders as well as the Company and shareholders in the management.

Our company is in constant communication with all of its stakeholders. Feedbacks received from them are processed through specific stages according to internal procedures and then presented to senior management and proposals for solutions and policies are developed. There are no union-member personnel in the Company; except for the union-member personnel working in our subsidiary, Altınyıldız Tekstil Konfeksiyon A.Ş.

Our Corporate Responsibility and Sustainability (CRS) Department organizes the necessary communication groups and meetings in order to ensure participation of our internal and external stakeholders in decision-making mechanisms and to receive their opinions and recommendations. The CRS department conducts communications in relation to this issue; and detailed information is provided in the sustainability chapter of the annual report.

Participation of employees in management has been arranged in writing under the heading of "participation in management" within "Boyner Group Working Principles" booklet.

4.3. Human Resources Policy

In the Group, equal opportunities are offered to all in terms of recruitment, employment relationship process, remuneration, participation in trainings, promotion, retirement and all other employment-related matters.

We do not tolerate any discrimination based on the factors such as race, colour, gender, religion, marital status, sexual preference, political opinion or affiliation, ethnical identity, health status, familial responsibilities, union activity or membership, physical disability or age. The information on human resources policies applied within the Group is explained in detail under the heading of "Our Work Environment" and in Sustainability chapter of this report. In addition, human resources policies and practices are described under each of our group Companies.

Human Resources policies and practices are documented in writing within "Boyner Group Working Principles".

During the recruitment process, employees are informed in details about the tasks that they are expected to fulfil and the human resources processes. The human resources processes after recruitment are managed in an integrated manner with the participation of employees.

Boyner Group implements a performance management process in order to ensure that the entire management team can properly guide employees and focus on development of employees and the company through continuous feedbacks for the purpose of achievement of the group strategies and the company goals and targets set accordingly. Performance management is a fair process. The employee and his/her manager jointly identify the goals and competencies that are required by the current role and that will contribute in the company's targets. Performance evaluation meetings are mutually held in the middle and at the end of the year; and they are shared with the human resources department.

There is a fair performance evaluation system in place in our Company. Boyner Group core values and position-based competencies and job objectives are evaluated.

Our employee representatives are taking part in our Occupational Health and Safety Committee that aims to establish the welfare and happiness of our employees. Our employee representatives have been assigned upon the approval of our employees; and they are fully authorized to bring our employees' complaints and suggestions to the attention of the Committee and to take part in the decision-making process about the Committee resolutions.

Studies are conducted made to ensure standardization and efficiency in the human resources processes implemented throughout Boyner Group.

Occupational Health and Safety

Our Company offers a business and work environment befitting human dignity. We respect our employees' right to have a healthy life; and to this effect, occupational health and safety measures are in place in all our buildings and facilities.

For us, offering healthier and safer work environments for our employees is as important as ensuring that our employees enjoy their jobs and their work environments. We support and encourage our employees to invest in themselves in the mental, physical, emotional and spiritual fields for their personal developments.

Besides Occupational Health and Safety trainings, we keep our employees informed through our manual entitled "Have a Healthy, Safe and Cheerful Working Day!" to which they can refer to receive practical information. Details of activities performed in relation to Occupational Health and Safety are provided in the Sustainability chapter.

4.4. Ethical Committees and Social Responsibility

Corporate responsibility and sustainability is addressed as a comprehensive management approach covering all our internal and external stakeholders in structuring of our business strategies and activities. Our sustainability efforts can be outlined as offering our employees a work environment befitting human dignity, serving our customers by embracing the unconditional customer happiness principle, minimizing environmental impact of our production and operations and launching environmentally-friendly practices, having social and environmental influence with our supply chain, implementing community projects, and ensuring participation and contribution of our business partners.

"Boyner Group Working Principles" have been documented in writing and communicated to all Boyner Group employees as a booklet. "Group Values and Working Principles" are also shared with the public via Boyner Group website.

Ethical Committee

There are Ethical Committees established under the structure of our group companies and at Boyner Perakende ve Tekstil Yatırımları A.Ş. for the purpose of reviewing any warnings, complaints and denunciations related to violation of "Boyner Group Working Principles" and the laws and making the necessary assessments.

In case of any condition or event considered unethical, employees may raise a complaint and report the situation to the eth-

ical committee in their company. In an attempt to resolve the situation, an initial research for verification is made; and when the accuracy of the case is verified, the details of the internal investigation are recorded over the reporting system. In order to allow the employees of Boyner Group companies to report any ethical issues or cases, e-mail addresses exclusively allocated for the ethics committee of each company were generated; and communication channels that can be used by the employees when they encounter any unethical situation were created. Ethics Committee carries out the necessary examination in relation to the issues reported to it; and when it identifies a breach committed, it may propose various sanctions extending up to termination of employment relationship along with the researches for verification. The issues that cannot be resolved in the ethics committees of our companies may be escalated to the Ethics Committee of Boyner Perakende ve Tekstil Yatırımları A.Ş.

All applications made to Boyner Retail Ethics Committee in 2016, including the complaints on discrimination received from our employees, were finalized through the necessary examination and reporting processes. The Ethics Committee has taken the necessary decisions on sanctions after evaluating the determinations made in the investigation reports.

Contribution to Society

We are implementing projects aimed at contributing to the society by associating with the persons, entities and institutions working for democratization and development of Turkey. Since we adopt an approach embracing human rights, gender equality, and respect for environment and diversity, we cooperate with institutions adopting the same approach.

Our Company mainly supports and encourages activities aimed at improving socio-economic status of women, educating the youth, and ensuring their personal development and democratic participation and expanding cultural-artistic events. In this context, we cooperate with non-governmental organizations to structure and launch our social responsibility projects, and we implement such projects through volunteer works of our employees and financial support of our companies. Details of our projects for contribution to society are provided in the sustainability chapter of our annual report.

Our Environmental Awareness

Our Company uses minimum amount of raw materials and auxiliary products, energy and water in order to minimize adverse environmental impacts of our products and services; and to this effect, we assort our solid waste and store them in licensed areas.

We comply with national and international standards in terms of solid waste, water and air emissions generated after our processes. In this context, our companies implement different projects and we are aiming to expand our successful practices in

our other companies as well. Our environmental awareness is not merely a principle adopted under the scope of our corporate performance; but it also applies for our supply chain and we monitor our suppliers' energy, water and waste managements through our social compliance audits in terms of regulatory compliance.

Solid wastes are stored at our Companies' headquarters and our stores; and we work with certified companies for disposal of such wastes. Our production plant under the structure of our subsidiary operates within the boundaries of an organized industrial zone. Cooperation was established with the municipality for solid wastes; and the water treatment plant of the organized industrial zone is used for waste waters. Details of our environmental projects are provided in the sustainability chapter of our annual report.

CHAPTER V - BOARD OF DIRECTORS

5.1. Structure and Composition of the Board of Directors

The Board of Directors is comprised of executive and non-executive members.

The Company is represented and managed by the Board of Directors comprising not less than 5 and not more than 9 members to be elected by the General Assembly of Shareholders. The General Assembly of Shareholders determines the number of members to be elected to the Board of Directors within the aforesaid limits at the time of election of Board Members.

The majority of the Board Members are comprised of the members without an executive function and without any administrative task or position in the Company except for their Board Membership.

Except for the Independent Members, Board Members are elected for minimum one and maximum three years of service. Independent Board Members take office for a period of up to three years; and they may be re-nominated and re-elected. The Members of the Board of Directors whose term of office expire may be re-elected.

Except for Independent Members, in case of a vacancy in any membership for any reason and without expiry of the term of office, the other members are obliged to elect a new member for the vacant membership. The newly elected member takes office until the first General Assembly. After his/her full membership is approved at the first General Assembly meeting, his/her term of membership is extended up to the term of office of the predecessor.

The General Assembly may, at any time, replace the Members of the Board of Directors if and when required. The Board of Directors elects a chairman and a vice chairman among its own members at the first meeting held after its election. Information on the current Board Members and our General Manager as of 31 December 2016 is as follows. In the Ordinary General Assembly Meeting held on 05 April 2016, it was decided that the Board of Directors be comprised of 9 members in total, 3 of which would be independent members; and that the independent members shall take office for 1 year while the other members shall take office for 3 years.

Name Surname	Title	Executive / Nonexecutive / Independent	Duties in Other Organizations
H. Cem Boyner	President	Executive	Intra-group - Boyner Holding A.Ş. - Chairman of the Board - Boyner Büyük Mağazacılık A.Ş. - Chairman - AY Marka Mağazacılık A.Ş. - Chairman - Beymen Mağazacılık A.Ş. - Chairman - Altınyıldız Tekstil ve Konfeksiyon A.Ş. - Chairman - BR Mağazacılık A.Ş. - Chairman - Chairman of the Board in other Group Companies
Massimo Piombini	Member	Nonexecutive	Non-group - Valentino S.p.A., Commerce Director in Italy and Board member and/or Director in Valentino Group Companies
N. Ümit Boyner	Member	Nonexecutive	Intra-group - Boyner Holding A.Ş. - Board Member - Boyner Büyük Mağazacılık A.Ş. - Board Member - Beymen Mağazacılık A.Ş. - Board Member - Altınyıldız Tekstil ve Konfeksiyon A.Ş. - Board Member - Board Member in other Group Companies Non-group - Euler Hermes - Board Member
M. Türkay Tatar	Member	Executive	Intra-group - Boyner Holding A.Ş.- Vice President and CFO - Boyner Büyük Mağazacılık A.Ş. - Group President - AY Marka Mağazacılık A.Ş. - Board Member - Altınyıldız Tekstil ve Konfeksiyon A.Ş. - Board Member - Beymen Mağazacılık - Board Member - Board Member in other Group Companies
Serdar Sunay	Member	Executive	Intra-group - Boyner Holding A.Ş. - Vice President - Boyner Büyük Mağazacılık A.Ş.- Board Member - AY Marka Mağazacılık A.Ş. - Board Member - Beymen Mağazacılık A.Ş. - Board Member - Altınyıldız Tekstil ve Konfeksiyon A.Ş. - Board Member - Board Member in other Group Companies
N. Mehmet İnal	Member / General Manager	Executive	Intra-group - Boyner Holding A.Ş. - Vice President - Boyner Büyük Mağazacılık A.Ş. - Board Member - AY Marka Mağazacılık A.Ş. - Board Member - Beymen Mağazacılık A.Ş. - Board Member - Altınyıldız Tekstil ve Konfeksiyon A.Ş. - Board Member - BR Mağazacılık A.Ş. - Board Member - Member in other Group Companies
Tayfun Bayazıt	Member	Nonexecutive/ Independent	Non-group - Doğan Şirketler Grubu Holding A.Ş. - Independent Board Member - Migros Ticaret A.Ş. - Independent Board Member - TAV Havalimanları Holding A.Ş. - Independent Board Member - Board Member in other Group Companies excluding Stock Market
Elif Ateş Özpak	Member	Nonexecutive/ Independent	Non-group - Crescent Capital Advisory Limited - Turkey Representative - 11880 BN Telekom Haberleşme Ticaret A.Ş. - Vice President
Sabri Metin Ar	Member	Nonexecutive/ Independent	Non-group - Borusan Yatırım ve Pazarlama A.Ş. - Board Member - Canyon Venture Partners International Financial Advisors - Chairman Of General assembly - Columbia Hudson Ventures L.L.C. (Oregon/U.S.A) ve Reydel Automotive (Paris/Fransa) Board Member

Other positions held by Tayfun Bayazıt in various off-exchange companies are listed on page 122 of the Annual Report.

In our Company, separate individuals occupy the positions of the Chairman of the Board and General Manager/CEO. Due attention is paid to ensure that Board Members spare adequate time for the Company affairs; however, there is no restriction concerning any other task/s that can be undertaken by them outside our company. Such a restriction is not deemed necessary, particularly due to significant contribution of the Independent Members' business experience and sectoral experience in the Board of Directors.

In addition, in the Board of Directors' Meeting dated 28 April 2014; it was resolved that:

- Mustafa Türkay Tatar be appointed as the executive member of the board responsible for Financing and Financial Affairs (CFO – Chief Financial Officer); and
- Serdar Sunay be appointed as the executive member of the board responsible for retail activities and investments.

Our Company has three independent members. There are two female board members (22,2%), one of whom is an independent member. Neither a targeted number nor a targeted time has been determined in relation to the percentage of female members in the company's board of directors; however, the evaluations about this issue are ongoing.

There are 3 nominees for 3 independent memberships as submitted for 2016 to the Corporate Governance Committee undertaking the duties of the Nomination Committee; their statements of candidacy and resumes were evaluated in the Corporate Governance Committee and Board of Directors' meetings dated 09 March 2016; and it was decided that they were nominated as candidate independent members. No issue removing such independency was observed during the fiscal year of 2016.

Independency statements of our Independent Board members are provided in the annual report under the section related with the agenda of the ordinary general assembly for 2016.

5.2. Operating Principles of the Board of Directors

The agenda of the meetings of Board of Directors is determined as follows: the relevant units notify the Company's senior management and the Board Members of the issues stipulated as the matters required to be resolved by the Board of Directors as clearly specified in the Company's Articles of Association. The Board of Directors also convenes at any time required by the company activities upon a call by the chairman or vice chairman.

The resolutions of the Board of Directors may also be taken by collecting the written approvals of the other members in relation to any proposal made by any member in relation to a definite issue unless a member requests for discussion of the related issue.

Calls to meetings can be made via telephone and e-mail. The Company's Board of Directors convenes as frequently as required by the company activities. The Board of Directors took 30 resolutions in total in 2016, four of which were taken in the meetings about strategic issues. In general, all members attend the meetings. During the fiscal period of 2016, no opposition occurred. The questions asked during the meeting are not recorded. The Board Members do not have weighted voting rights and/or veto rights.

The Company has formed a secretariat to inform the Board Members about the internal services and to ensure their communication.

Since the independent members were not approved, there were no related party transaction or any material transaction required to be submitted to the General Assembly for approval purposes in 2016.

Boyner Holding A.Ş. affiliates/subsidiaries hold a "Director Liability Insurance" with a coverage of 50 million US Dollars covering also the Board Members and Senior Managers.

5.3. Number, Structure and Independency of the Committees established under the structure of the Board of Directors

The Company established Audit Committee, Corporate Governance Committee and Early Risk Assessment Committee. The Corporate Governance Committee also functions as a Nomination Committee and Remuneration Committee.

Independent Board Members serve as the chairmen of the committees. The Operating Principles of the Committees have been approved by the Board of Directors and published on our website.

Our Company's Board of Directors is comprised of 9 members; and the number of Independent Members was specified as 3. Assignments in Committees are made based on the related regulations considering the knowledge and experience of our Board Members; and some of our Board Members are assigned in more than one committee.

The Board of Directors regards that all committees have efficiently performed their functions and activities.

The details of the Audit Committee Members are as follows.

Name & Surname	Title in the Committee	Education	Title in the Board of Directors
Tayfun Bayazit	Chairman	Business Admin	Independent Member
Elif Ateş ÖZPAK	Member	Law	Independent Member

The working principles of the Audit Committee have been published on our company's website; and the Audit Committee has submitted to the Board of Directors in writing its decisions about election of an independent auditor; and its opinions regarding the accuracy and compliance of the annual and interim financial statements with the real facts and the accounting principles followed by the company.

The Corporate Governance Committee Members are as follows.

Name & Surname	Title in the Committee	Education	Title in the Board of Directors
Elif Ateş Özpak	Chairman	Law	Independent Member
Nazlı Ümit Boyner	Member	Economics	Member
Taliye Yeşilürdü	Member	Business Admin	-

Working Principles of the Corporate Governance Committee have been announced on our Company's website; the Committee reviews the Corporate Governance practices and Corporate Governance Principles Compliance Report and coordinates the activities of investor relations department. It also functions as a Nomination Committee and Remuneration Committee.

The Early Risk Assessment Committee Members are as follows.

Name & Surname	Title in the Committee	Education	Title in the Board of Directors
Elif Ateş Özpak	Chairman	Law	Independent Member
Sabri Metin Ar	Member	Business Admin	Independent Member

Early Risk Assessment Committee conducts activities for early detection of risks that may endanger the existence, development and future of the Company, and for taking of necessary actions in relation to identified risks and management of such risks; and the working principles of the committee, which convenes 6 times a year to take decisions, has been announced on our company's website.

5.4. Risk Management and Internal Control Mechanism

In order to protect the rights and interests of the Company shareholders, all company executives within their duties and responsibilities determine internal and external threats and manage and regularly audit all activities according with the compliance of the budget, regulations, procedures and instructions, statutory legislation and generally accepted accounting principles.

The audit and security of information technology systems are managed under ISO 27001 (International Information Security Management Systems).

All financial risks, including, particularly, the liquidity, credit, currency and stock management risks, are regularly monitored and the Board of Directors is kept informed of the results.

The efforts made within the company for structuring the internal audit unit have been completed and this unit is functioning in coordination with the Group companies.

The efforts for establishment of a risk management system within the group companies are ongoing. The related units report to CFO in relation thereof. Main risks faced by the Group are monitored under five major titles such as financial risks, strategic risks, operational risks, reputation risk and legal risks; and the Risk Management Committee and the Board of Directors are periodically informed of such risks. Detailed information on risk management is provided in the related section of the annual report.

5.5. Strategic Objectives of the Company

Our Company's strategic goals are determined by our Company executives considering the economic parameters, market and competitive conditions and our Company's short- and long-term objectives and are presented to the Company's Board of Directors. These strategies and goals are reviewed and evaluated by our Board of Directors.

The Board of Directors reviews the progress of these goals and strategies presented during meetings held every quarter.

The annual budget submitted and the related progress levels are reviewed in the meetings of the Board of Directors by considering the conditions of the market segment of the Company, the position of the Company in the sector, the performance displayed by the company during the period, its financial standing and its past performances.

Our Company's mission and vision and the growth and expansion strategies are reviewed and revised during the budget discussions every year.

5.6. Financial Benefits

Our Company's "Remuneration Policy for Board Members and Senior Level Managers" covering any and all rights, benefits, and fees provided and paid to the Members of the Board of Directors and senior-level managers and the criteria and remuneration principles used in determination of the same was made available for review by our shareholders through its publication on our website via the "Information Document" published 3 weeks before our ordinary General Assembly meeting dated 05 April 2016; and it was put into practice following the said General Assembly meeting. The total sum of payments made for Board Members and senior level managers under the Remuneration Policy is evaluated by the Corporate Governance Committee (Remuneration Committee).

In the footnotes to our financial statements, the payments made to Board Members and senior level managers are collectively disclosed to public in line with the general practices. In the Annual Ordinary General Assembly Meeting of our Company held on 5 April 2016, it was decided that a monthly gross fee of TL 8.100- be paid to the Independent Members of the Board of Directors.

There are no transactions likely to create conflicts of interest, such as lending of money or extension of credits to or issuance of guarantees in favour of our Board Members or managers.

RISK MANAGEMENT AND INTERNAL AUDIT

The Group maintains its success by creating opportunities from the increasing uncertainties/risks in the markets it's operating in. Through effective risk management by identification, measurement and management of threats, the damages that may be caused by such risks can be eliminated/minimized and sustainable growth can be ensured. With the awareness of the importance of risk management for a sustainable management and healthy growth, effective risk management approach is supported and the risks are systematically assessed in the management of business processes. The Group will continue to create value for all its stakeholders by managing its risks in line with this approach in the upcoming process.

Effective corporate governance must rely on a strong control environment supporting the management activities and determine the ethical rules and general codes of conduct of the company. Risk management and internal audit functions constitute important and inseparable parts of the control environment. Risk-driven activities oriented toward minimizing the impacts of risks are the main elements of our audit approach.

Risk-driven internal audit activities conducted in our Group include the following:

- I. Foreseeing the risks that might prevent realization of strategic business goals;
- II. Classification of the risks that can be listed, categorized and prioritized;
- III. Determining the probability and possible impacts of identified and classified risks;
- IV. Associating the key business processes of the organization with strategic and process-related risks;
- V. Planning updates and periodic changes required for revising the Internal Audit Plan according to changing business risks.

DONATIONS AND GRANTS

Pursuant to article 6 of the Capital Market Board's Communiqué no. II-19.1 on Dividends; the limit of donations shall be determined by the General Assembly, unless otherwise specified in the Articles of Association; and the donations and payments made should be presented to the shareholders for information at the Ordinary General Assembly meeting. The amount of donations made to associations and foundations in 2016 is 709.950.-TL.

CAPITAL MARKET INSTRUMENTS ISSUED IN 2016

Issue of Debt Instrument

In 2016, our Company did not issue any debt instruments within our issuance limits.

On 25 November 2016, a total amount of TL 50 million debt instrument was redeemed; and the principal amount and final coupon payments were made.

The issuance certificate for issuance of debt instruments at the nominal amount of TL 300.000.000 (three hundred million) in total was provided by Boyner Perakende ve Tekstil Yatırımları A.Ş. via private placement and/or sales to qualified investors, without public offering, was approved by the Capital Markets Board on 10 October 2016 under the number 119/BA-873.

LEGAL DISCLOSURES

Trade-Name	: Boyner Perakende ve Tekstil Yatırımları A.Ş.
Address	: Eski Büyükdere Cad. Park Plaza No:14 Kat:15-16 Maslak - Sarıyer / ISTANBUL
Trade Registry and No.	: Istanbul Trade Registry Office / 45451
Website Address	: www.boynerperakende.com, www.boynergrup.com
Registered Capital Cap	: 500.000.000 TL
Issued Capital	: 57.700.000 TL
BIST Code	: BOYP

Information on the Extraordinary General Assembly Meeting(s) held during the Year, if any

No Extraordinary General Assembly meeting was held during the year.

Amendments made in the Articles of Association during the year

Following the changes in the shareholding structure of the Company, the Board of Directors' proposal for amendments to be made in some articles of the Company's Articles of Association; i.e. the article 17 entitled "Duties and Powers of the Board of Directors", article 26 entitled "Quorums, A - Meeting Quorum, article 27 entitled "B-Decision Quorum", article 32 entitled "Determination and Distribution of Profit", and article 35 "Announcements", with respect to determination of specific majority rates for the Board of Directors' resolutions and the General Assembly decisions on the Company's activities and the works and transactions that can be performed by the Company as a result of the agreement reached among the shareholders, as approved in compliance with the permit dated 14 October 2015 received from the Capital Markets Board and the permit no. 13552550 dated 02 February 2016 received from the Ministry of Customs and Trade General Directorate of Domestic Trade, was approved at the Ordinary General Assembly meeting dated 05 April 2016 and registered by Istanbul Trade Registry Office on 20 April 2016.

Texts of amendments in the articles of association are provided in the annual report for 2015.

Subsidiary Report

Pursuant to article 199 of the Turkish Commercial Code no. 6102 enforced on 01 July 2012; the Board of Directors of Boyner Perakende ve Tekstil Yatırımları A.Ş. is liable to issue, within the first 3 months of the current fiscal year, a report on the relationships of the company with the controlling shareholder as well as the subsidiaries of the controlling shareholder in the previous fiscal year and add the conclusion part of such report to the annual report.

In the Report prepared by the Board of Directors of Boyner Perakende ve Tekstil Yatırımları A.Ş., it is stated that "We have concluded that in all transactions of Boyner Perakende ve Tekstil Yatırımları A.Ş. with its controlling shareholder as well as the subsidiaries of its controlling shareholder in 2016, based on our best knowledge of conditions at the moment when the transaction was carried out or the action was taken or avoided, an appropriate counter-performance was gained in each transaction and there is no action taken or avoided, which may cause damage to the company, and therefore, there are no transactions or actions which entail offsetting".

Information regarding legal actions filed against the Company which might affect its financial situation and activities and their possible consequences

There are no lawsuits filed against our company, which might affect the financial position or activities of our Company. The related explanation is provided in the footnote 17 to our financial statements for the period of 01 January 2016 - 31 December 2016.

Explanations about the administrative or judicial sanctions imposed on the company or the members of its management body due to the practices contrary to the provisions of legislation

There are no administrative or judicial sanctions imposed against the Company and members of its managing bodies due to the practices contrary to the provisions of applicable laws.

Information on Private Audits and Public Audits conducted in the Fiscal Period

Ordinary audits by public authorities were performed in 2016; and there is no significant official notification served to us.

Statement on Shareholder's Equity

According to the evaluation made with respect to article 376 of the TCC, it is seen that based on the shareholder's equity of TL 133.003.511 as of 31 December 2016, half of the total sum of the Company's capital and its legal reserves remained uncovered due to the loss in the current period.

Information on the Company's Own Shares acquired by the Company

Our Company does not have its own shares that it acquired within the fiscal period of 01 January 2016 - 31 December 2016.

AGENDA FOR THE ORDINARY GENERAL ASSEMBLY MEETING FOR 2016

1. Opening and election of the Chairman of the Meeting.
2. The presentation for discussion and approval of the Annual Report of the Company for the year 2016 as prepared by the Board of Directors.
3. The presentation of the summary of the Independent Audit Report for the year 2016.
4. The presentation for discussion and approval of the Financial Statements of the Company for the year 2016.
5. Approval of the changes in the memberships of the Board of Directors under Article 363 of the Turkish Commercial Code.
6. Release of each member of the Board of Directors from liability for the affairs of the Company for the year 2016.
7. Approval, approval with modifications, or rejection of the Board of Directors' proposal on distribution of profits for the year 2016 within the scope of Company's Dividend Policy.
8. Resolution of the terms of office of the independent Board of Directors, and their election.
9. In accordance with the Corporate Governance Principles, presentation to the shareholders and approval by the General Assembly, of the "Remuneration Policy" for the members of the Board of Directors and the Senior Executives and the payments made thereof.
10. Resolution of the monthly gross salaries to be paid to the members of the Board of Directors.
11. Approval, approval with modifications, or rejection of proposal to amend Article 26 on "Quorums, A- Meeting Quorum" and Article 27 on "B- Decision Quorum" of the Company's Articles of Association provided that the proposal has been approved by the Capital Markets Board and the Ministry of Customs and Trade,
12. Approval of the appointment of the Independent Audit Firm as selected by the Board of Directors, in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations.
13. Presentation to the shareholders, of the donations made by the Company in 2016, and resolution of an upper limit for donations for the year 2017.
14. In accordance with the Capital Markets Board legislation, presentation to the shareholders, of the securities, pledges and mortgages granted in favor of the third parties in the year 2016 and of any benefits or income thereof.
15. Authorizing the shareholders holding the management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree as per the provisions of articles 395 and 396 of the Turkish Commercial Code and presentation to the shareholders, of the transactions carried out thereof in the year 2016 pursuant to the Corporate Governance Communique of the Capital Markets Board.
16. Wishes and opinions.

Meeting Place : Büyükdere Caddesi USO Center Binası No:245/A KAT:B01-Z02 Maslak Şişli İstanbul
 Meeting Date : 30 March 2017 Thursday
 Meeting Time : 11:00

ANNEXES:

1. RESUMES AND STATEMENTS OF INDEPENDENT MEMBERS FOR THE ORDINARY GENERAL ASSEMBLY MEETING FOR 2016

6 / 3 / 2017

TAYFUN BAYAZIT

Mr. Bayazit started his banking career at Citibank after receiving his Bachelor's degree in Mechanical Engineering from S. Illinois University and MBA degree in Finance and International Relations from Columbia University. He worked as a senior executive in Çukurova Group for 13 years. He became the CEO of Dışbank in 2001. He was appointed as the CEO and a member of the Global Management Committee at Fortis Turkey in 2005. In April 2007, he returned to Yapı Kredi as the Executive Director and General Manager and also became the Board Chairman of Koç Holding Banking and Insurance Group and Yapı Kredi in the beginning of 2009. Having founded "Bayazit Danışmanlık Hizmetleri" in August 2011, Mr. Bayazit worked as an independent board member at Boyner Büyük Mağazacılık A.Ş. between the years of 2014-2016.

Tayfun Bayazit is the founding partner of Bayazit Yönetim Danışmanlık Hizmetleri Ltd. Şti. He is also independent Board member in Doğan Şirketler Grubu Holding A.Ş., Migros Ticaret A.Ş., and TAV Havalimanları Holding A.Ş. Mr. Bayazit is also the Country Chairman of Marsh & McLennan Group Turkey; Board members in Marsh Sigorta ve Reasürans Brokerliği A.Ş., Marsh Italia SpA, Primist Gayrimenkul Geliştirme ve Yatırım A.Ş. and Board Chairman of Taaleri Portföy Yönetimi AŞ. He is also a part-time lecturer at Koç University.

BAĞIMSIZLIK BEYANI

Boyner Perakende ve Tekstil Yatırımları A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun "Kurumsal Yönetim İlkeleri Tebliği"nde belirlenen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

- Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendisi, eşi ve ikinci dereceye kadar kan ve sıhrî hısımları arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkimin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olmadığımı ya da önemli nitelikte ticari ilişki kurmadığımı,
- Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışan veya yönetim kurulu üyesi olmadığımı,
- Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,
- Mevzuata uygun olması şartıyla, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmayacağımı,
- 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,
- Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığını koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,
- Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiği görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,
- Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmamış olduğumu,
- Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,
- Yönetim kurulu üyesi olarak seçileceğim tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.

ADI SOYADI :

İMZA

Tayfun BAYAZIT

6 / 3 / 2017

BAĞIMSIZLIK BEYANI

Boyer Perakende ve Tekstil Yatırımları A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun "Kurumsal Yönetim İlkeleri Tebliği"nde belirlenen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

S. METİN AR

He studied Electrical Engineering at Boğaziçi University after Robert College. He received his master's degree at London School of Economics in England. Having started his business career at Otis Elevator Company Ltd. in England as a project analyst, S. Metin Ar assumed various positions in Türkiye Sinai Kalkınma Bankası (Industrial Development Bank of Turkey); then he worked as Assistant General Manager at Brisa Bridgestone Sabancı Lastik San. Tic. AŞ. And as Board Members at İş Finansal Kiralama A.Ş., Yatırım Finansman Menkul Değerler A.Ş., Türk Pirelli Kablo ve Sistemleri A.Ş., and Çimen-taş İzmir Çimento Fabrikası Türk A.Ş.

He also served as Vice President of Istanbul Menkul Kıymetler Borsası (Istanbul Stock Exchange) between the years of 2003-2005, and as the CEO of Garanti Yatırım Menkul Kıymetler A.Ş. between the years of 1999-2013. He worked as the Board Chairman of Dream between 2012-2013 and Türk Pirelli between 2009-2016.

S. Metin Ar is independent board member of Borusan Yatırım ve Pazarlama A.Ş. He also serves as the Board Chairman of Canyon Venture Partners International Financial Advisors and the Board Members at Columbia Hudson Ventures L.L.C. (Oregon/U.S.A) and Reydel Automotive (Paris/France).

- Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendisi, eşi ve ikinci dereceye kadar kan ve sıhrî hısımları arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkimin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olmadığımı ya da önemli nitelikte ticari ilişki kurmadığımı,
- Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışan veya yönetim kurulu üyesi olmadığımı,
- Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,
- Mevzuata uygun olması şartıyla, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmayacağımı,
- 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,
- Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığını koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,
- Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiği görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,
- Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmamış olduğumu,
- Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,
- Yönetim kurulu üyesi olarak seçileceğim tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.

ADI SOYADI :

İMZA

Sabri Metin Ar
6/3/2017

KAMİL ÖMER BOZER

Born in Istanbul in 1958, Ömer Bozer received his undergraduate degree from the Department of Business Administration at METU and his MBA from Georgia State University. Having started his business career in 1983 as a management trainee at Koc Group, he served as a manager in Maret and Düzey Pazarlama and then became General Manager at Migros in 2002. Bozer worked in various positions in Koc Group as the Head of Food, Retail and Tourism Group between 2005-2006, Head of Food and Retail Group between 2006-2008, and again the Head of Food, Retail and Tourism Group between 2008-2011.

Kamil Ömer Bozer is an independent board member at Anadolu Efes, Anadolu Isuzu and Adel Kalemcilik companies and a board member at Carrefoursa and Teknosa; and provides consultancy on retailing at Sabancı Holding.

BAĞIMSIZLIK BEYANI

Boyer Perakende ve Tekstil Yatırımları A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun "Kurumsal Yönetim İlkeleri Tebliği"nde belirlenen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

- a) Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendisi, eşi ve ikinci dereceye kadar kan ve sıhrî hısımları arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkimin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olmadığımı ya da önemli nitelikte ticari ilişki kurmadığımı,
- b) Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışan veya yönetim kurulu üyesi olmadığımı,
- c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,
- d) Mevzuata uygun olması şartıyla, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmayacağımı,
- e) 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,
- f) Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığını koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,
- g) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiği görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,
- h) Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmamış olduğumu,
- i) Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,
- j) Yönetim kurulu üyesi olarak seçileceğim tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.

ADI SOYADI : Kamil Ömer Bozer

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2. RESUMES OF BOARD MEMBERS WHOSE APPOINTMENTS WILL BE APPROVED PURSUANT TO ARTICLE 363 OF TCC FOR THE ORDINARY GENERAL ASSEMBLY MEETING FOR 2016

BERNARD BARBOUR

Bernard Barbour joined QInvest after serving as a Senior Attaché in the Legal Department of the Central Bank of Lebanon between the years of 1997-2007.

He serves as a Board Member at EFH S.a.r.l. - Luxembourg and Ambit Pvt. Ltd. - India.

He has more than 20 years of extensive experience in financial legal systems and statutory legislation; and he worked as an academic lecturer on financial, fiscal and contract law at the leading universities of Lebanon. Having established the regulatory framework of Islamic finance in the Republic of Lebanon, Barbour drafted legislative propositions to various payment and settlement systems such as credit cards, debit cards, electronic check, electronic money, etc.

After graduating from the department of Law at Lebanon University, Barbour received master degrees in European law from Lausanne University and in International Economic Law from Geneva University in Switzerland. He also received a diploma in English Legal Methods from Cambridge University, England.

SAİT ERGUN ÖZEN

Born in Ankara in 1960, Ergun Özen completed his secondary education at TED Ankara College in 1978. After his registration in 1981, he graduated from the Department of Economics at New York State University in 1985. He completed Advanced Management program at Harvard Business School in 1997.

He started his business career in 1987 as an Assistant Specialist at Economic Researches Unit of Türkiye İş Bank. He assumed a founder position at the Treasury Department.

Having joined T. Garanti Bank in 1992 by assuming an office in the Treasury Unit, Özen became the Manager of Treasury Unit in 1994, and then Assistant General Manager responsible for Treasury and Investment Banking in 1995. He was appointed as the President/CEO on 01 April 2000. He is a Board member at Garanti Bank since 01 September 2015.

In addition to his Board membership at Garanti Bank, he is the Board Chairman at GarantiBank Romania and a Board Member in Doğu Holding A.Ş. and GarantiBank Moscow and the other Doğu Group companies.

HASAN ARAT

Hasan Arat was born in Adana in 1959. He graduated from Istanbul University School of Business Administration. He is currently the Chairman of the Turkish Executive Board of Capital Partners company operating in the Real Estate sector. In addition, he is a Board Member of Fiba Holding since 2011. He held positions as an independent board member and as the Chairman of the Audit Committee at Acibadem Sağlık Hizmetleri between 2011-2017.

He founded GSD Foreign Trade company in 1986 in which he served as a Board Member and the joint-venture company Edpa-Five Star in Turkmenistan in 1993 in which he served as the 2nd Chairman of the Board. He served as the president of International Apparel Federation in 1996 and then he became a member of its Executive Board and the Board of Directors.

Hasan Arat is a Board Member of the European Olympic Committee and a member of the International Olympic Committee's Marketing Commission. He is also the vice president of the Turkish Olympic Committee.

3. DIVIDEND DISTRIBUTION PROPOSAL and STATEMENT FOR 2016

The financial statements for the period of 01 January 2016 – 31 December 2016 prepared pursuant to the Capital Markets Board's Communiqué no. II.14.1 entitled "Communiqué on Principles regarding Financial Reporting in Capital Markets" and Turkish Accounting Standards / Turkish Financial Reporting Standards and audited by the Independent Audit Company named PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. indicate that there is a loss at the amount of TL 470.245.469.- (net loss for the period attributable to the parent company), and the legal financial statements prepared pursuant to the Tax Procedure Law indicate that there is a loss at the amount of TL 299.984.905.-; it is resolved that the issue of non-distribution of dividends and the addition of the amount of TL 299.984.905.- to the accumulated losses from the previous years, and the issue of using the Share Issuance Premium (Premium on Issued Shares) at the amount of TL 138.375.874.- shown on the Company's balance sheet dated 31 December 2016 for covering the losses specified in the Company's statutory financial statements pursuant to article 519 of the Turkish Commercial Code and the Dividend Distribution Table for 2016 be presented to the General Assembly for approval. Dividend Distribution Table for 2016 is given below.

BOYNER RETAIL AND TEXTILE INVESTMENTS DIVIDENDS DISTRIBUTION TABLE FOR 2016 (TL)						
1	Paid in / Issued Capital		57.700.000			
2	General Legal Reserves (as stated in legal records)		31.307.168			
	If a privilege is set forth for distribution of profit in the articles of association, information about such privilege		NONE			
		Based on CMB	Based on Legal Records			
3	Profit / Loss of Period (1)	-404.627.736	-299.984.905			
4	Taxes (+/-) (2)	-9.567.293	-			
	Consolidated, Uncontrollable Equity of Participations (-)	466.408				
5	Net Profit / Loss of Period (=) (3)	-470.245.459	-299.984.905			
6	Prior Years' Losses (-)	-	-			
7	General Legal Reserves (-)	-	-			
8	NET DISTRIBUTABLE PROFIT/LOSS FOR THE PERIOD (=)	-470.245.459				
9	Donations made within the year	709.950				
10	Net Distributable Profit/Loss of the Period Including Donations	-469.535.509				
11	First Dividend to the Shareholders	-				
	Cash					
	Free of charge					
	Total					
12	Dividend Distributed to Privileged Shareholders					
13	Other Dividends Distributed					
	To Board of Directors					
	To the Employees					
	To Entities Other Than Shareholders					
14	Dividend Distributed to Redeemed Shareholders					
15	Second Dividend to the Shareholders					
16	General Legal Reserves					
17	Statutory Reserves					
18	Special Reserves					
19	Extraordinary Reserve					
20	Other Resources to be Distributed					
	INFORMATION REGARDING THE RATIO OF DISTRIBUTED DIVIDEND					
	DIVIDEND INFORMATION PER SHARE					
	GROUP	TOTAL DIVIDEND DISTRIBUTED (TRY)		TOTAL DIVIDEND DISTRIBUTED / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND CORRESPONDING TO A SHARE WITH A NOMINAL VALUE OF TRY1	
		CASH (TRY)	FREE OF CHARGE (TRY)	PERCENT (%)	AMOUNT (TRY)	PERCENT (%)
NET	A (*)					
	B					
	TOTAL	-	-	-	-	-

(1) Consists of the total "Loss Before Tax From continued operations".

(2) Consists of the total "Net Expense for the Period" and "Deferred Tax Income".

(3) Net Period Loss is subtracted by -TRY55.584.022,- in loss from discontinued operations.

4. REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND SENIOR-LEVEL MANAGERS

REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE MEMBERS AND SENIOR LEVEL MANAGERS OF BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

This policy document defines the remuneration system and practices for the members of our Board of Directors, the members of our Executive Committee and our Senior Level Managers that have an administrative responsibility under Republic of Turkey Prime Ministry Capital Markets Board's regulations. In this context, the principles listed below set out the rules and principles regarding remuneration for the Board of Directors, Executive Committee and Senior Level Managers.

In all of our Company's human resources policies and practices such as recruitment, promotion, transfer, rotation and remuneration, we are adopting a fair approach; and we find it unacceptable to make discrimination based on the factors such as language, race, colour, gender, political thoughts, beliefs, religion, sect, age, physical disability or any similar reasons. The same principle also applies for members of the Board of Directors, members of the Executive Committee and Senior Level Managers.

2. In determination of remuneration payable to the members of our Company's Board of Directors and Executive Committee and the Senior Level Managers, current market conditions are taken into consideration in such a manner to be competitive with the roles in the relevant functions and in the relevant sectors where our Company operates. Such information is gathered through yearly independent wage surveys.
3. The members of the Board of Directors are paid a fixed remuneration determined in the ordinary general assembly meeting every year. The Company's performance-based remuneration plans cannot be used for remuneration of the Independent Board Members.
4. The Chairman and the Members of the Board of Directors, the Chairman of the Executive Committee, the Senior Level Managers and the other Executive Board members are remunerated under the principles as explained in details below.
 - (i) The remunerations of the members of the Board of Directors, members of the Executive Committee and Senior Level Managers are comprised of fixed and performance-based monetary and non-monetary

payments. In addition, the Chairman of our Company's Executive Committee (Boyner Perakende CEO – Chief Executive Officer) is evaluated by the Board of Directors considering his performance based on financial and operational criteria and is responsible towards the Board of Directors.

- (ii) The fixed remunerations are determined depending on the fields of responsibility of the members of the Board of Directors, the Executive Committee and Company Senior Level Managers in accordance with international standards and legal obligations by also taking into consideration the macroeconomic data, wage levels currently applicable in the market, the company's size and its long-term targets and goals.
- (iii) Bonuses payable to the members of the Board of Directors, the Executive Committee and Senior Level Managers are calculated based on the company's performance and individual performance. Information on the related criteria is summarized below:

Company's Performance: The Company's performance is determined by evaluating the achievements of financial and operational targets (market share, exports, foreign operations, efficiency, etc.) at the end of each period. The main principles taken into account while determining the Company goals mainly include sustainability of success and improvements compared to previous years.

Individual Performance: While determining individual performance, the goals related with the employee, customer, process, technology and long-term strategy as well as the Company's goals are taken into account. In measurement of individual performance, due attention is paid to the principle of long-term sustainable improvement beyond the financial areas in line with the company's performance. The remunerations payable to the members of the Executive Committee are determined, made and approved by the Board of Directors taking the opinions of Boyner Perakende Executive Committee Chairman and our Company's Corporate Governance Committee/Remuneration Committee.

- (iv) The costs and expenses (transportation, telephone, insurance, etc.) incurred by the members of the Board of Directors and the Executive Committee due to their contributions in the company may be borne and paid by the company.

5. BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI ANONİM ŞİRKETİ DRAFT AMENDMENT TO ARTICLES OF ASSOCIATION

Former Version

QUORUMS:

A - MEETING QUORUM:

Madde 26.

Article 26.

General assembly shall convene with the attendance of the shareholders representing at least one fourth of the Company capital.

In the event that this quorum cannot be reached at the first meeting, the General Assembly of Shareholders shall be invited to a meeting for the second time.

The General Assembly of Shareholders may pass resolutions regardless of the amount of share capital represented by the shareholders attending to such second meeting. The relevant provisions of Article 421 of the Turkish Commercial Code no. 6102 and Capital Markets Law shall apply for discussions and decisions requiring amendment to articles of association.

In relation to the matters mentioned below ("General Assembly Reserved Matters"), the general assembly shall convene with the attendance of the shareholders representing at least 85,5% of the company capital and the decisions shall be passed by affirmative votes of the shareholders representing at least 85,5% of the company capital:

Acquisitions and Disposals

1. excluding (i) intra-group transactions; (ii) the transactions that the Company is a party to in its ordinary course of business and in line with its past practices; **and (iii) the transactions related with BYN Gayrimenkul Geliştirme A.Ş.**, acquisition or disposal of substantial amount of asset(s) or any business (or a substantial part of any business) or any shares or share options in any company, whether by one transaction or a series of transaction, which would exceed the materiality criteria specified in the Capital markets legislation and the Turkish Commercial Code.

Establishment of encumbrances

2. Establishing real Encumbrance over the assets, liabilities, and real estate of the Company in a manner overreaching the materiality criteria indicated under the Capital Markets legislation.

New Version

QUORUMS:

A - MEETING QUORUM:

Article 26.

General assembly shall convene with the attendance of the shareholders representing at least one fourth of the Company capital.

In the event that this quorum cannot be reached at the first meeting, the general assembly of shareholders shall be invited to a meeting for the second time.

The general assembly of shareholders may discuss and pass resolutions regardless of the amount of share capital represented by the shareholders attending to such second meeting. The provisions of Article 421 of the Turkish Commercial Code no. 6102 and the provisions related with the Capital Markets Legislation shall apply for discussions and decisions regarding amendment to articles of association of the Company.

In relation to the matters mentioned below ("General Assembly Reserved Matters"), the general assembly shall convene with the attendance of the shareholders representing at least **75%** of the company capital and the decisions shall be passed by affirmative votes of the shareholders representing at least **75%** of the company capital:

Acquisitions or disposals

1. excluding (i) intra-group transactions; **and** (ii) the transactions that the Company is a party to in its ordinary course of business and in line with its past practices; acquisition or disposal of substantial amount of asset(s) or any business (or a substantial part of any business) or any shares or share options in any company, whether by one transaction or a series of transaction, which would exceed the materiality criteria specified in the Capital markets legislation and the Turkish Commercial Code.

Establishment of encumbrances

2. Establishing real Encumbrance over the assets, liabilities, and real estate of the Company in a manner overreaching the materiality criteria indicated under the Capital Markets legislation.

Former Version**Company Activities**

- In relation to the scope or type/nature of the Company activities, addition of a new business area, or termination of a current area of business, cease of the Company's operations, or relocation of the Company's main place of activities;

Re-organization

- Company to become a party to merger with another intra-group company, or demerger or any group re-organization or restructuring process.

Increasing Registered Capital Ceiling

- Increasing the registered capital ceiling specified in the Company's Articles of Association.

Consolidation, Sub-division or Conversion of the Capital

- Consolidation, sub-dividing or conversion of the capital of the Company.

Capital Decrease

- Capital decrease, redemption of shares, or changing the rights in relation to any class of shares.

Dividend

- Establishing or revising the Company's dividend policy, without prejudice to the required conditions specified under the legislation.

Auditors

- Changing the auditor or the fiscal year of the Company.

Constitutional Documents

- Amendment of the articles of association except for those required by the related legislation and/or any technical amendments.

Liquidation

- Taking legal action for liquidation of the Company; filing an application for appointment of a receiver or liquidator for the Company.

New Version**Company Activities**

- In relation to the scope or type/nature of the Company activities, addition of a new business area, or termination of a current area of business, cease of the Company's operations, or relocation of the Company's main place of activities;

Re-organization

- Company to become a party to merger with another intra-group company, or demerger or any group re-organization or restructuring process.

Increasing Registered Capital Ceiling

- Increasing the registered capital ceiling specified in the Company's Articles of Association.

Consolidation, Sub-division or Conversion of the Capital

- Consolidation, sub-dividing or conversion of the capital of the Company.

Capital Decrease

- Capital decrease, redemption of shares, or changing the rights in relation to any class of shares.

Dividend

- Establishing or revising the Company's dividend policy, without prejudice to the required conditions specified under the legislation.

Auditors

- Changing the auditor or the fiscal year of the Company.

Constitutional Documents

- Amendment of the articles of association except for those required by the related legislation and/or any technical amendments.

Liquidation

- Taking legal action for liquidation of the Company; filing an application for appointment of a receiver or liquidator for the Company.

Former Version**De-listing from the Stock Exchange and becoming non-public**

- Company to be de-listed from the Stock Exchange and to become non-public.

For the purposes of this article and article 17 of the Articles of Association;

Group: shall mean the Company and the direct and indirect subsidiaries of the Company;

Encumbrance: shall mean any mortgage, pledge, lien, option, right to purchase, pre-emption right, right of usufruct, trustee as a security or to contain any type of security (including safekeeping agreements), or assignment of receivables as a guarantee, or any agreement or obligation to realize any of the above.

B- DECISION QUORUM:

Article 27.

General assembly decisions shall resolve with the majority of the existing votes provided that there is no contrary provision under the Turkish Commercial Code numbered 6102 and Capital Markets Law. However, General Assembly resolution in relation to the matters mentioned in Article 26 of this Articles of Association shall be passed by 85,50% the affirmative votes of the shareholders present at such meeting in a quorum representing at least 85.5% of the capital of the Company.

New Version**De-listing from the Stock Exchange and becoming non-public**

- Company to be de-listed from the Stock Exchange and to become non-public.

For the purposes of this article and article 17 of the Articles of Association;

Group: shall mean the Company and the direct and indirect subsidiaries of the Company;

Encumbrance: shall mean any mortgage, pledge, lien, option, right to purchase, pre-emption right, right of usufruct, trustee as a security or to contain any type of security (including safekeeping agreements), or assignment of receivables as a guarantee, or any agreement or obligation to realize any of the above.

B- KARAR NİSABI:

Article 27.

General assembly decisions shall resolve with the majority of the existing votes provided that there is no contrary provision under the Turkish Commercial Code numbered 6102 and Capital Markets Law. However, General Assembly resolution in relation to the matters mentioned in Article 26 of this Articles of Association shall be passed by **75%** the affirmative votes of the shareholders present at such meeting in a quorum representing at least **75%** of the capital of the Company

DIVIDEND DISTRIBUTION POLICY

Our Company conducts a dividend policy within the framework of the provisions of the Turkish Commercial Code, Capital Markets Regulations, Tax Legislation and the other regulations as well as the related article on profit distribution specified in our Articles of Association. In distribution of profits, a consistent policy is followed ensuring the balance between the benefits of the shareholders and of the Company in line with the Corporate Governance Principles; and our long-term corporate strategy, investment and financing policies, profitability and cash position are taken into account for determining the profit distribution amount.

In principle, if the ratio of our consolidated equities to our total assets exceeds 30%, minimum 20% of the distributable profit for the period calculated under the Capital Markets Regulations and the other applicable laws is distributed in cash taking into account the matters mentioned above. As for bonus share distribution; there are no conditions established for the ratio of our equities to our total assets and there are no restrictions in relation to the distribution ratio.

It is intended to distribute the dividend within three months following the General Assembly meeting at the latest; but the General Assembly decides the final date of dividend distribution. The General Assembly, or if authorized by the General Assembly, the Board of Directors may decide to distribute the dividends in installments in line with the Capital Markets Regulations.

The General Assembly may decide to distribute the dividends in advance among the shareholders in line with the Capital Markets Board regulations and applicable laws.



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INDEPENDENT AUDITOR'S REPORT ON ANNUAL REPORT

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**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON THE BOARD OF DIRECTORS' ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

To the Board of Directors of Boyner Perakende ve Tekstil Yatırımları A.Ş.

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of Boyner Perakende ve Tekstil Yatırımları A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2016.

Board of Directors' responsibility for the Annual Report

2. The Group's management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC and the Communiqué, whether or not the financial information included in this annual report is consistent with the Group's consolidated financial statements that are subject to independent auditor's report dated 3 March 2017 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.



Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising From Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of the Group to continue its operations for the foreseeable future.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cihan Harman, SMMM
Partner

Istanbul, 8 March 2017

INDEPENDENT AUDITOR'S REPORT & FINANCIAL STATEMENTS

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**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH
INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Boyner Perakende ve Tekstil Yatırımları A.Ş.

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Boyner Perakende ve Tekstil Yatırımları A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 31 December 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualified Opinion

4. As disclosed in Note 6, Nile Bosphorus Retail and Trading Company ("Nile Bosphorus") where the Group participated by 33% and which is required to be accounted for by using the equity accounting method, was carried at cost at the amount of TRY 5.472.508 in the accompanying consolidated financial statements since its financial statements in accordance with TAS could not be obtained. In addition to that, confirmation reply in respect to the receivable balance amounting to TRY 4.935.298 from Nile Bosphorus could not be received. Accordingly, we were unable to finalize our audit procedures in respect to the carrying value of the Company's associate Nile Bosphorus and its receivables from the same associate. Consequently, we were unable to determine whether any adjustments to the carrying value of the associate and receivables from the same associate were necessary.

Qualified Opinion

5. In our opinion, except for the possible effects of the matters described in paragraph 4, the consolidated financial statements present fairly, in all material respects, the financial position of Boyner Perakende ve Tekstil Yatırımları A.Ş. and its Subsidiaries as at 31 December 2016 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

6. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 27 February 2017.
7. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2016 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
8. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.


Cihan Harman, SMMM
Partner

İstanbul, 3 March 2017

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2016 AND 2015
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 31 December 2016	Audited 31 December 2015
ASSETS			
Current assets		2.234.521.243	1.718.721.933
Cash and cash equivalents	5	187.633.837	88.246.065
Trade receivables		353.435.702	338.838.865
- Trade receivables from related parties	10 and 31	54.799.836	73.372.001
- Trade receivables from third parties	10	298.635.866	265.466.864
Other receivables		264.007.042	50.876.943
- Other receivables from related parties	11 and 31	246.245.160	47.731.069
- Other receivables from third parties	11	17.761.882	3.145.874
Inventories	12	1.217.509.627	1.079.453.324
Prepaid expenses		35.504.794	24.703.455
-Prepaid expenses to third parties	13	35.504.794	24.703.455
Derivative instruments		44.803.537	22.855.160
- Derivative instruments used for hedging	8	44.803.537	22.855.160
Other current assets		131.626.704	113.748.121
- Other current assets from third parties	20	131.626.704	113.748.121
Non-current assets		2.255.842.101	2.364.314.773
Financial investments	6	104.891	104.891
Trade receivables		17.058.802	20.326.951
-Trade receivables from related parties	10 and 31	4.935.298	4.077.595
-Trade receivables from third parties	10	12.123.504	16.249.356
Other receivables		1.763.853	1.629.829
-Other receivables from third parties	11	1.763.853	1.629.829
Investments accounted for using the equity method	6	15.453.572	14.327.924
Investment properties	14	32.995.000	159.479.700
Property and equipment	15	367.379.747	351.251.660
-Lands		48.883.306	48.883.306
-Land improvements		213.539	-
-Buildings		43.824.886	26.268.115
-Machinery and equipment		11.720.087	13.752.871
-Vehicles		177.621	306.751
-Furniture and fixtures		112.051.638	107.027.615
-Leasehold improvements		141.336.759	149.591.895
-Construction in progress		9.171.911	5.421.107
Intangible assets		1.692.417.074	1.730.846.094
-Goodwill	3	797.708.560	797.708.560
-Rights		448.737	1.813.952
-Brands		473.224.395	469.359.395
-Computer licenses		17.100.917	11.040.547
-Other intangible assets		403.934.465	450.923.640
Prepaid expenses		3.445.546	251.659
-Prepaid expenses to third parties	13	3.445.546	251.659
Deferred tax assets	29	27.907.331	21.188.383
Derivative instruments		84.439.496	36.905.607
-Derivative instruments used for hedging	8	84.439.496	36.905.607
Other non-current assets		12.876.789	28.002.075
-Other non-current assets from third parties	20	12.876.789	28.002.075
TOTAL ASSETS		4.490.363.344	4.083.036.706

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2016 AND 2015
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 31 December 2016	Audited 31 December 2015
LIABILITIES			
Current liabilities		2.863.449.689	2.181.273.016
Short-term financial liabilities		181.956.206	183.865.059
Short term financial liabilities to third parties		181.956.206	183.865.059
- Bank borrowings	7	181.956.206	183.865.059
Current portion of long-term financial liabilities		831.824.364	674.813.259
Current portion of long term financial liabilities to third parties		831.824.364	674.813.259
- Bank borrowings	7	711.914.524	515.708.738
- Finance lease liabilities	7	10.337.640	5.161.304
- Issued financial debt instruments	7	109.572.200	153.943.217
Other financial liabilities		175.657.399	16.081.947
- Other financial liabilities	9	175.657.399	16.081.947
Trade payables		1.324.487.544	1.127.355.482
- Trade payables to related parties	10 and 31	16.856.300	12.206.844
- Trade payables to third parties	10	1.307.631.244	1.115.148.638
Payables related to employee benefits	19	39.368.827	21.006.779
Other payables		67.056.573	23.620.903
- Other payables to related parties	11 and 31	35.192.000	-
- Other payables to third parties	11	31.864.573	23.620.903
Deferred revenue		178.835.918	85.497.419
- Deferred revenue to third parties	13	178.835.918	85.497.419
Corporate tax payable	29	6.077.289	1.739.493
Short term provisions		39.483.257	36.548.537
- Short term provisions for employee benefits	17	14.653.442	17.781.353
- Other short term provisions	17	24.829.815	18.767.184
Other current liabilities		18.702.312	10.744.138
- Other current liabilities to third parties	20	18.702.312	10.744.138
Non-current liabilities		1.493.910.144	1.285.230.464
Long term financial liabilities		1.222.308.625	956.974.784
Long term financial liabilities to third parties		1.222.308.625	956.974.784
- Bank borrowings	7	1.216.571.326	844.919.028
- Finance lease liabilities	7	5.737.299	2.570.285
- Issued financial debt instruments	7	-	109.485.471
Trade payables		52.358.847	59.073.112
- Trade payables to third parties	10	52.358.847	59.073.112
Other payables		202.655	28.366.675
- Other payables to third parties	11	202.655	28.366.675
Long term provisions		36.627.258	32.683.148
- Long term provisions for employee benefits	19	36.627.258	32.683.148
Deferred revenue		14.801.962	15.570.889
- Deferred revenue to third parties	13	14.801.962	15.570.889
Deferred tax liability	29	167.610.797	192.561.856
TOTAL LIABILITIES		4.357.359.833	3.466.503.480

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2016 AND 2015
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 31 December 2016	Audited 31 December 2015
EQUITY		133.003.511	616.533.226
Equity attributable to parent		131.689.822	616.180.859
Paid-in share capital	21	57.700.000	57.700.000
Adjustments to share capital	21	56.061.369	56.061.369
Share premium	21	138.375.874	867.300.000
Other comprehensive income/(expenses) not to be reclassified to profit or loss		(14.410.421)	(2.539.551)
- Gain/(loss) on revaluation and re-measurement	21	13.424.284	15.930.274
- Actuarial (loss)/gain arising from employee benefits		(27.834.705)	(18.469.825)
Other comprehensive income/(expenses) to be reclassified to profit or loss		(804.504)	(852.163)
- Currency translation differences		(804.504)	(852.163)
Impact of business combinations of entities under common control	21	(316.555.195)	(311.626.838)
Restricted reserves	21	33.451.107	33.451.107
- Profit from sales of participation shares or property that will be added to share capital		22.983.739	22.983.739
- Legal reserves		10.467.368	10.467.368
Retained earnings		648.117.051	298.322.343
Net loss for the period		(470.245.459)	(381.635.408)
Non-controlling interest		1.313.689	352.367
TOTAL LIABILITIES		4.490.363.344	4.083.036.706

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED
31 DECEMBER 2016 AND 2015
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 31 December 2016	Audited 31 December 2015
INCOME OR LOSS			
Revenue	22	3.444.203.236	3.397.977.173
Cost of sales (-)	22	(1.998.254.412)	(1.985.290.071)
GROSS PROFIT		1.445.948.824	1.412.687.102
Marketing expenses (-)	23	(1.110.528.533)	(1.039.581.410)
General administrative expenses (-)	23	(265.916.123)	(252.284.067)
Research and development expenses (-)	23	(3.616.251)	(4.673.946)
Other operating income	25	186.922.334	245.361.501
Other operating expenses (-)	25	(217.843.041)	(242.361.157)
OPERATING PROFIT		34.967.210	119.148.023
Income from investing activities	26	2.113.107	2.333.634
Expenses from investing activities (-)	26	(1.906.456)	(968.123)
Share of profit of investments accounted for using the equity method	6	1.485.624	2.868.454
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSES)		36.659.485	123.381.988
Corporate tax expense	27	348.399.625	166.064.318
Financial expenses (-)	28	(789.686.846)	(674.574.947)
LOSS BEFORE TAX FROM CONTINUED OPERATIONS		(404.627.736)	(385.128.641)
Corporate tax expense	29	(18.143.820)	(8.546.810)
Deferred tax income	29	8.576.527	12.062.741
LOSS FROM CONTINUED OPERATIONS		(414.195.029)	(381.612.710)
LOSS FROM DISCONTINUED OPERATIONS	4	(55.584.022)	-
NET LOSS FOR THE PERIOD		(469.779.051)	(381.612.710)
Loss for the period attributable to			
Non-controlling interest		466.408	22.698
Equity holders of the parent		(470.245.459)	(381.635.408)
Loss per share			
Loss per share from continued operations	30	(7,18)	(7,71)
Loss per share from discontinued operations		(0,96)	-
OTHER COMPREHENSIVE LOSS			
Items not to be classified to profit or loss			
Actuarial losses arising from employee benefits	19	(11.706.100)	(6.107.580)
Deferred tax income	29	2.341.220	1.221.516
Other losses		-	(36.560)
Items to be classified to profit or loss			
Currency translation differences		47.659	458.824
OTHER COMPREHENSIVE LOSS		(9.317.221)	(4.463.800)
TOTAL COMPREHENSIVE LOSS		(479.096.272)	(386.076.510)
Total comprehensive loss attributable to:			
Non-controlling interests		466.408	22.698
Equity holders of the parent		(479.562.680)	(386.099.208)

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

	Other comprehensive income/(expenses) not pre-hensive income/(ex- penses) to be reclassified to profit or loss	Other gain/ losses	Other comprehensive income/(expenses) not to be reclassified to profit or loss	Other gain/ losses	Revaluation reserve of property and equipment	Actual loss	Impact of business combinations regarding common control trans- actions	Restricted reserves	Retained earnings	Net loss for the period	Equity attributable to parent	Non-con- trolling interest	Total equity
	to profit or loss	to profit or loss	to profit or loss	to profit or loss	to profit or loss	to profit or loss	to profit or loss	to profit or loss	to profit or loss	to profit or loss	to profit or loss	to profit or loss	to profit or loss
Balance at 1 January 2015	40.000.000	-	56.061.369	(1.310.987)	20.566.110	(13.583.761)	36.560	33.451.107	519.642.646	(225.956.139)	121.030.239	12.799.361	133.829.600
Increase in capital (Note 21)	-	-	-	-	-	-	-	-	-	-	17.700.000	-	17.700.000
Paid share premium (Note 21)	-	867.300.000	-	-	-	-	-	-	-	-	867.300.000	-	867.300.000
Transfers	-	-	-	-	-	-	-	(225.956.139)	225.956.139	-	-	-	-
Total comprehensive income	-	-	-	458.824	-	(4.886.064)	(36.560)	-	(381.635.408)	(381.635.408)	(386.099.208)	22.698	(386.076.510)
Acquisition of subsidiary (Note 3)	-	-	-	-	-	-	-	-	-	-	(3.750.172)	795.079	(2.955.093)
Revaluation reserve of prop-erty, plant and equipment (Note 21)	-	-	-	(4.635.836)	-	-	-	-	4.635.836	-	-	-	-
Transactions with non-con-trolling interest	-	-	-	-	-	-	-	-	-	-	-	(13.264.771)	(13.264.771)
Balance at 31 December 2015	57.700.000	867.300.000	56.061.369	(852.163)	15.930.274	(18.469.825)	-	33.451.107	298.322.343	(381.635.408)	616.180.859	352.367	616.533.226
Balance at 1 January 2016	57.700.000	867.300.000	56.061.369	(852.163)	15.930.274	(18.469.825)	-	33.451.107	298.322.343	(381.635.408)	616.180.859	352.367	616.533.226
Transfers (Note 21)	-	(728.924.126)	-	-	-	-	-	-	347.288.718	381.635.408	-	-	-
Revaluation reserve of prop-erty, plant and equipment (Note 21)	-	-	-	(2.505.990)	-	-	-	-	2.505.990	-	-	(261.051)	(261.051)
Dividends paid	-	-	-	-	-	-	-	-	-	(470.245.459)	(479.562.680)	466.408	(479.096.272)
Total comprehensive loss	-	-	-	47.659	-	(9.364.880)	-	-	-	-	(4.928.357)	755.965	(4.172.392)
Transactions with non-con-trolling interest (Note 21)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2016	57.700.000	138.375.874	56.061.369	(804.504)	13.424.284	(27.834.705)	-	33.451.107	648.117.051	(470.245.459)	131.689.822	1.313.689	133.003.511

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2016	Audited 1 January - 31 December 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		147.543.466	146.518.429
Net loss for the period		(469.779.051)	(381.612.710)
Loss from continuing operations		(414.195.029)	(381.612.710)
Loss from discontinued operations		(55.584.022)	-
Adjustments to reconcile loss for the period		955.428.735	732.210.728
Depreciation and amortisation expense	15 and 16	123.424.730	115.964.379
Adjustments related to impairment		76.844.861	(3.546.891)
Adjustments related to impairment on receivables	10	19.801.635	10.773.216
Adjustments related to impairment on inventories	12	18.989.152	4.002.910
Adjustments related to impairment on investment properties	14	31.650.474	(21.441.478)
Adjustments related to other provisions		6.403.600	3.118.461
Adjustments related to provisions		68.397.789	34.667.803
Adjustments related to provisions for employment termination benefits		51.899.441	21.583.213
Adjustments related to provision for litigation	17	3.013.258	2.796.167
Adjustments related to other provisions	17	13.485.090	10.288.423
Adjustments related to interest income/(expenses)		310.145.580	292.598.946
Adjustments related to interest income	27	(29.517.061)	(60.974.958)
Adjustments related to interest expenses		347.290.102	350.835.354
Rediscount expense		(6.936.920)	9.061.799
Rediscount income		(690.541)	(6.323.249)
Adjustments related to unrealized gain/loss foreign currency differences		218.321.741	76.702.122
Adjustments related to fair value (gain)/loss		(141.703.334)	(54.828.261)
Adjustments related to fair value changes of derivative instruments	8	(141.703.334)	(54.828.261)
Adjustments related to the sale of non-current assets		(206.651)	(1.365.511)
Adjustments related to the (gain)/loss on sales of property and equipment	26	(206.651)	60.489
Adjustments related to (gain)/loss on sales of investment properties	26	-	(1.426.000)
Adjustments related to (gain)/loss on sales of investment properties	6	(1.485.624)	(2.868.454)
Adjustments related to undistributed profit of associates		(1.267.699)	(2.868.454)
Adjustments related to undistributed profit of joint ventures		(217.925)	-
Adjustments related to tax (income)/losses		650.567	(3.515.931)
Other adjustments		301.039.076	278.402.526
Changes in net working capital		34.831.056	96.168.272
Adjustments related to decrease/(increase) in trade receivables		(36.913.209)	28.304.283
Decrease/(increase) in trade receivables from related parties		11.210.493	(19.069.434)
Decrease/(increase) in trade receivables from third parties		(48.123.702)	47.373.717
Adjustments related to decrease/(increase) in other receivables		(14.750.032)	146.222
Decrease/(increase) in other receivables from third parties		(14.750.032)	146.222
Adjustments related to decrease/(increase) in inventories		(155.187.049)	(187.291.364)
Adjustments related to (increase)/decrease in prepaid expenses		(14.240.405)	(155.818)
Decrease/(increase) in prepaid expenses from third parties		(14.240.405)	(155.818)
Adjustments related to increase/(decrease) in trade payables		159.233.586	178.989.642
Increase/(decrease) in trade payables to related parties		4.878.123	877.599
Increase/(decrease) in trade payables to third parties		154.355.463	178.112.043
Adjustments related to increase/decrease in employee benefits payable		18.362.048	284.037
Adjustments related to increase/decrease in other payables		(19.920.350)	132.573.576
Increase (decrease) in other payables to third parties		(19.920.350)	132.573.576
Adjustments related to increase/decrease in prepaid expenses		92.579.224	(13.905.730)
Decrease (increase) in prepaid expenses to third parties		92.579.224	(13.905.730)
Adjustments related to increase/(decrease) in other working capital		5.667.243	(42.776.576)
Increase/decrease in other assets related to operations		(2.753.297)	(40.177.949)
Increase/decrease in other liabilities related to operations		8.420.540	(2.598.627)
Rent payments		(295.054.535)	(276.291.614)
Rent income		2.044.131	984.367
Employee termination benefits paid		(65.308.531)	(16.090.151)
Payments for other provisions	17	(906.541)	(699.006)
Other cash inflows/(outflows)		(13.711.798)	(8.151.457)

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 1 January- 31 December 2016	Audited 1 January- 31 December 2015
B. CASH FLOWS FROM INVESTING ACTIVITIES		(25.352.875)	(1.099.888.757)
Cash outflows from purchases of tangible and intangible assets		(117.984.622)	(155.671.094)
Purchases of tangible assets	15	(98.524.073)	(146.475.081)
Purchase of intangible assets	16	(19.460.549)	(9.196.013)
Proceeds from disposal of property, equipment and intangible assets		10.646.357	2.146.726
Proceeds from disposal of property, equipment		10.619.998	2.146.726
Proceeds from disposal of intangible assets		26.359	-
Cash outflows due to purchases of investment property	14	-	(86.482)
Proceeds from disposal of investment property		-	2.361.000
Cash outflows from gaining control of subsidiaries or other businesses		-	(5.391.949)
Cash outflows from gaining control of other businesses		-	(931.300.200)
Cash inflows from losing control of subsidiaries or other businesses		85.797.806	-
Cash outflows from purchase of additional shares of subsidiaries	21	(4.172.392)	(13.264.771)
Dividends received	6	359.976	1.318.013
C. CASH FLOWS FROM FINANCING ACTIVITIES		(22.850.478)	724.078.421
Proceeds from issuing shares or other equity instruments		-	885.000.000
Proceeds from issues of shares	21	-	885.000.000
Proceeds from borrowings		2.953.144.948	2.937.562.206
Proceeds from bank borrowings		2.526.347.743	2.822.142.315
Proceeds from issued borrowing instruments		-	110.000.000
Proceeds from factoring transactions		416.451.581	2.758.555
Proceeds from other financial liabilities		10.345.624	2.661.336
Payments of financial liabilities		(2.565.424.971)	(2.818.235.094)
Cash outflows due to payments of bank borrowings		(2.152.690.080)	(2.478.676.884)
Cash outflows due to payments of issued debt instruments		(153.856.488)	(237.563.390)
Cash outflows due to the payments of factoring liabilities		(256.876.129)	(96.305.347)
Disposal related to other financial liabilities payments		(2.002.274)	(5.689.473)
Cash inflows from derivative instruments	8	72.221.068	-
Dividends paid		(261.051)	-
Increase in other payables to related parties		-	6.419.479
Decrease in other payables to related parties		(163.341.880)	-
Interest paid		(348.705.653)	(347.643.128)
Interest received		29.517.061	60.974.958
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		99.340.113	(229.291.907)
D. EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		47.659	458.824
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		99.387.772	(228.833.083)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	88.246.065	317.079.148
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	187.633.837	88.246.065

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

Boyer Perakende ve Tekstil Yatırımları A.Ş. (the "Company" or "Boyer Perakende") incorporated by Boyner family with the registry of the Articles of Association dated 14 January 1952, published in the Trade Registry Gazette on 26 January 1952. The title of the Company formerly named as "Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş." is changed as "Boyer Perakende ve Tekstil Yatırımları A.Ş." in accordance with the decision of the Board of Directors dated 27 January 2014, the approval of Capital Markets Board ("CMB") and the Republic of Turkey the Ministry of Customs and Trade on 10 April 2014. The ultimate parent of the Company as at 31 December 2016 and 2015 is Boyner Holding. The Company is registered to CMB and 15% of its shares offered to İstanbul Stock Exchange ("ISE") for the first time in 1991.

The registered address of the Company is "Eski Büyükdere Caddesi No: 14 Park Plaza K 15-16, Maslak, Sarıyer, İstanbul".

The core business of the Group is the investments of retail and production of textile products. The Company operates in retail industry through its subsidiaries AY Marka Mağazacılık A.Ş. ("AY Marka"), Boyner Büyük Mağazacılık A.Ş. ("BBM"), Beymen Mağazacılık A.Ş. ("Beymen"), Anka Mağazacılık A.Ş. ("Anka") and İzkar Giyim Ticaret ve Sanayi A.Ş. ("İzkar") and in textile through Altınyıldız Tekstil ve Konfeksiyon A.Ş. ("AYTK"). The subsidiaries of the Company, Alticom GmbH incorporated in Germany, Altınyıldız Corporation incorporated in USA and A&Y LLC incorporated in Dubai operate in foreign markets for the sale and marketing of textile products. Other subsidiaries of the Group disclosed in Note 2.6., the Company together with its consolidated subsidiaries will be referred to as the "Group" hereafter.

The Group owns retail space of 356.097 square meters (282.146 square meters of its own stores and 73.951 square meters of others) (31 December 2015: 362.642 square meters (284.350 square meters of its own stores, and 78.292 square meters of others) and operates in 352 stores (257 own stores and 95 other) (31 December 2015: 386 stores (279 own stores and 107 other).

The consolidated financial statements as at and for the year ended 31 December 2016 have been approved and authorized for issue on 3 March 2017 by the Board of Directors, and signed by the member of Board of Directors, Mustafa Türkay Tatar and Director of Financial Affairs, Ömer Akdoğan on behalf of Board of Directors. The General Assembly and specified regulatory bodies have the right to make amendments to the financial statements after issue.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005 and the consolidated financial statements of the Group have been prepared accordingly.

The Group and its Turkish subsidiaries maintains their books of accounts and prepares their statutory financial statements in accordance with the principles issued by CMB, the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiary maintains its books of account in accordance with the laws and regulations in force in the countries in which they operate. These consolidated financial statements have been prepared under historical cost conventions except for the financial assets and investment properties carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS. The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 2 June 2016 by POAASA and the format and mandatory information recommended.

Going concern assumption

The consolidated financial statements have been prepared assuming that the Company and its consolidated subsidiaries will continue as a going concern on the basis that they will be able to realize its assets and discharge its liabilities in the normal course of business. As of 31 December 2016, the total current liabilities of the Group exceed its total current assets by TRY 628.928.446. In addition, based on the evaluation performed in accordance with Article 376 of the Turkish Commercial Code, half of the Group's capital and legal reserves are remunerated due to the current period loss.

The Group management plans to recover the capital position and reduce the difference between current assets and short-term liabilities with capital increase amounting to TRY 200 million and the collection of other receivables from related parties in 2017 as disclosed in Note 34.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and amended international financial reporting standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2016 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and interpretations effective as of 1 January 2017. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

- a) In accordance with TAS 8 paragraph 28, standards, amendments and interpretations applicable in annual periods starting from 31 December 2016:
- TFRS 14 "Regulatory deferral accounts", effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. This amendment has no impact on the financial position and performance of the Group.
 - Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards. These improvements have no impact on the financial position and performance of the Group:
 - TFRS 5, "Non-current assets held for sale and discontinued operations" regarding methods of disposal.
 - TFRS 7, "Financial instruments: Disclosures", (with consequential amendments to TFRS 1) regarding servicing contracts.
 - TAS 19, "Employee benefits" regarding discount rates
 - TAS 34, "Interim financial reporting" regarding disclosure of information.
 - Amendment to TFRS 11, "Joint arrangement" on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. This amendment has no impact on the financial position and performance of the Group.
 - Amendments to TAS 16 "Property, plant and equipment", and TAS 41, "Agriculture", regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41. This amendment has no impact on the financial position and performance of the Group.
 - Amendment to TAS 16, "Property, plant and equipment" and TAS 38, "Intangible assets", on depreciation and amortization, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset This amendment has no impact on the financial position and performance of the Group.
 - Amendments to TAS 27, "Separate financial statements" on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements This amendment has no impact on the financial position and performance of the Group.
 - Amendment to TFRS 10 "Consolidated financial statements" and TAS 28, "Investments in associates and joint ventures", effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. This amendment has no impact on the financial position and performance of the Group.
 - Amendment to TAS 1, "Presentation of financial statements" on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. This amendment has no impact on the financial position and performance of the Group.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and amended international financial reporting standards (Continued)

- b) In accordance with TAS 8 paragraph 30, standards, amendments and interpretations issued as of 31 December 2016 but not early adopted by Group:
- Amendments to TAS 7 "Statement of cash flows" on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. This standard is not expected to have a significant effect on the financial position and performance of the Group.
 - Amendments TAS 12 "Income Taxes", effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets. This standard is not expected to have a significant effect on the financial position and performance of the Group.
 - Amendments to TFRS 2, "Share based payments" on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. This standard is not expected to have a significant effect on the financial position and performance of the Group.
 - TFRS 9 "Financial instruments", effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The effects of this standard on the financial position and performance of the Group are being evaluated by the Group management.
 - TFRS 15 "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The effects of this standard on the financial position and performance of the Group are being evaluated by the Group management.
 - Amendment to TFRS 15, "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The effects of this standard on the financial position and performance of the Group are being evaluated by the Group management.
 - TFRS 16 "Leases", effective from annual periods beginning on or after 1 January 2019, this standard replaces the current guidance in TAS 17 and is a far reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The effects of this standard on the financial position and performance of the Group are being evaluated by the Group management.
 - Amendments to TFRS 4, "Insurance contracts" regarding the implementation of TFRS 9, "Financial instruments", effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. This standard will not affect the financial position and performance of the Group.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and amended international financial reporting standards (Continued)

- Amendment to TAS 40, "Investment property" relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. This standard is not expected to have a significant effect on the financial position and performance of the Group.
- Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards. These improvements are not expected to have a significant effect on the financial position and performance of the Group.
 - TFRS 1, "First-time adoption of TFRS", regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10 effective 1 January 2018.
 - TFRS 12, "Disclosure of interests in other entities" regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
 - TAS 28, "Investments in associates and joint ventures" regarding measuring an associate or joint venture at fair value effective 1 January 2018.
- TFRIC 22, "Foreign currency transactions and advance consideration", effective from annual periods beginning on or after 1 January 2018. This TFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. This amendment is not expected to have a significant effect on the financial position and performance of the Group.

2.3 Compliance with TAS

The Group prepared its consolidated financial statements as of 31 December 2016 in accordance with Communiqué Serial II, No: 14.1 and the related announcements. The consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB including the implementation of mandatory disclosures.

2.4 Presentation and functional currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each consolidated entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company and the presentation currency of the consolidated financial statements. The functional currency of the Company's subsidiaries, Alticom GmbH and Altınyıldız Corporation are Euro ("EUR") and United States Dollars ("USD") respectively. In the consolidated financial statements, the balance sheet accounts of foreign subsidiaries whose functional currency are EUR and USD are translated into TRY which the Group's presentation and functional currency by using exchange rates as at the balance sheet date; the accounts of the statement of comprehensive income are translated into TRY by using the average exchange rate calculated for the year. The foreign currency exchange differences calculated related to the usage of closing and average exchange rates are recognized under currency translation differences classified under equity.

The foreign currency exchange rates used for the purpose of translation of foreign operations included in the consolidation are as follows:

Currency	31 December 2016		31 December 2015	
	Period End	Period Average	Period End	Period Average
USD	3,5192	3,0181	2,9076	2,7188
EUR	3,7099	3,3375	3,1776	3,0181

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.5 Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements.

As of 31 December 2016, in order to conform to changes in presentation in the current period consolidated financial statements, foreign exchange gain amounting to TRY 37.062.449, which had been classified in other operating income as of 31 December 2015, have been classified in financial income; advertisement income amounting to TRY 2.749.052, store rent discount amounting to TRY 1.578.713, commission income amounting to TRY 1.294.024, contribution income, stock count differences, cargo income amounting to TRY 1.325.042 in total have been classified in marketing expenses, personnel income amounting to TRY 1.010.677 have been classified in general administrative expenses, expenses related to closed stores amounting to TRY 67.517, which had been net offed from income from investing activities, have been classified in other operating income.

Foreign exchange loss amounting to TRY 36.164.472, term difference expense amounting to TRY 6.844.070 and commission expense amounting to TRY 1.724 which had been classified in other operating expense, have been classified in financial expense; inventory count differences, brand license expense amounting to TRY 5.106.016 and rent expense amounting to TRY 846.774 have been classified in marketing expense; TRY 606.494 non-tax deductible expense, TRY 503.676 of non deductible expense has been classified in marketing expense, TRY 102.818 of non deductible expense has been classified in financial expense, donation and aid expense amounting to TRY 57.842 have been classified in general administrative expenses; closed store expense amounting to TRY 3.185.978 which had been classified in expenses from investing activities and penalties paid amounting to TRY 146.908 which had been classified in general administrative expenses, have been classified in other operating expenses.

Warehouse rent and personnel expenses amounting to TRY 22.491.917, transportation expenses amounting to TRY 1.175.453, consulting expenses, sales materials, samples, inventory counting and postage expenses amounting to TRY 970.156 in total, which had been classified in general administrative expenses have been classified to marketing expenses, penalties amounting to TRY 146.908 and personnel income amounting to TRY 1.010.677 have been classified in marketing expenses; bank commission expenses amounting to TRY 417.477 and bank charges amounting to TRY 172.568 which had been classified in general administrative expenses have been classified to financial expenses; non deductible expenses amounting to TRY 503.676 which had been classified in other operating expenses; donations and aid expenses which had been classified in marketing and other operating expenses amounting to TRY 53.261 and TRY 57.842 respectively, have been classified in general administrative expenses.

Interest income amounting to TRY 57.194.903 and foreign exchange gain amounting to TRY 31.673.961 which had been classified in financial expenses and interest income amounting to TRY 37.062.449 which had been classified in other operating income have been classified in financial income.

2.6 Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the parent company, Boyner Perakende, and its subsidiaries; BBM, Beymen, AY Marka, Anka, AYTK, Nişantaşı Turistik İşletmeleri A.Ş. ("Nişantaşı Turistik"), İzkar, Beymen İç ve Dış Ticaret A.Ş. ("Beymen İç ve Dış"), Bulin İç ve Dış A.Ş. ("Bulin"), A&Y LLC, Alticom ve Altınyıldız Corporation for the period ended at 31 December 2016. Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

Basis of Consolidation

The consolidated financial statements include the accounts of the Group on the basis set out in sections below. The financial statements of the fully consolidated subsidiaries have been prepared with required adjustments and reclassifications for the purpose of compliance with CMB financial reporting standards and the accounting policies of the Group. The financial results of the subsidiaries are fully consolidated from the date on which control is transferred to the Group or deconsolidated from the date that control ceases.

The control is provided with influence on the activities of an entity's financial and operational policies in order to obtain economic benefit from those activities.

Subsidiaries are companies over which the company has the power to control the financial and operating policies for the benefit of the Company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of ownership interest owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the ownership interest, and/or as a result of agreements by certain the company members and companies owned by them whereby the company exercises control over the ownership interest of the shares held by them; otherwise the power to exercise control over the financial and operating policies.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The table below sets out the subsidiaries fully consolidated, the proportion of ownership interest and the effective interest of the Group in these subsidiaries as of 31 December 2016 and 2015:

Subsidiary	Country of registration	Nature of business	31 December 2016 Effective ownership (%)	31 December 2015 Effective ownership (%)
AY Marka	Turkey	Retail operations	100,00	100,00
BBM ⁽¹⁾	Turkey	Retail operations	100,00	99,08
Beymen	Turkey	Retail operations	100,00	100,00
AYTK	Turkey	Sale and marketing of textile products	100,00	100,00
BYN ⁽²⁾	Turkey	Real estate development	-	100,00
Alticom ⁽³⁾	Germany	Sale and marketing of textile products	100,00	100,00
Altınyıldız Corporation	USA	Sale and marketing of textile products	100,00	100,00
A&Y LLC	Dubai	Sale and marketing of textile products	100,00	100,00
Nişantaşı Turistik	Turkey	Restaurant operations	75,00	75,00
İzkar	Turkey	Retail Operations	75,00	75,00
Beymen İç ve Dış Ticaret	Turkey	Export-Import	100,00	100,00
Anka	Turkey	Retail Operations	100,00	100,00
Bulin ⁽⁴⁾	Turkey	Export-Import	100,00	-

(1) As of 4 March 2016, ownership interest of the Group in BBM has increased from 99,08% to 100,00%.

(2) Share transfer agreement has been signed on 7 May 2016 for BYN shares and all shares of BYN were transferred to Gençoğlu AVM Yatırımları A.Ş. on 15 June 2016 (Note 4).

(3) The liquidation process of Alticom has started in 2014 and the process is continuing as of 31 December 2016.

(4) Bulin was established on 30 June 2016 by Anka as a wholly owned subsidiary of the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are deconsolidated from the date that control ceases. Accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The result of operations of subsidiaries acquired or sold during the year are included in the consolidated statement of comprehensive income from the date of acquisition or until the date of sale.

The balance sheets and statements of income of the subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries is netted off against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are netted off during the consolidation. The cost of, and the dividends arising from, shares held by the Group in its subsidiaries are netted off from shareholders' equity and income for the period, respectively.

The share of non-controlling parties in the net assets and the results of subsidiaries for the period are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. The non-controlling interests consist of shares from initial business combinations and the non-controlling shares from the changes in equity after the acquisition date. When the loss applicable to the non-controlling shareholders exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling shareholders are charged against the non-controlling interest.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Equity method

Associates and joint ventures of Beymen, which is the subsidiary of the Group, are accounted for using the equity method. These are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Under the equity method, these investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss or the investees after the date of acquisition. The consolidated statements of income reflect the Group's share of the net results of operations of the associates and joint ventures.

Investments are accounted for using the equity method considering the Group's total share portions which are owned directly or indirectly from its subsidiaries. Non-controlling interests are calculated by taking into consideration of the effective rate on investments over the subsidiaries.

The investments in associates are carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized, if any. The income statement reflects the Group's share of the results of operations of the associates. When there is a change recognized directly in the equity of an associate, the Group recognizes its share of any changes and discloses this when applicable, in the statement of changes in equity. Profits and losses resulting from the transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those of the Group for like transactions and events in similar circumstances.

The associates and joint ventures accounted for using the equity method and the rates of effective ownership as of 31 December 2016 and 2015 are as follows:

Subsidiary	Country of registration	Nature of business	31 December 2016 Effective ownership (%)	31 December 2015 Effective ownership (%)
Christian Dior İstanbul Mağazacılık A.Ş. ("Christian Dior")	Turkey	Commerce	49,00	49,00
Nile Bosphorus Retail and Trading Company ("Nile Bosphorus")	Egypt	Commerce	33,33	33,33
Elif Co. For General Trading Ltd. ("Elif Co") (*)	Iraq	Commerce	50,00	50,00
Christian Louboutin Mağazacılık A.Ş. ("Christian Louboutin")	Turkey	Commerce	30,00	30,00

(*) The liquidation process of Elif Co. has started in 2016 and the process is continuing as of 31 December 2016.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Accounting estimates

The preparation of financial statements in accordance with the TAS require the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are recognized in the income statement when they are realized.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are mainly related with deferred tax assets, provisions, provision for impairment on special costs, impairment test of intangible assets and goodwill, provision for impairment on inventories and the fair value of investment properties (Note 2.7).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Sale of goods - retail

The Group operates in retail sector. Sales of goods are recognized when a group company sells a product to the customer. Retail sales are usually in cash or by credit card. Group's policy is to sell its products to the retail customer with a right to return within a particular time. The provisions for sales returns and discounts are determined in accordance with Group's return policy and recognized in the consolidated financial statements.

Sales of goods - wholesale

The Group manufactures and sells a range of textile and ready to wear products in the wholesale market. Sales of goods are recognized when the Group has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied. The Group used accumulated experience to estimate provisions for sales returns and discounts and recognized related provisions in the consolidated financial statements.

When it is collected cash or cash equivalents in return to sales, revenue amount recognized is equal to the amount of cash and cash equivalents. However, the wholesale transactions of the Group effectively constitute a financing transaction; the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as other operating income.

Rent income obtained from investment properties

Rent income from investment properties is recognized on an accrual basis. Revenue is realized when economic benefits arising from the transaction have passed, and when the amount of such income can be reliably measured. Rent discounts and similar promotions granted to existing tenants from time to time are netted off from rent revenues as they are not rent incentives for acquisition of new contracts.

Gain on sales of real estate inventories

Real estate inventories are carried at their costs until they are sold. Revenue is recognized when the risk and benefit of these inventories are transferred to the buyer (from the Group to the customers) and the revenue amount is reliably measured.

Other income

Other income of the Group recognized according to following terms:

- Rent and royalty income - according to substance over form about the agreements, on accruals basis,
- Interest income - accrued using the effective interest method which brings the remaining principal amount and expected future cash flows,
- Dividend income - recorded as income of the collection right transfer date.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, credit card receivables, deposits held at call with banks and other short-term liquid investments with original maturities of 3 months or less.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables net of deferred finance income, are calculated using the effective interest method based on the collection amount in the subsequent period instead on the amount at the invoice date. Short term trade receivables with no determined interest rate are measured at the original invoice amount if the effect of interest accrual is not significant. Management estimates provision for doubtful receivables when the collection of the trade receivable is not probable. If some portion or total of doubtful receivables which the management provided provision for, are collected in the subsequent period, the collection amount is recognized as other income and provision provided for these receivables is released.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories comprises all purchase costs and the overheads that have been incurred in bringing the inventories to their present location and condition. The cost is determined using the monthly weighted average method for all inventories; the cost of semi-finished goods and finished goods takes portion from production cost. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventories excludes borrowing costs.

Investment properties

In accordance with TAS 40 "Investment properties"; land and buildings those are held for rent income generation or value appreciation or both, rather than for using in the production of goods or the sale in the ordinary course of business are classified as "Investment property" and carried at fair value in the consolidated financial statements. The gain or loss related to the change in the fair value determined for the first time and the cost of investment properties is recognized in equity, gain or loss determined in the subsequent periods is recognized in the consolidated financial statements.

The investment properties are derecognized if it is not expected to achieve any economic benefit by the sale or the use in the subsequent periods. The gain and loss occurred related to the disposal of investment properties is recognized in the income statements when they occur.

Property, plant and equipment

All property and equipment is initially recorded at cost and recorded at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the related accounts and any gain or loss resulting from their disposal is included in the statement of income.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset ready for use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. If the asset recognition criteria are met, the expenditures are capitalized as an additional cost of property and equipment.

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. Legal fees are included in the cost. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Except for the land and construction in progress, depreciation is computed on a straight-line basis over the estimated useful lives. The depreciation terms are as follows:

	Useful Life (Year)
Land improvements	20
Buildings	40-50
Machinery	5-15
Equipment and installations	3-20
Motor vehicles	4-5
Furniture and fixtures	3-16
Leasehold improvements	3-15

Expected useful life, residual value and depreciation method are evaluated every year for the probable effects of changes arising in the expectations; the analogy of the depreciation method and useful life used for the calculation with the economic benefits obtained from the asset are checked, the changes in the assumptions, if any, are accounted for prospectively.

CONVENIENCE TRANSLATION INTO FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Properties and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal.

Gains or losses on disposals or suspension of property, plant and equipment are determined by sale revenue less net book value and collected amount and included in the related other income or other expense accounts, as appropriate.

Gain on revaluation and re-measurement fund classified under equity is transferred to retained earnings when the assets carried at fair value are sold.

Intangible assets

Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for prospectively. The costs of intangible assets includes their purchase cost and they are amortized based on their economic lives (5-15 years).

Brands

Separately acquired brands are shown at historical cost; brands acquired in a business combination are recognized at fair value at the acquisition date in the consolidated financial statements.

The Group has assessed the useful lives of brands as indefinite due to the fact that there is no foreseeable limit to the period over which brands are expected to generate net cash inflows for the Group. Brands that have an indefinite useful life are not subject to amortization. Brands are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indicator initial recognition value in an asset is greater than estimated net realizable value, the value of asset should be recorded at recoverable value.

Customer and franchise network

Customer and franchise network acquired in a business combination are recognized at fair value in the consolidated financial statements at the acquisition date. They are amortized over their estimated useful lives (10-20 years).

Favorable lease contracts

Favorable lease contracts acquired in a business combination are recognized at fair value in the consolidated financial statements at the acquisition date. They are amortized over their estimated useful lives (10-15 years).

Business combinations and goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with TFRS 3 (Note 3).

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquire. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

CONVENIENCE TRANSLATION INTO FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of estimated future cash flows expected to arise from the use of an asset and from its disposal at the end of its useful life while the net selling price is the amount that will be collected from the sale of the asset less costs of disposal. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or has decreased. The reversal is recorded in the statement of income.

Financial investments

Classification

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and held to maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. Those with maturities greater than 12 months are classified as non-current assets. The receivables are classified as "trade and other receivables" in the consolidated balance sheets.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose it within 12 months of the end of reporting period.

Held to maturity financial assets

Held to maturity financial assets are debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity, excluding the financial assets classified as originated loans and advances to customers. Held-to-maturity financial assets are carried at amortized cost using the effective interest method.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Loans and receivables are carried at amortized cost using the effective interest method. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed for translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in the income statement; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity. Held-for-trading derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

If the market for a financial asset is not active and the fair value of the financial asset cannot be measured reliably, aforementioned financial assets are accounted for cost less impairment in the consolidated financial statements.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are accounted in equity net of tax under "financial assets fair value reserve". When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are transferred to the consolidated statement of profit or loss. If the difference between the cost and the fair value of the available-for-sale securities is permanent, gains and losses are transferred to the consolidated statement of profit or loss.

Derivative financial instruments

The Group enters swap contracts in order to hedge foreign exchange risk occurred due to the fluctuations in foreign exchange rates. The derivative financial instruments are initially recognized at fair value and are subsequently re-measured at fair value. Transaction costs are recognized in the income statement on date a derivative contract is entered into.

The changes in fair value of the derivative instruments are recognized in financial income and expense accounts in the consolidated statement of income. As of 31 December 2016 and 2015, the Group did not applied hedge accounting (Note 8).

Trade payables

Trade payables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. The carried trade payables are the fair value of consideration to be paid in the future for goods and services received, whether billed or not billed.

Borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

In case of foreign exchange income is included in the financing activities; the related income is deducted from the total of capitalized financial expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each consolidated entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company and the presentation currency of the consolidated financial statements.

During the preparation of the financial statements of the individual entities, transactions in foreign currencies other than TRY (foreign currencies or currencies other than functional currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

For the purpose of presentation of the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Lease transactions

Financial leases

Financial leases - The Group as the lessee

Leasing of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leasing. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Financial costs of leasing are distributed over the lease period with a fixed interest rate. The property, plant and equipment acquired under financial leases are depreciated over the useful lives of the assets. If there is a decrease in the value of the property, plant and equipment under financial leasing, the Group provides impairment. The foreign exchange and interest expenses related with financial leasing have been recorded in the income statement. Lease payments have been deducted from leasing debts.

Operating leases - The Group as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

Earnings/(losses) per share

Earnings/loss per share are calculated by dividing net income to the weighted average number of shares that have been issued during the period. In the case that the capital increase is realized from the internal resources during the period, final number of shares at the end of the period is accepted as the same with the number of shares at the beginning of the period.

In Turkey, companies are allowed to increase their share capital by distributing "bonus shares" to shareholders from retained earnings and adjustments to share capital. Earnings per share are calculated by taking those bonus shares into consideration as issued shares. Accordingly, the weighted average of the number of shares is calculated by taking those bonus shares into consideration retrospectively in the calculation of earnings per share.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past events, and it is probable that an outflow or resources will be required to settle the obligation, and the amount has been reliably estimated.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is significant, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, vice general managers, vice head of group) and Board members, in each case together with the companies controlled by/or affiliated with them, associated companies and other companies within the Group are considered and referred to as "related parties".

Advertisement and promotion expenses

Advertisement campaigns including advertisement, catalogue and promotion expenses are recorded as expense once they are reachable by the Group or when advertising and promotion expenses are incurred.

Taxes

Current and deferred tax

Income tax is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax. Tax is recognized in the statement of income, except for the items recognized directly in equity. In such case, the tax is recognized in shareholders' equity together with related transaction.

The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and unused tax losses can be utilized.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

Provision for employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. Current service costs and interest costs are recognized in the consolidated statement of income and all actuarial profits and losses are recognized in the consolidated statements of income.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Unused vacation rights

Unused vacation rights accrued in the consolidated financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date.

Customer loyalty programs

The Group operates a loyalty program where customers accumulate points for purchases made which entitle them to discounts on future purchases. The reward points are recognized as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognized as deferred revenue at their fair value. Revenue from the reward points is recognized when the points are redeemed. Breakage is recognized as reward points are redeemed based upon expected redemption rates.

Gift vouchers

Gift vouchers sold by the Group to its customers are classified under deferred revenue. Moreover, gift vouchers are recorded as income as they are used by the customers. The Group also accounts for income for the estimated amount of gift vouchers that are not expected to be used by the customers.

Statement of cash flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Subsequent events

Post balance sheet events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Post balance sheet events that are not adjusting events are disclosed in the notes when material.

Segment reporting

The Group has three business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These segments of the Group are textile and ready-to-wear clothing, retail operations, real estate development and management. These segments are managed separately since they are affected by different economic conditions in terms of risks and returns. The Group Management assesses the performance of operating segments by the "Earnings Before Interest Tax Depreciation and Amortization" ("EBITDA") figure generated by adjusting the EBITDA calculated based on the financial statements prepared in accordance with TAS with necessary adjustments and reclassifications. Those adjustments and reclassifications are the omission of non-recurring income/ expense, adding back the net effect of the time difference and foreign exchange gains and losses generated from commercial operations in accordance with TAS and adding non-recurring expenses determined by the Group Management (Note 4).

Operating segments are reported in a manner consistent with the reports provided to the chief operating decision-maker of the Group. The chief operating decision-maker of the Group is responsible for allocating resources and assessing performance of the operating segments.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Significant accounting estimations

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

i) Impairment tests for the intangible assets with indefinite useful lives

As explained in Note 2.6, intangible assets that have an indefinite useful life are not subject to amortization. They are tested annually for impairment. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group's revenue projections are compared to the carrying value of the intangible asset. The Group has performed an impairment test on intangible assets as at 31 December 2016 and has not identified any impairment as a result of this test (Note 16).

ii) Impairment tests for goodwill

In accordance with the accounting policies explained in Note 2.6, the Group performs impairment test on goodwill to assess whether an impairment exists. Recoverable amount of cash generating units are calculated based on value in use. These calculations require estimations. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group's revenue projections for five years are compared to the carrying value of goodwill.

The Group has calculated the discounted cash flows based on the revenue plans for five years with 6,5% growth projection and a discount rate of 14,80% for the purpose of impairment test of goodwill arising from the acquisition of BBM. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 14,80%, 15,80% or 13,80%), the fair value as at 31 December 2016 would decrease by TRY 313 million and increase by TRY 401 million.

The Group has calculated the discounted cash flows based on the revenue plans for five years with 6,5% growth projection and a discount rate of 14,80% for the purpose of impairment test of goodwill arising from the acquisition of Beymen. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 14,80%, 15,80% or 13,80%), the fair value as at 31 December 2016 would decrease by TRY 226 million and increase by TRY 288 million.

As a result of the impairment tests for goodwill performed based on the assumptions explained above, the Group did not identify any impairment as of 31 December 2016.

iii) Provision for net realizable value of inventories

As explained in Note 2.6, inventories are valued at the lower of cost or net realizable value less costs to sell. The Group reviews their inventories annually whether any impairment exists. The selling prices of inventories in the subsequent period are estimated by the management considering the cost of inventories. The management determines the estimated selling price considering current market conditions and fluctuations in current prices.

In a case of unexpected changes in market conditions, impairment estimations are subject to change as they are calculated based on the estimation and assumptions of the Group (Note 12).

iv) Fair value of investment properties

The assumptions of the independent valuation reports obtained for the purpose of determining the fair value of tangible assets classified as investment properties in the consolidated financial statements are as follows:

Independent valuation reports of experts licensed by CMB are used for the determination of fair value of the shop in Unkapanı which was carried at cost in the prior periods.

The assumptions of the independent valuation reports obtained for the purpose of determining the fair value of tangible assets classified as investment properties in the consolidated financial statements are as follows based on valuation method, annual rent increase, capitalization ratio (discount rate used for the final value) and comparison of square meters.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Significant accounting estimations (Continued)

31 December 2016	Expert Report date	Valuation method	Discount rate	Annual rent increase rate	Capitalization ratio	Comparison of m ² value (TRY)
Unkapanı Shop ^(a)	06.08.2013	Comparison	-	-	-	1.400
Istwest Shop ^(b)	09.02.2017	Comparison	-	-	%6	-
31 December 2015						
Starcity Shopping Mall ^(c)	24.12.2015	Discounted revenue	%10	%2	-	-
Unkapanı Shop ^(a)	06.08.2013	Comparison	-	-	-	1.400
Istwest Shop ^(b)	26.03.2015	Comparison	-	-	%6	-

a) Shop located in İstanbul, Fatih with a floor space of 125 m2 is classified as investment property as of 31 December 2016 and 2015, and is accounted at its fair value of TRY 175.000 determined by the valuation report of Elit Gayrimenkul Değerleme A.Ş. dated 6 August 2013 and numbered 2013/5901.

b) 4 stores that Group have started to obtain rent income from amounting to TRY 2.098.800 are classified as investment property from inventories as of 31 December 2016. Istwest shops had been revaluated by Elit Gayrimenkul Değerleme A.Ş. based on the comparison method on 9 February 2017 and the fair value of 14 shops were identified as TRY 32.820.000. Increase in fair value amounting to TRY 13.880.500 is recognized in the consolidated statement of profit or loss under other operating income (Notes 14 and 25).

Istwest shops had been revaluated by Elit Gayrimenkul Değerleme A.Ş. based on the comparison method on 26 March 2015 and the fair value of 10 shops were identified as TRY 16.840.700. Increase in fair value amounting to TRY 6.103.960 is recognized in the consolidated statement of profit or loss under other operating income (Notes 14 and 25).

c) Starcity Shopping Mall ("Starcity") located in İstanbul - Bahçelievler, has come into operation on 15 April 2010 with a floor space of 34.119,06 m² and is classified as investment properties as of 31 December 2016. BYN and Merkür İnşaat Ticaret A.Ş. are the owners of the Starcity with the portions of 2/5 and 3/5 respectively. The management of the Mall is conducted by Merkür İnşaat Ticaret A.Ş. As a result of the transaction process that took place on 15 June 2016, Starcity AVM was disposed from investment property.

Starcity mall accounted at fair value amounting to TRY 142.464.000 as of 31 December 2015 which is the 2/5 of its total fair value of TRY 356.160.000 determined by the valuation report prepared by Elit Gayrimenkul Değerleme A.Ş. on 24 December 2015. Fair value increase amounting to TRY 15.337.518 recognized in the consolidated statement of profit or loss under other operating income (Notes 14 and 25).

v) Provision for doubtful receivables

When there is an indicator that the collection of receivables will be impossible, provision is provided for the receivables. The amount of the provision is determined based on the assessment of the Group based on the aging of receivables and the payment performance of the customers. The provision for doubtful receivables is an accounting estimate determined based on the past payment performance and financial situations of the customers (Note 10).

vi) Value of intangible assets acquired through the business combination

The fair values of brands have been determined by refining from royalty method. This method is based on the discounted cash flows of futures operation of the brand, and the royalty is compared with the royalties set a precedent in the market. While using this method for the valuation, the amount of royalty payments to own the brand is projected and the saving amount by possessing the brand is calculated. Significant assumptions are; a) projected revenues for the future operations, b) determination of the discount rate used for the discounted cash flows and c) determination of royalty rate. The weighted average cost of capital has been used as the discount rate.

The fair values of favorable lease contracts are determined by comparing the monthly rental fees defined in the rent agreements with the rental fees in the market and by discounting favorable rental fees to the present value. The weighted average cost of capital has been used as the discount rate. The rental fees of the market are determined by an independent valuation company.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Significant accounting estimations (Continued)

The fair values of franchise agreements and customer network are determined based on the revenue projections from the customers registered in the customer loyalty program of the Group. The weighted average cost of capital has been used as the discount rate (Note 16).

NOTE 3 - BUSINESS COMBINATIONS

The Group applies the acquisition method for business combinations. The subsidiaries acquired or sold during the year are fully consolidated from the date on which control is transferred to the Group or deconsolidated from the date that control ceases.

a) Acquisition of BBM and Beymen

50,01% shares of BBM and 30,05% shares of Beymen which were accounted for using the equity method, acquired from Fennella S.a.r.l. ("Fennella") on 31 May 2013. As a result of these transactions, the change in the control has been regarded as a step acquisition in business combinations in accordance with Business Combinations ("IFRS 3"). Therefore, Beymen and BBM which had been accounted for using the equity method until 31 May 2013, are fully consolidated starting from 1 June 2013.

The fair value of assets and liabilities acquired at the transaction date is as follows:

Fair value	BBM	Beymen	Toplam
Net total assets	356.877.013	547.462.796	904.339.809
Acquired assets (A)	344.564.759	547.462.796	892.027.555
Net assets of non-controlling interests	12.312.257	-	12.312.257
Fair value of initially held shares (B)	(184.659.258)	(506.387.734)	(691.046.992)
Cash paid portion of total cost (C)	-	(20.527.100)	(20.527.100)
Liability due to acquisition (D)	(397.010.887)	(461.083.811)	(858.094.698)
Contingent consideration (E)	-	(12.446.229)	(12.446.229)
Purchased cash and cash equivalents (F)	141.284.478	32.338.563	173.623.041
Total net cash paid (C+D+E+F)	(255.726.409)	(461.718.577)	(717.444.986)
Goodwill recognized through acquisition (G)	106.041.968	-	106.041.968
Goodwill (-A-B-C-D-E+G)	343.147.354	452.982.078	796.129.432

b) Merger of BBA

BBA, owned by Boyner Holding with 99,98% shares, has been transferred to AYTK through merger with all its net assets and the mentioned merger was registered on trade gazette on 29 August 2013. As a result, 25% of the shares of AYTK were transferred to Boyner Holding. 25% shares of AYTK owned by Boyner Holding and other shares which are less than 1% of the capital of AYTK acquired back by the Group in exchange of TRY 20.097.783 on 29 November 2013. As a result of this transaction, negative merger fund amounting to TRY 12.105.679 (Note 21) is accounted under "Effect of business combinations under common control".

NOTE 3 - BUSINESS COMBINATIONS (Continued)

c) Acquisition of Nişantaşı Turistik

On 2 March 2015, Beymen acquired 75% of the shares amounting to TRY 1.046.693 of Nişantaşı Turistik from Boyner Holding in exchange of TRY 4.796.865. The Group accounted the negative fund amounting to TRY 3.750.172 (Note 21) arising from this transaction in "Impact of business combinations of entities under common control" in accordance with the resolution of POAASA dated 21 July 2013 and titled "Accounting of business combinations under common control".

d) Acquisition of İzkar

On 28 April 2015, Beymen Mağazacılık acquired additional 25,40% of shares of İzkar which was an associate of Beymen Mağazacılık till that date with 49,60% shares and was accounted for using the equity method. The share purchase agreement is signed with Ran Konfeksiyon Ltd. Şti. at the same date. Beymen Mağazacılık provided notes payables amounting to TRY 2.032.445 in total for this transaction, with maturity terms on 31 August 2015 and 31 December 2016.

The change in the control has been considered as step acquisition in business combinations in accordance with Business Combinations "IFRS 3". Within this framework, İzkar which had been accounted for using the equity method until 28 April 2015, is fully consolidated starting from 1 May 2015.

Fair value	İzkar
Net total assets	1.784.712
Acquired assets (A)	1.338.537
Net assets of non-controlling interests	446.175
Fair value of previously held interests (B)	(885.220)
Liability arising from the acquisition (C)	(2.032.445)
Cash and cash equivalents acquired (D)	1.390.180
Cash paid (C+D)	(642.265)
Goodwill (-A-B-C)	1.579.128

NOTE 4 - SEGMENT REPORTING

The business operations of the Group are organized and managed with respect to the range of products and services provided by the Group. The information regarding the business activities of the Group as of 31 December 2016 and 2015 comprise the performance and the management of textile products and retail store operations.

The Group Management assesses the performance of operating segments by the "Earnings Before Interest Tax Depreciation and Amortization" ("EBITDA") figure generated by adjusting the EBITDA calculated based on the financial statements prepared in accordance with TAS with necessary adjustments and reclassifications. Those adjustments and reclassifications are the omission of non-recurring income/ expense, adding back the net effect of the term difference, rediscount and foreign exchange gains and losses generated from commercial operations in accordance with TAS and adding non-recurring expenses determined by the Group Management. EBITDA calculated based on this approach is defined as "Adjusted EBITDA".

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NOTE 4 - SEGMENT REPORTING (Continued)

The segment analysis for the period ended 31 December 2016 is as follows:

1 January - 31 December 2016	Retail operations	Textile (*)	Real estate management (*)	Undistributed	Elimination	Total
Revenue	3.384.392.142	171.886.600	-	36.769.755	(148.845.261)	3.444.203.236
Gross profit	1.417.656.531	26.021.519	-	27.909.143	(25.638.369)	1.445.948.824
Capital expenditures (based on balance sheet)	94.719.289	22.170.226	-	1.095.107	-	117.984.622
Depreciation and amortization expenses	77.588.951	5.382.231	-	40.453.548	-	123.424.730

31 December 2016	Retail operations	Textile (*)	Real estate management (*)	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	3.552.544.549	506.627.528	-	2.345.533.754	(1.914.342.487)	4.490.363.344
Total assets	3.552.544.549	506.627.528	-	2.345.533.754	(1.914.342.487)	4.490.363.344
Segment liabilities	3.150.708.898	537.145.998	-	2.269.103.280	(1.599.598.343)	4.357.359.833
Total liabilities	3.150.708.898	537.145.998	-	2.269.103.280	(1.599.598.343)	4.357.359.833

(*) Disclosed in the discontinued operations and sale of subsidiary paragraph.

The segment analysis for the period ended 31 December 2015 is as follows:

1 January - 31 December 2015	Retail operations	Textile and ready to wear	Real estate management	Undistributed	Elimination	Total
Revenue	3.234.170.827	305.995.045	11.467.352	44.581.475	(198.237.526)	3.397.977.173
Gross profit	1.375.268.729	26.417.924	10.662.339	29.144.620	(28.806.510)	1.412.687.102
Capital expenditures (based on balance sheet)	75.160.585	79.289.637	-	1.220.872	-	155.671.094
Depreciation and amortization expenses	69.247.945	8.272.140	-	38.444.294	-	115.964.379

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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2015	Retail operations	Textile and ready to wear	Real estate management	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	2.871.793.617	396.941.140	158.286.756	1.979.361.056	(1.323.345.863)	4.083.036.706
Total assets	2.871.793.617	396.941.140	158.286.756	1.979.361.056	(1.323.345.863)	4.083.036.706
Segment liabilities	2.585.193.937	362.771.457	76.549.103	1.545.344.371	(1.103.355.388)	3.466.503.480
Total liabilities	2.585.193.937	362.771.457	76.549.103	1.545.344.371	(1.103.355.388)	3.466.503.480

Details of discontinued operation and disposal of subsidiary:

Discontinued operation of real estate development and management

In accordance with the agreement signed on 7 May 2016, Group transferred all the shares of its subsidiary, BYN to Gençoğlu AVM Yatırımları A.Ş. on 15 June 2016 for an amount of 26 million EUR (TRY 85.676.500). As a result of this transaction, Group discontinued its operations related to this shopping mall investment and management, and reported the results of its operation until 15 June 2016 as a discontinued operation in the current period. In accordance with this agreement, impairment loss of TRY 43.798.954 recognized in the consolidated financial statements as of 31 March 2016. Additional impairment loss of TRY 1.732.020 calculated as of the date of share transfer, is recognized in the consolidated financial statements as of 30 June 2016. Total impairment loss of TRY 45.530.494 (Note 14) related to the change in fair value is classified in "loss from discontinued operations" in the consolidated statement of profit or loss and other comprehensive income together with the other income and expenses from BYN.

As of 31 December 2016, BYN operations have been classified discontinued operations in consolidated statement of profit or loss:

	1 January - 15 June 2016
Gross profit	6.264.390
Operating and financial expenses, net	(9.391.831)
Expenses from investing activities (-) (Note 14)	(45.530.973)
Loss before tax from discontinued operations	(48.658.414)
Deferred tax income	8.940.469
Loss from discontinued operations	(39.717.945)

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NOTE 4 - SEGMENT REPORTING (Continued)

Detailed information related to the sale of subsidiary is as follows:

	15 June 2016
Cash consideration	85.676.500
Financial liabilities of BYN	(43.778.099)
Net cash consideration	41.898.401
Carrying amount of net assets sold	42.019.707
Loss recognized due to the sale of subsidiary	(121.306)

Discontinued operations of ready to wear production

The Group's subsidiary AYTK, aims to increase its export sales and focus on the production of textile products with higher profit margin; and decided to discontinue its operations in production of ready-to-wear segment in 2016. As of 31 December 2016, ready to wear operations has been classified discontinued operations in consolidated statement of profit or loss:

	1 January - 31 December 2016
Gross loss	(12.687.649)
Operating expenses, net	(2.523.994)
Investing and financing expenses, net	(630.690)
Loss before tax from discontinued operations	(15.842.333)
Deferred tax expense	(23.744)
Loss from discontinued operations	(15.866.077)

Since the financial performance and cash flow information related to the sale transaction classified as discontinued operations as of 31 December 2016 are not material to the consolidated financial statements of the Group, financial information related to prior periods are not restated.

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NOTE 4 - SEGMENT REPORTING (Continued)

The reconciliation of EBITDA as of 31 December 2016 and 2015 is as follows:

	1 January - 31 December 2016	1 January - 31 December 2015
Revenue	3.444.203.236	3.397.977.173
Gross profit	1.445.948.824	1.412.687.102
EBITDA	160.084.215	239.346.367
Adjustments:		
Reclassification in accordance with the format recommended by CMB	48.927.784	28.803.752
Foreign currency gains	(64.008.884)	(112.285.628)
Rediscount income	(52.307.823)	(51.225.748)
Term difference income	(19.052.577)	(25.295.477)
Foreign currency losses	98.353.075	131.605.845
Term difference expenses	47.160.482	53.732.009
Rediscount expense	38.783.511	32.272.751
Non-recurring (income)/expenses, per Group Management, net (*)	39.914.325	54.973.695
Other non-recurring operational expenses	39.914.325	54.973.695
Adjusted EBITDA (*)	248.926.324	323.123.814

(*) Adjusted EBITDA and non-recurring income/expenses are not defined by TFRS. These items determined by the principles defined by the Group management comprises income/expenses which are assumed by the Group management that are not part of the normal course of business and are non-recurring items. These items which are not defined by TFRS and are not in the scope of review or audit, are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group.

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of the cash and cash equivalents as of 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Cash	6.560.419	5.124.210
Banks (*)	139.002.621	36.215.805
- Time deposits (**)	90.134.630	8.067.248
- Demand deposits	48.867.991	28.148.557
Credit card receivables (***)	35.344.335	41.245.399
Cheques given for collection	6.726.462	5.660.651
187.633.837	88.246.065	

(*) The Group has restricted cash amounting to TRY 89.287.235 as of 31 December 2016 (31 December 2015: TRY 6.471.697).

(**) The time deposits of the Group which consist of overnights, have interest rate of 8,68% in average as of 31 December 2016 (31 December 2015: 6,39%).

(***) As of 31 December 2016, the pledge on the credit card receivables of the Group is amounting to TRY 18.630.158 (31 December 2015: TRY 11.047.198).

The total insurance coverage on cash and cash equivalents is amounting to TRY 74.950.000 as of 31 December 2016 (31 December 2015: TRY 71.840.000).

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NOTE 6 - FINANCIAL ASSETS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The details of the financial investments and investments in associates accounted for using the equity method as of 31 December 2016 and 2015 are as follows:

	31 December 2016		31 December 2015	
	Share	Amount	Share	Amount
Doğu Yatırım Holding A.Ş.	←%1	104.891	←%1	104.891
Total		104.891		104.891

The financial assets on which the Group has investment on less than 1% are carried at cost.

	31 December 2016		31 December 2015	
	Effective ownership ratio (%)	Amount	Effective ownership ratio (%)	Amount
Associates				
Accounted for using the equity method				
Christian Dior	49,00	8.004.478	49,00	6.736.779
Accounted at cost				
Nile Bosphorus (*)	33,33	5.472.508	33,33	5.472.508
Joint ventures				
Accounted for using the equity method				
Christian Louboutin	30,00	1.976.586	30,00	2.118.637
Elif Co (**)	50,00	-	50,00	-
		15.453.572		14.327.924

(*) Since Nile Bosphorus does not prepare its financial statements for the period ended 31 December 2016 and 2015 in accordance with TFRS, the investment of the Group in Nile Bosphorus is carried at cost in the consolidated financial statements.

(**) The liquidation process of Elif Co has started in 2016 and the process continues as of 31 December 2016.

The movement of investments accounted for using the equity method during the period is as follows:

	2016	2015
Opening balance - 1 January	14.327.924	13.662.699
Amount recognized in the current year profit	1.485.624	2.868.454
Dividends received	(359.976)	(1.318.013)
Change in ownership rate due to share purchase	-	(885.216)
Closing balance - 31 December	15.453.572	14.327.924

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NOTE 7 - FINANCIAL LIABILITIES

Shor-term financial liabilities

	31 December 2016	31 December 2015
Interest free bank borrowings (*)	290.000	6.780.760
Short-term bank borrowings	181.666.206	177.084.299
	181.956.206	183.865.059

(*) Interest free bank borrowings consist of interest free loans which were borrowed for the payments of Social Security Institution as of 31 December 2016 and 2015.

Short-term portion of long term financial liabilities

	31 December 2016	31 December 2015
Short-term portion of long-term financial liabilities	711.914.524	515.708.738
Short-term portion of long-term bonds (**)	109.572.200	153.943.217
Financial lease liabilities	10.337.640	5.161.304
	831.824.364	674.813.259

Long term financial liabilities

	31 December 2016	31 December 2015
Long-term bank borrowings	1.216.571.326	844.919.028
Long-term bonds issued (**)	-	109.485.471
Financial lease liabilities	5.737.299	2.570.285
	1.222.308.625	956.974.784

(**) The Group has offered bond amounting to TRY 110.000.000 to qualified investors on 5 October 2015 with a maturity of 725 days. The coupon and principal payment are due at the end of the three month government securities and index + 4% quarterly floating interest rate.

Bond which is issued by BBM, consecutive to registering CMB, consists of TRY 100.000.000 nominal value in 23 December 2013, 36 months maturity, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities + 5.00% interest rate bond. Mentioned bond was paid on 19 December 2016.

The Group has offered bond amounting to TRY 50.000.000 to qualified investors on 28 November 2014 with a maturity of 728 days. The coupon and principal payment are due at the end of the three month government debt securities and index + 4,50% quarterly floating interest rate. Mentioned bond was paid on 25 November 2016.

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NOTE 7-FINANCIAL LIABILITIES (Continued)

The details of short-term and long-term bank borrowings are as follows:

31 December 2016				
Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY interest free borrowings	2017	-	290.000	-
TRY borrowings	2017-2020	12,25 - TR Libor + 6,25%	503.577.143	248.597.559
USD borrowings	2017-2018	Libor + 3.65 - Libor + 4.95	271.817.018	879.769.121
EUR borrowings	2017-2026	6,25	118.186.569	88.204.646
			893.870.730	1.216.571.326

31 December 2015				
Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY interest free borrowings	2016	-	6.780.760	-
TRY borrowings	2016	12 - 15,75	396.972.320	235.244.363
USD borrowings	2016-2018	Libor + 4,75	193.781.870	367.151.618
EUR borrowings	2016-2026	6,25-7,76	102.038.847	242.523.047
			699.573.797	844.919.028

The redemption schedule of the financial liabilities and bonds as of 31 December 2016 and 2015 is as follows:

	31 December 2016	31 December 2015
To be paid in 1 year	1.003.442.930	853.517.014
2017	-	510.608.302
2018	595.537.329	316.319.073
2019 and after	621.033.997	127.477.124
	2.220.014.256	1.807.921.513

In relation to the bank loans elaborated as of 31 December 2016 above, there are mortgages given amounting to TRY 124.000.000 (31 December 2015: mortgages amounting to EUR 32.000.000 and TRY 90.000.000 on the shopping mall and TRY 124.000.000 on the residences, classified by the Group as investment property at a fair value of TRY 142.464.000). In addition, as declared at Public Disclosure Platform on 19 June 2015, ultimate parent of the Group, Boyner Holding pledged its shares in Boyner Perakende related to the loan received from Qatar National Bank.

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NOTE 7-FINANCIAL LIABILITIES (Continued)

The redemption schedule of the financial lease as of 31 December 2016 and 2015 is as follows:

	31 December 2016	31 December 2015
Total financial lease payments	17.869.355	8.442.066
Interest will be paid in upcoming years (-)	(1.794.416)	(710.477)
	16.074.939	7.731.589
Financial lease liabilities up to 1 year	10.337.640	5.161.304
Financial lease liabilities after 1 year	5.737.299	2.570.285
	16.074.939	7.731.589

As of 31 December 2016 and 2015, the summary of short-term financial lease liabilities in terms of foreign currency is as below:

	31 December 2016	31 December 2015
TRY	9.452.834	4.288.140
USD	-	154.115
EUR	884.806	719.049
	10.337.640	5.161.304

The summary of long term finance lease liabilities in terms of foreign currency is as below:

	31 December 2016	31 December 2015
TRY	4.833.864	1.038.987
EUR	903.435	1.531.298
	5.737.299	2.570.285

Collateral bills amounting to EUR 962.855 and TRY 6.021.620 are given regarding to the financial leasing liabilities disclosed above (31 December 2015: USD 111.153, EUR 729.228 and TRY 4.316.031).

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NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2016	31 December 2015
Financial assets arising from swap transactions - short term (*)	44.803.537	22.855.160
Financial assets arising from swap transactions - long term (*)	84.439.496	36.905.607
	129.243.033	59.760.767

(*) The Group has swap contracts, related to foreign currency denominated loans which are summarized below, in order to hedge foreign exchange risk and interest risk as of 31 December 2016 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 31 December 2016, 4 following swap instruments are carried at their fair values through the consolidated statement of profit or loss.

- With the agreement made on 18 November 2016, for the portion of the loan amounting to USD 166.611.188 (TRY 586.338.095) as of 31 December 2016,
- With the agreement made on 9 June 2016, for the portion of the loan amounting to USD 90.246.373 (TRY 317.595.038) as of 31 December 2016,
- With the agreement made on 21 September 2015, for the portion of the loan amounting to EUR 55.632.555 (TRY 206.391.215) as of 31 December 2016,
- With the agreement made on 28 July 2015, for the portion of the loan amounting to USD 70.371.961 (TRY 247.653.006) as of 31 December 2016.

Movement of derivative instruments are as follows:

	2016	2015
Opening balance - 1 January	59.760.767	4.932.506
The amount recognized in financial expenses	141.703.334	54.828.261
Disposals (-) (**)	(72.221.068)	-
Closing balance - 31 December	129.243.033	59.760.767

(**) Disposals from derivative financial instruments are related to the cash inflows in 2016 from the sale of cross-currency swap transactions dated 26 May 2015 and 8 November 2016; and income amounting to TRY 72.221.068 is accounted for under the financial expenses in the statement of income for the period ended 31 December 2016.

NOTE 9 - OTHER FINANCIAL LIABILITIES

Other financial liabilities of the Group are amounting to TRY 175.657.399 as of 31 December 2016 (31 December 2015: TRY 16.081.947). Other financial liabilities of the Group comprise of its receivables which are transferred to factoring companies as of 31 December 2016 and 2015. Group transfers their trade receivables to local factoring companies with recourse. Since risks related with negotiated receivables have not been transferred to factoring companies and factoring companies have right to recourse if the receivables cannot be collected, the receivables subject to factoring transaction were not derecognized and amount provided from factoring companies presented as other financial liabilities in the consolidated financial statement.

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NOTE 10 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 December 2016	31 December 2015
Trade receivables	182.775.657	183.637.225
Notes receivables (*)	169.477.543	124.335.333
Less: Provision for doubtful receivables	(47.331.914)	(35.254.468)
Less: Rediscount expense	(6.285.420)	(7.251.226)

Total trade receivables from third parties	298.635.866	265.466.864
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Trade receivables from related parties	63.132.083	75.200.279
Less: Doubtful receivables from related parties (**)	(7.319.185)	-
Less: Rediscount expense	(1.013.062)	(1.828.278)

Total trade receivables from related parties (Note 31)	54.799.836	73.372.001
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Total short-term trade receivables	353.435.702	338.838.865
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(*) TRY 119.933.830 of the notes receivables was transferred to the factoring institutions (31 December 2015: TRY 16.081.947). The factoring debts related to this transaction have been classified under other financial liabilities.

(**) The Group's doubtful receivables from related parties consist of Elif Co., whose liquidation procedures were started in 2016.

Long-term trade receivables

	31 December 2016	31 December 2015
Trade receivables from related parties (Note 31)	4.935.298	4.077.595
Trade receivables from third parties	3.984.536	9.156.951
Notes receivables	10.182.919	10.326.506
Less: Rediscount expense	(2.043.951)	(3.234.101)

Total long-term trade receivables	17.058.802	20.326.951
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The collection period of trade receivables vary with the type of product and the agreements entered into with the customer. The average collection period for textile companys's sales is 174 days (31 December 2015: 169 days).The average collection period of trade receivables from retail companies sales is 69 days (31 December 2015: 69 days).

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NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of provision for doubtful receivables as of 31 December 2016 and 2015 is as follows:

	2016	2015
Opening balance - 1 January	35.254.468	25.625.598
Provisions (Note 25)	19.801.635	10.773.216
Write-offs in the current period (*)	(40.799)	(290.388)
Collection of receivables during the current period	(94.227)	(853.958)
Disposals from sale of subsidiary	(269.978)	-
Closing balance - 31 December	54.651.099	35.254.468

(*) The balance consists of doubtful receivables written off during the year as they were uncollectible.

Short term trade payables

	31 December 2016	31 December 2015
Trade payables	566.953.316	579.665.179
Notes payables (*)	766.596.199	560.939.856
Less: Rediscount income	(25.918.271)	(25.456.397)
Total trade payables from third parties	1.307.631.244	1.115.148.638
Trade payables from related parties	17.443.667	12.565.544
Less: Rediscount income	(587.367)	(358.700)
Total trade payables from related parties (Note 31)	16.856.300	12.206.844
Total trade payables	1.324.487.544	1.127.355.482

The average payment period of trade payables is 208 days for textile company (31 December 2015: 179 days). The average payment period of trade payables for retail companies' purchases is 201 days (31 December 2015: 184 days).

Long term trade payables

	31 December 2016	31 December 2015
Notes payables (*)	52.358.847	59.073.112
Total long term trade payables	52.358.847	59.073.112

(*) The Group has purchased the factory land and buildings which belong to Akış Gayrimenkul Yatırım Ortaklığı A.Ş. for USD 24.691.930. The payable amount which has a maturity of 5 years, has classified as short term and long term payables amounting to TRY 22.423.054 (31 December 2015: TRY 28.919.500) and TRY 52.302.699 (31 December 2015: TRY 59.073.112) respectively.

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NOTE 11 - OTHER RECEIVABLES AND PAYABLES

The detail of other receivables and payables as of 31 December 2016 and 2015 is as follows:

	31 December 2016	31 December 2015
Receivables from malls (**)	13.786.105	-
Other receivables from customer	2.487.179	2.294.298
Due from personnel	329.764	318.747
Other	1.158.834	532.829
Total other receivables	17.761.882	3.145.874
Other receivables from related parties (Note 31)	246.245.160	47.731.069
Total other receivables from related parties	246.007.042	50.876.943

(**) The receivables from the malls consist of the amounts that the Group will receive due to store openings.

Long term other receivables

	31 December 2016	31 December 2015
Deposits and guarantees given to third parties	1.763.853	1.629.829
Total other long-term receivables	1.763.853	1.629.829

Other short term payables

	31 December 2016	31 December 2015
Other (*)	31.864.573	23.620.903
Total other payables	31.864.573	23.620.903
Other payables to related parties (Note 31)	35.192.000	-
Total other payables	67.056.573	23.620.903

(*) The short term other payables amounting to TRY 31.229.936 (31 December 2015: TRY 23.073.725 short term and TRY 27.409.597 long term) are mainly related with the acquisition of YKM A.Ş. and YKM Pazartama A.Ş. on 22 October 2013.

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NOTE 11 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other long term payables

	31 December 2016	31 December 2015
Deposits and guarantees received	177.889	230.913
Other (*)	24.766	28.135.762
Total long term other payables	202.655	28.366.675

(*) The short term other payables amounting to TRY 31.229.936 (31 December 2015: TRY 23.073.725 short term and TRY 27.409.597 long term) are mainly related with the acquisition of YKM A.Ş. and YKM Pazarlama A.Ş. on 22 October 2013.

NOTE 12 - INVENTORIES

The detail of inventories as of 31 December 2016 and 2015 is as follows:

	31 December 2016	31 December 2015
Raw materials and supplies	34.582.414	53.527.265
Semi-finished goods	22.066.344	25.390.586
Finished goods	35.251.825	36.321.574
Trade goods	1.084.990.451	902.105.801
Goods in transit	47.249.914	39.290.498
Auxiliary materials	9.069.600	9.875.343
Real estates (*)	27.633.724	37.287.750
	1.260.844.272	1.103.798.817
Less: Provision for impairment on inventories	(43.334.645)	(24.345.493)
	1.217.509.627	1.079.453.324

(*) 4 stores that Group have started to receive rent income are classified to investment property from real estates inventories as of 31 December 2016 (Note 14).

The total insurance coverage on inventories is amounting as TRY 1.602.175.000 as at 31 December 2016 (31 December 2015: TRY 1.386.750.000).

The movement of the impairment on inventories during the periods ended as of 31 December 2016 and 2015 is as follows:

	2016	2015
Opening balance - 1 January	24.345.493	20.342.583
Changes during the year	18.989.152	4.002.910
Closing balance - 31 December	43.334.645	24.345.493

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NOTE 13 - PREPAID EXPENSES AND DEFERRED REVENUE

Deferred revenue - short term

	31 December 2016	31 December 2015
Advances received	80.220.416	29.797.834
Gift voucher	31.511.517	24.545.357
Income related to the mall contributions	25.234.782	3.835.431
Unused certificates of return goods (*)	20.926.254	15.542.307
Customer loyalty points	10.753.524	8.891.930
Other	10.189.425	2.884.560
	178.835.918	85.497.419

(*) Unused certificates of return goods consist of unused portion of certificates given to the customers for their return goods at the retail sales as of the balance sheet date.

Deferred revenue - long term

As of 31 December 2016, the non-current deferred revenue amounting to TRY 14.801.962 (31 December 2015: TRY 15.570.889) consists of income related to mall contribution amounting to TRY 12.217.083 (31 December 2015: TRY 15.513.469).

Prepaid expenses - short term

	31 December 2016	31 December 2015
Advances given for inventories	24.180.679	17.120.247
Prepaid insurance expenses	3.006.586	2.397.693
Other	8.317.529	5.185.515
	35.504.794	24.703.455

Prepaid expenses - long term

	31 December 2016	31 December 2015
Prepaid rent expenses	1.861.251	-
Other	1.584.295	251.659
	3.445.546	251.659

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NOTE 14 - INVESTMENT PROPERTIES

	1 January 2016	Additions	Disposals (-)	Transfers (*)	Change in fair value	31 December 2016
Fair value						
Starcity Mall	142.464.000	-	(96.933.026)	-	(45.530.974)	-
Store at Unkapanı	175.000	-	-	-	-	175.000
Istwest stores	16.840.700	-	-	2.098.800	13.880.500	32.820.000
	159.479.700	-	(96.933.026)	2.098.800	(31.650.474)	32.995.000

According to the share transfer agreement of the Group's subsidiary signed on 7 May 2016, the fair value of the Starcity shopping mall has been calculated as TRY 96.933.026 and impairment loss amounting to TRY 45.530.974, has been recognized to the consolidated financial statements as of 31 December 2016. As a result of share transfer on 15 June 2016, the income and expenses related to BYN's activities are reclassified to loss from discontinued operations for the period (Note 4).

(*) 4 stores that the Group started to have rent income are classified to investment property from real estates inventories as of 31 December 2016.

	1 January 2015	Additions	Disposals (-)	Transfers	Change in fair value	31 December 2015
Fair value						
Starcity Mall	127.040.000	86.482	-	-	15.337.518	142.464.000
Land in Antalya	935.000	-	(935.000)	-	-	-
Store at Unkapanı	175.000	-	-	-	-	175.000
Istwest stores	10.736.740	-	-	-	6.103.960	16.840.700
	138.886.740	86.482	(935.000)	-	21.441.478	159.479.700

The assumptions used in determining the fair value of investment properties are explained in Note 2.7.

The comparison of the cost of investment properties and their fair values as of 31 December 2016 is as follows:

31 December 2016

Name	Date of expertise report	Fair value (TRY)	Cost value (TRY)
Store at Unkapanı	6 August 2013	175.000	43.961
Istwest stores	9 February 2017	32.820.000	17.531.359

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NOTE 14 - INVESTMENT PROPERTIES (Continued)

31 December 2015			
Name	Date of expertise report	Fair value (TRY)	Cost value (TRY)
Starcity Mall	24 December 2015	142.464.000	38.506.180
Store at Unkapanı	6 August 2013	175.000	43.961
Istwest stores	26 March 2015	16.840.700	10.736.740

As of 31 December 2016, rent income from investment properties is amounting to TRY 7.453.449 (31 December 2015: TRY 12.389.945).

The fair value of land and buildings

As of 31 December 2016 and 2015, the fair value of land and buildings of the Group was determined by an independent expert. Increase in the revaluation amount has been recognized as other operating income in the statement of comprehensive income.

The table below analyses non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- (Level 1) Quoted prices (unadjusted) in active markets for identical assets or liabilities
- (Level 2) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- (Level 3) Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

31 December 2016			
	Quoted in active markets for identical assets prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Store at Unkapanı	-	175.000	-
Istwest stores	-	32.820.000	-
		32.995.000	

31 December 2015			
	Quoted in active markets for identical assets prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Starcity Mall	-	142.464.000	-
Store at Unkapanı	-	175.000	-
Istwest stores	-	16.840.700	-
		159.479.700	

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NOTE 14 - INVESTMENT PROPERTIES (Continued)

Valuation techniques used to derive level 2 fair values

Level 2 fair values have been derived using the sales comparison approach and income capitalization method. The main input used in the sales comparison method is price per square meter. The main input used in the income capitalization method is rent cost, occupancy, annual rent increase and discount rate.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2016	Additions	Disposals (-) (*)	Transfers	31 December 2016
Cost					
Lands	48.883.306	-	-	-	48.883.306
Land improvements	-	-	-	214.432	214.432
Buildings	26.311.968	608.399	-	17.653.528	44.573.895
Plant, machinery and equipment	132.155.311	2.963.373	(20.205.569)	923.403	115.836.518
Furniture and fixtures	173.654.694	34.760.644	(2.919.194)	98.108	205.594.252
Motor vehicles	934.984	10.405	-	-	945.389
Leasehold improvements	257.132.781	32.973.534	(25.869.149)	423.425	264.660.591
Construction in progress	5.421.107	27.207.718	(4.002.770)	(19.454.144)	9.171.911
	644.494.151	98.524.073	(52.996.682)	(141.248)	689.880.294
Accumulated depreciation (-)					
Land improvements	-	(893)	-	-	(893)
Buildings	(43.853)	(705.156)	-	-	(749.009)
Plant, machinery and equipment	(118.402.440)	(3.154.477)	17.440.486	-	(104.116.431)
Furniture and fixtures	(66.627.079)	(28.054.602)	1.139.067	-	(93.542.614)
Motor vehicles	(628.233)	(139.535)	-	-	(767.768)
Leasehold improvements	(107.540.886)	(33.451.594)	17.668.648	-	(123.323.832)
	(293.242.491)	(65.506.257)	36.248.201	-	(322.500.547)
Net book value	351.251.660				367.379.747

(*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 6.335.134 during the period 1 January - 31 December 2016.

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2015	Additions	Disposals (-)**	Transfers	Assets acquired through business combinations (***)	31 December 2015
Cost						
Lands	62.934	48.820.372	-	-	-	48.883.306
Buildings	-	26.311.968	-	-	-	26.311.968
Plant, machinery and equipment	126.672.471	5.103.097	(78.618)	-	458.361	132.155.311
Furniture and fixtures	148.381.906	23.684.841	(1.565.492)	3.153.439	-	173.654.694
Motor vehicles	1.127.883	-	(260.536)	-	67.637	934.984
Leasehold improvements	227.488.942	34.255.455	(5.490.250)	474.645	403.989	257.132.781
Construction in progress	749.843	8.299.348	-	(3.628.084)	-	5.421.107
	504.483.979	146.475.081	(7.394.896)	-	929.987	644.494.151
Accumulated depreciation (-)						
Buildings	-	(43.853)	-	-	-	(43.853)
Plant, machinery and equipment	(113.681.854)	(4.770.630)	50.044	-	-	(118.402.440)
Furniture and fixtures	(42.087.211)	(24.985.302)	445.434	-	-	(66.627.079)
Motor vehicles	(676.450)	(131.472)	179.689	-	-	(628.233)
Leasehold improvements	(74.851.854)	(34.083.085)	1.394.053	-	-	(107.540.886)
	(231.297.369)	(64.014.342)	2.069.220	-	-	(293.242.491)
Net book value	273.186.610					351.251.660

(**) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 3.181.461 during the period 1 January - 31 December 2015.

(***) TRY 288.325 of the assets acquired through the business combinations are derived from the acquisition of Izkar shares and TRY 641.662 of the assets acquired from the acquisition of Nişantaşı Turistik.

As of 31 December 2016 depreciation expense amounting to TRY 53.231.958 (31 December 2015: TRY 49.898.359) has been charged in marketing expenses, TRY 4.526.097 (31 December 2015: TRY 6.235.153) has been charged in cost of sales, TRY 7.641.247 (31 December 2015: TRY 7.868.472) has been charged in general and administrative expenses, and TRY 106.955 (31 December 2015: TRY 12.358) has been charged in research and development expenses (Note 24).

As of 31 December 2016 total amount of insurance coverage on tangible fixed assets is amounting to TRY 954.295.626 (31 December 2015: TRY 1.054.431.709).

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NOTE 16 - INTANGIBLE ASSETS

	1 January 2016	Additions	Disposals (-)	Transfers	31 December 2016
Cost					
Rights	14.032.589	2.636.777	(1.931.302)	141.248	14.879.312
Brands	469.359.395	3.865.000	-	-	473.224.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	17.349.298	12.958.772	-	-	30.308.070
	1.072.991.287	19.460.549	(1.931.302)	141.248	1.090.661.782
Accumulated amortization (-)					
Rights	(12.218.637)	(4.030.896)	1.818.958	-	(14.430.575)
Favorable rent contract	(66.973.257)	(25.925.132)	-	-	(92.898.389)
Franchise agreements	(41.139.014)	(15.948.910)	-	-	(57.087.924)
Customer network	(13.214.094)	(5.115.133)	-	-	(18.329.227)
Computer licenses	(6.308.751)	(6.898.402)	-	-	(13.207.153)
	(139.853.753)	(57.918.473)	1.818.958	-	(195.953.268)
Net book value	933.137.534				894.708.514

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NOTE 16 - INTANGIBLE ASSETS (Continued)

	1 January 2015	Additions	Disposals (-)	Assets acquired through business combinations (*)	31 December 2015
Cost					
Rights	12.286.040	1.729.521	-	17.028	14.032.589
Brands	469.359.395	-	-	-	469.359.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	9.882.806	7.466.492	-	-	17.349.298
	1.063.778.246	9.196.013	-	17.028	1.072.991.287
Accumulated amortization (-)					
Rights	(8.664.032)	(3.554.605)	-	-	(12.218.637)
Favorable rent contract	(41.048.125)	(25.925.132)	-	-	(66.973.257)
Franchise agreements	(27.414.294)	(13.724.720)	-	-	(41.139.014)
Customer network	(8.098.961)	(5.115.133)	-	-	(13.214.094)
Computer licenses	(2.678.304)	(3.630.447)	-	-	(6.308.751)
	(87.903.716)	(51.950.037)	-	-	(139.853.753)
Net book value	975.874.530				933.137.534

(*) TRY 12.663 of the assets acquired through the business combinations are derived from the acquisition of İzkar shares and TRY 4.365 of the assets acquired from the acquisition of Nişantaşı Turistik.

As of 31 December 2016, amortization expense amounting to TRY 44.538.117 (31 December 2015: TRY 45.902.407) has been charged in marketing expenses, TRY 13.329.247 (31 December 2015: TRY 5.983.837) has been charged in general and administrative expenses, TRY 37.433 (31 December 2015: TRY 47.767) has been charged in cost of sales and TRY 13.676 (31 December 2015: TRY 16.026) has been charged in research and development expenses (Note 24).

Brands

Brands consist of Beymen, Boyner, Beymen Club and Beymen Business brands that are accounted by business combinations (Note 3). Furthermore, brands also include T-Box brand which is purchased from Boyner Holding on 1 October 2010, Divarese brand purchased from Vincenzo Schilacci and Step SRL on 15 July 2011 and George Hogg brand purchased from Boyner Holding on 10 February 2016.

Brand impairment tests

As of 31 December 2016, brands have been tested for impairment by using the revenue approach. While testing the value of brand, sales estimations based on the financial budgets approved by the management have been used.

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NOTE 16 - INTANGIBLE ASSETS (Continued)

Beymen brand

While testing the value of Beymen brand, revenue plans based on the financial budgets approved by the management covering a five year period have been taken into consideration with a growth rate between 10% and 18,3% and accordingly the cash flows calculated is discounted with a rate of 14,8%. For the following period after five years, cash flows have been determined with a growth rate of 6,5%. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 14,80%, 15,80% or 13,80%) the fair value as at 31 December 2016 would decrease by TRY 61,8 million and increase by TRY 79,1 million and no impairment has been identified in sensitivity analysis performed with the rates.

Boyner brand

While testing the value of Boyner brand, revenue plans based on the financial budgets approved by the management covering a five year period have been taken into consideration with a growth rate between 20,8% and 24,4% and accordingly the cash flows is discounted with a rate of 14,8%. For the following period after five years, cash flows have been determined with a growth rate of 6,5%. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 14,80%, 13,80% or 15,80%) the fair value as at 31 December 2016 would decrease by TRY 87,5 million and increase by TRY 112 million and no impairment has been identified in sensitivity analysis performed with these rates.

T-box brand

While testing the value of T-box brand, revenue plans based on the financial budgets approved by the management covering a five year period have been taken into consideration with a growth rate between 10% and 61,2% and accordingly the cash flows calculated is discounted with a rate of 14,8%. For the following five years, cash flows have been determined with a growth rate of 6,5% as of 31 December 2016, the Group has not identified any impairment as a result of this test. Discount rate after tax being 1% higher/lower (instead 14,8%, being 15,8% or 13,8%) which is used in discounted cash flow calculations causes decrease at fair value amounting to TRY 2,9 million or increase amounting to TRY 3,8 million and no impairment has been identified in sensitivity analysis performed with these rates.

Beymen Club and Beymen Business brands

In impairment tests, annual revenue growth has been estimated for Beymen Club; in the range of 10% to 21,5%; for Beymen Business in the range of 5% to 20,5% and royalty income is discounted by 14,8% by using the same method. For the following period after five years, cash flows have been determined with a growth rate of 5%. As of 31 December 2016, the Group has not identified any impairment as a result of this test. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 14,8%, 15,8% or 13,8%) the fair value would decrease by TRY 5.1 million for Beymen Club and TRY 4.3 million for Beymen business or increase by TRY 6.3 million for Beymen Club and by TRY 5.3 million for Beymen Business and no impairment has been identified in sensitivity analysis performed with these rates.

As a result of the impairment tests performed based on the assumptions explained above, the Group did not identify any impairment as of 31 December 2016. As the fair values of the brands are higher than their carrying values, management did not calculate the recoverable amounts in terms of value in use.

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

As of 31 December 2016 short term provision for employee benefits amounting to TRY 14.653.442 (31 December 2015: TRY 17.781.353) mainly consists of provision for unused vacation rights and bonus provision.

Other short term provisions

Other short term provision as of 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Provision for sales returns and price differences	17.394.899	13.615.006
Provision for litigations	7.258.895	5.095.436
Other	176.021	56.742
	24.829.815	18.767.184

The movement of other short term provisions is as follows:

	1 January 2016	Additions	Paid provisions	31 December 2016
Provision for sales returns and price differences	13.615.006	13.309.069	(9.529.176)	17.394.899
Provision for litigations	5.095.436	3.013.258	(849.799)	7.258.895
Other	56.742	176.021	(56.742)	176.021
Total	18.767.184	16.498.348	(10.435.717)	24.829.815
	1 January 2015	Additions	Paid provisions	31 December 2015
Provision for sales returns and price differences	11.434.862	10.273.802	(8.093.658)	13.615.006
Provision for litigations	2.998.275	2.796.167	(699.006)	5.095.436
Other	42.121	14.621	-	56.742
Total	14.475.258	13.084.590	(8.792.664)	18.767.184

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities

Guarantees, pledges and mortgages

Guarantees, pledges and mortgages "GPM" given by the Company as of 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
The GPM's given by the Group		
A. Total amount of GPMs which the Company provided on behalf of its own legal entity	73.118	795.278
B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation	377.714.157	324.243.271
C. Total amount of GPMs which the Company provided on behalf of third parties to conduct business activities	-	-
D. Total amount of other GPMs provided	-	-
i. On behalf of majority shareholder	-	-
ii. On behalf of other group companies which are not included in item B or C	-	-
iii. On behalf of third parties which are not covered by item C	-	-
	377.787.275	325.038.549

As of 31 December 2016 and 2015, there are not any other guarantees, pledges, and mortgages given by the Group.

The details of GPM are given as of 31 December 2016 and 2015 are as follows:

Currency	31 December 2016		31 December 2015	
	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
TRY	357.656.221	357.656.221	263.324.295	263.324.295
EUR	4.585.769	17.012.744	19.421.656	61.714.254
USD	886.085	3.118.310	-	-
		377.787.275		325.038.549

NOTE 18 - COMMITMENTS

As of 31 December 2016 and 2015, annual lease liabilities that are non-cancellable over one year maturity and not included in the Group's consolidated financial statements are as follows:

Operating vehicles lease commitments:

	31 December 2016	31 December 2015
Payable within 1 year	2.442.777	3.217.609
Payable within 1 - 5 years	2.705.791	2.997.245
	5.148.568	6.214.854

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NOTE 18 - COMMITMENTS (Continued)

Operating stores leasing commitments:

	31 December 2016	31 December 2015
Payable within 1 year	142.853.518	124.195.925
Payable within 1 - 5 years	161.178.555	138.159.599
Longer than 5 years	33.519.972	-
	337.552.045	262.355.524

Operating office leasing commitments:

	31 December 2016	31 December 2015
Payable within 1 year	3.212.380	2.162.584
	3.212.380	2.162.584

The commitments of the Group related to export operations as of 31 December 2016 amounting to USD 2.083.811 (31 December 2015: USD 6.108.417).

NOTE 19 - EMPLOYEE BENEFITS

Short term provision for employee benefits

Short term provision for employee benefits as of 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Social security premiums	20.392.671	9.272.681
Payables to personnel	18.976.156	11.734.098
	39.368.827	21.006.779

Long term provision for employee benefits

	31 December 2016	31 December 2015
Provision for employee benefits	36.627.258	32.683.148
	36.627.258	32.683.148

NOTE 19 - EMPLOYEE BENEFITS (Continued)

Long term provision for employee benefits (Continued)

Under the Turkish Labor Law, the Group is required to pay employee benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2242 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 4.297,21 for each period of service as of 31 December 2016 (31 December 2015: TRY 3.828,37). The retirement pay provision ceiling is revised semi-annually, and TRY 4.426,16 which is effective from 1 January 2017, is taken into consideration in the calculation of provision for employee benefits (31 December 2015: TRY 4.092,53 effective from 1 January 2016). Liability of employee benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/(gain) are accounted in the statement of comprehensive income under revaluation reserves.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2016 and 2015 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated with real discount rate 5,19% (31 December 2015: 2,97%) by assuming an annual inflation rate of 6% (31 December 2015: 6%) and an interest rate of 11,50% (31 December 2015: 9,60%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. The estimated rates of 31 December 2016 date for store personnel 84,65% (31 December 2015: 79,83%) and 93,70% for the management and other personnel (31 December 2015: 96,50%).

The provision for employee benefits in the statement of comprehensive income and balance sheet is as follows:

	2016	2015
Current period charge	13.977.803	16.027.902
Finance charge of employee benefits	2.205.932	2.076.455
	16.183.735	18.104.357

The movement of employee benefits is as follows:

	2016	2015
Opening balance - 1 January	32.683.148	24.318.778
Cost of service	13.977.803	16.027.902
Cost of interest	2.205.932	2.076.455
Actuarial losses	11.706.100	6.107.580
Amount acquired through business combinations	-	242.584
Amount classified as discontinued operations (*)	(4.895.003)	-
Payments (-)	(19.050.722)	(16.090.151)
Closing balance - 31 December	36.627.258	32.683.148

(*) The amount classified as discontinued operations consists of current service cost amounting TRY 602.768, interest cost amounting to TRY 313.257 and paid compensation amounting to TRY 5.811.028.

NOTE 20 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2016	31 December 2015
Value added taxes carried forward	114.856.356	96.102.516
Other VAT receivables	12.307.173	14.616.915
Other	4.463.175	3.028.690
	131.626.704	113.748.121

Other non-current assets

Other non-current assets of the Group consist of long term VAT receivables amounting to TRY 12.876.789 (31 December 2015: TRY 28.002.075).

Other short term liabilities

	31 December 2016	31 December 2015
Taxes, fees and other deduction payables	14.305.053	9.492.748
Other	4.397.259	1.251.390
	18.702.312	10.744.138

NOTE 21 - EQUITY

The shareholders and the shareholding structure of the Company as at 31 December 2016 and 2015 are as follows:

	31 December 2016		31 December 2015	
	Share	Amount (TRY)	Share	Amount (TRY)
Boyner Holding	%54,80	31.619.228	%54,80	31.619.228
Mayhoola for Investments LLC (*)	%30,68	17.700.000	%30,68	17.700.000
Other shareholders and free float (**)	%14,52	8.380.772	%14,52	8.380.772
Paid-in capital	%100,00	57.700.000	%100,00	57.700.000
Inflation adjustment difference in share capital		56.061.369		56.061.369
Total adjusted capital		113.761.369		113.761.369

(*) In accordance with the approval of CMB dated 1 June 2015 and numbered 14/674, the share capital increased from TRY 40.000.000 to TRY 57.700.000, and issued shares with nominal value of TRY 17.700.000 are sold to Mayhoola for Investments LLC for TRY 885.000.000 in total, with private placement of TRY 50 for each share whose nominal value is amounting to TRY 1 each through Istanbul Stock Exchange Wholesale Market. In consequence of private placement transaction, share premium amounting to TRY 867.300.000 accounted under "Share premium". Share premiums amounting to TRY 728.924.126 has transferred to accumulated losses as of 5 April 2016.

(**) Represents shareholding less than 10%.

As of 31 December 2016, the registered share capital of the Company is TRY 57.700.000 (31 December 2015: TRY 57.700.000) and the Company's share capital consists of 5.770.000.000 issued shares with TRY 0,01 nominal value each (31 December 2015: 5.770.000.000).

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NOTE 21 - EQUITY (Continued)

Legal Reserve

- a) The first legal reserve is appropriated out of net statutory income at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid in share capital.
- b) The second legal reserve is appropriated at the rate 10% per annum of all distributions in excess 5% of the historical paid in share capital. The legal reserves may be used to offset losses in the event that historical general reserve is exhausted.

Retained earnings in statutory records are available for distribution in the framework of the above mentioned legal rules.

Restricted reserves:

	31 December 2016	31 December 2015
Legal reserves	10.467.368	10.467.368
Legal reserves arising from tax exemption related to the gain from sale of subsidiary (*)	1.080.833	1.080.833
Legal reserves arising from tax exemption related to the gain from the sale of investment property share (*)	21.902.906	21.902.906
	33.451.107	33.451.107

(*) In accordance with the Corporate Tax Law, 75% of the profit obtained from the sales of share in subsidiaries and investment properties is considered as tax exempt in such condition that the amount is kept in capital reserves under liabilities for 5 years. The profit assumed as tax exemption cannot be transferred to any account except for the capital account or retrieved from the Company.

Revaluation funds

The details of revaluation funds as of 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Revaluation fund related to the land on which the factory plant was located	78.824.810	78.824.810
Revaluation fund related to the land classified as investment property	15.722.470	15.722.470
Total of revaluation funds	94.547.280	94.547.280
Classification of the special fund arising from the sale of investment property	(15.722.470)	(15.722.470)
Effect of deferred tax	(3.943.025)	(3.943.025)
Transfers to accumulated losses	(61.457.501)	(58.951.511)
	13.424.284	15.930.274

The movement of revaluation funds as of 31 December 2016 and 2015 is as follows:

	2016	2015
Opening balance - 1 January	15.930.274	20.566.110
Transfers to accumulated losses (**)	(2.505.990)	(4.635.836)
Closing balance - 31 December	13.424.284	15.930.274

(**) Revenue is recognized when the risk and benefits of the real estate inventories are transferred to buyer as explained in Note 12. Revaluation fund associated with income recognized during the periods ended 31 December 2016 and 2015 are transferred to accumulated loss.

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NOTE 21 - EQUITY (Continued)

Impact of business combinations under common control

The detail of impact of business combinations under common control as of 31 December 2016 and 2015 is as follows:

	31 December 2016	31 December 2015
Impact of the acquisition of BBM (*)	(48.574.625)	(43.646.268)
Impact of the acquisition of Beymen	(202.724.939)	(202.724.939)
Merge impact of BBA	7.478.755	7.478.755
Acquisition of AYTK shares from non-controlling interest (Note 3)	(12.105.679)	(12.105.679)
Acquisition of YKM shares from non-controlling interest	(56.878.535)	(56.878.535)
Impact of the acquisition of Nişantaşı Turistik (Note 3)	(3.750.172)	(3.750.172)
	(316.555.195)	(311.626.838)

(*) On 4 March 2016, the Company purchased 0,92% of the public shares of BBM with an amount of TRY 4.172.392 and increased its shareholding rate from 99,08% to 100%. With this purchase, the negative fund amounting to TRY 4.928.357 has been recognized under "Impact of business combinations under common control" account in equity.

NOTE 22 - REVENUE AND COST OF SALES

Sales

	2016	2015
Domestic sales	4.142.327.372	3.887.675.416
Export sales	24.178.926	69.148.702
Real estate sales	13.037.377	19.734.491
Other sales	12.530.194	4.826.797
Sales returns (-)	(502.704.763)	(411.387.264)
Sales discounts (-)	(245.165.870)	(172.020.969)
	3.444.203.236	3.397.977.173

Cost of sales

	2016	2015
Cost of trade goods sold	1.828.817.765	1.805.328.667
Cost of finished goods sold	160.576.035	163.734.274
Cost of services given and real estate sold	8.860.612	16.227.130
	1.998.254.412	1.985.290.071

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NOTE 23 - MARKETING, RESEARCH AND DEVELOPMENT AND GENERAL ADMINISTRATIVE EXPENSES

	2016	2015
Marketing expenses	1.110.528.533	1.039.581.410
General administrative expenses	265.916.123	252.284.067
Research and development expenses	3.616.251	4.673.946
	1.380.060.907	1.296.539.423

Research and development expenses

	2016	2015
Personnel expenses	2.551.083	3.222.689
Outsourced benefits and services	451.423	357.809
Depreciation and amortization expenses (Notes 15 and 16)	120.631	28.384
Other	493.114	1.065.064
	3.616.251	4.673.946

Marketing expenses

	2016	2015
Personnel expenses	347.039.220	326.119.483
Rent expense	275.767.047	260.292.526
Depreciation and amortization expenses (Notes 15 and 16)	97.770.075	95.800.766
Franchise commission expenses	76.544.607	69.168.997
Advertisement expenses	59.952.663	49.560.464
Transportation, logistics and distribution expenses	57.838.462	51.382.466
Common administrative expenses	47.730.060	41.622.688
Utility expenses	29.197.782	28.699.984
Sales material expenses	24.744.388	26.176.988
Other	93.944.229	90.757.048
	1.110.528.533	1.039.581.410

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NOTE 23 - MARKETING, RESEARCH AND DEVELOPMENT AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

General administrative expenses

	2016	2015
Personnel expenses	180.215.861	160.769.492
Depreciation and amortization expenses (Notes 15 and 16)	20.970.494	13.852.309
Rent expense	15.523.392	12.890.686
Outsourced consultancy services	15.266.661	29.871.830
Maintenance and repair expenses	5.832.326	3.716.942
Travel expense	5.461.316	5.132.585
Outsourced benefits and services	4.485.589	4.092.655
Other	18.160.484	21.957.568
	265.916.123	252.284.067

NOTE 24 - EXPENSE BY NATURE

Personnel expenses

	2016	2015
Marketing expenses	347.039.220	326.119.483
General administrative expenses	180.215.861	160.769.492
Cost of good sold	10.810.408	13.763.419
Research and development expenses	2.551.083	3.222.689
	540.616.572	503.875.083

Depreciation and amortization expenses

	2016	2015
Marketing expenses	97.770.075	95.800.766
General administrative expenses	20.970.494	13.852.309
Cost of good sold	4.563.530	6.282.920
Research and development expenses	120.631	28.384
	123.424.730	115.964.379

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NOTE 25 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	2016	2015
Foreign exchange income	64.008.884	112.285.628
Rediscount income	52.307.823	51.225.748
Term difference income from sales	19.052.577	25.295.477
Increase in fair value of investment properties (Note 14)	13.880.500	21.441.478
Brand license incomes	6.430.900	6.438.593
Store investment contribution income	6.068.405	7.321.705
Other	25.173.245	21.352.872
	186.922.334	245.361.501

Other operating expense

	2016	2015
Foreign exchange losses	98.353.075	131.605.845
Term difference expenses from purchases	47.160.482	53.732.009
Rediscount expenses	38.783.511	32.272.751
Provision expense of doubtful receivables (Note 10)	19.801.635	10.773.216
Other	13.744.338	13.977.336
	217.843.041	242.361.157

NOTE 26 - INCOME/ (EXPENSES) FROM INVESTING ACTIVITIES

Income from investing activities

	2016	2015
Gain on sales of fixed assets	2.113.107	448.884
Gain on sales of investment property	-	1.426.000
Other	-	458.750
	2.113.107	2.333.634

Loss from investing activities

	2016	2015
Loss on sales of fixed assets	1.906.456	949.658
Other	-	18.465
	1.906.456	968.123

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NOTE 27 - FINANCIAL INCOME

Financial income

	2016	2015
Foreign exchange income	316.296.862	103.174.438
Interest income	29.517.061	60.974.958
Term difference income	2.585.702	1.914.922
	348.399.625	166.064.318

NOTE 28 - FINANCIAL EXPENSES

Financial expenses

	2016	2015
Foreign currency losses	387.205.145	285.549.881
Interest expenses arising from bank borrowings	255.380.538	263.776.007
Interest expenses arising from bills and bonds	40.610.151	53.923.219
Credit card early collection interest	32.217.151	21.125.608
Term difference expenses	26.075.729	20.724.651
Factoring expenses	22.491.455	11.202.537
Other	25.706.677	18.273.044
	789.686.846	674.574.947

NOTE 29 - TAX ASSETS AND LIABILITIES

a) Corporate Tax

The Turkish corporation tax rate for 2016 is 20% (31 December 2015: 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Taxes on profit for the period consist of the following:

	31 December 2016	31 December 2015
Corporate tax calculated	18.143.820	8.546.810
Prepaid taxes (-)	(12.066.531)	(6.807.317)
	6.077.289	1.739.493

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NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

Tax income and expenses stated in the statement of comprehensive income are as follows:

	2016	2015
Corporate tax expense	(18.143.820)	(8.546.810)
Deferred tax income	8.576.527	12.062.741
Total tax (expense)/income	(9.567.293)	3.515.931

The reconciliation of the tax expense in the consolidated statement of comprehensive income is as follows:

	2016	2015
Profit before tax	(404.627.736)	(385.128.641)
Corporate tax of 20%	80.925.547	77.025.728
Non-deductible expenses	(4.619.926)	(11.774.571)
Non-taxable income	315.556	7.378.242
Current period tax losses on which deferred tax is not calculated	(73.690.458)	(55.617.993)
Consolidation adjustments on which deferred tax is not calculated	(6.274.425)	(6.003.669)
Tax effect of discontinued operations	3.168.466	-
Other	(9.392.053)	(7.491.806)
Total tax (expense)/income	(9.567.293)	3.515.931

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NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred tax assets and liabilities:

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities using principal tax rates are as follows:

	31 December 2016		31 December 2015	
	Temporary differences	Deferred tax asset / (liability)	Temporary differences	Deferred tax asset / (liability)
Tangible/intangible fixed asset	924.895.725	(184.979.145)	969.428.838	(193.885.768)
Rediscount on trade receivable and payable, net	12.207.660	(2.441.532)	(1.049.709)	209.942
Inventories	(78.407.517)	15.681.502	(53.307.532)	10.661.506
Provision for employee benefits	(37.808.594)	7.561.718	(48.164.267)	9.632.852
Provision for doubtful receivables	(33.193.603)	6.638.721	(13.374.631)	2.674.926
Provision for sales returns and price difference	(17.210.891)	3.442.178	(13.430.997)	2.686.199
Deferred revenue and customer loyalty programs	(35.554.520)	7.110.903	(28.240.830)	5.648.166
Carry forward losses	(172.119.249)	34.423.849	(79.327.857)	15.865.571
Fair value difference of real estate recognized in the income statement	13.880.500	(2.776.100)	103.957.820	(20.791.564)
Derivative instruments	129.243.033	(25.848.607)	59.760.767	(11.952.153)
Other	(7.415.214)	1.483.047	(39.384.239)	7.876.850
Deferred tax liability, net	698.517.330	(139.703.466)	856.867.363	(171.373.473)
Deferred tax asset		27.907.331		21.188.383
Deferred tax liability		(167.610.797)		(192.561.856)

Deferred tax assets and liabilities are offset due to fulfillment of conditions such that there is an applicable right for offsetting current tax assets and liabilities, and furthermore, it is intended to fulfill the current tax liabilities simultaneously with the formation of current tax assets.

The deferred tax assets on carry forward tax losses which are not recognized as the end of each period are reviewed. When it is probable that the taxable profit for the use of deferred tax assets will be obtain in the near future, deferred tax assets which are not recognized in the prior periods are recognized in the current period.

The movement of deferred tax assets/(liabilities) for the periods ended 31 December 2016 and 2015 are as follows:

	2016	2015
Opening balance - 1 January	(171.373.473)	(184.704.499)
Tax income for the period	17.493.252	12.062.741
Continued operations	8.576.527	12.062.741
Discontinued operations	8.916.725	-
Amount recognized in equity	2.341.220	1.221.516
Deferred tax asset acquired through business combinations	-	46.769
Disposals due to the sale of subsidiary	11.835.534	-
Closing balance - 31 December	(139.703.466)	(171.373.473)

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NOTE 30 - EARNING / (LOSS) PER SHARE

Earnings per share are calculated by dividing the net loss for the period by the weighted average number of Boyner Perakende shares during the period.

	2016	2015
Loss for the current period (TRY)	(414.195.029)	(381.612.710)
Weighted average number of shares (*)	57.700.000	49.508.264
Loss per share of the Company (TRY)	(7,18)	(7,71)

(*) Per share of TRY 1 nominal value.

NOTE 31 - RELATED PARTY DISCLOSURES

a) Trade receivables due from related parties as of 31 December 2016 and 2015 are as follows:

	31 December 2016		31 December 2015	
	Trade	Other	Trade	Other
Receivables from shareholders				
Boyner Holding A.Ş.	5.372.434	233.148.434	3.648.764	41.349.717
Receivables from associates				
Nile Bosphorus (*)	4.935.298	-	4.077.595	-
Christian Dior İstanbul Mağazacılık A.Ş.	190	-	-	39.308
Elif Co. For General Trading Ltd.	-	-	11.398.439	-
Christian Louboutin Mağazılık A.Ş.	67.732	-	-	-
Receivables from other related parties				
BR Mağazacılık A.Ş.	10.361.937	-	28.751.418	-
BNR Teknoloji A.Ş.	570.945	-	-	-
Fırsat Teknoloji A.Ş.	16.099.972	13.096.726	9.616.993	6.342.044
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler İth. ve İhr. Turizm Ltd.	12.948.556	-	11.235.233	-
Era Mağazacılık A.Ş.	9.362.710	-	8.721.154	-
Alsis Sigorta Acentalığı A.Ş.	15.360	-	-	-
Total	59.735.134	246.245.160	77.449.596	47.731.069

(*) Long-term receivables due from related parties.

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NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

b) Trade payables due to related parties as of 31 December 2016 and 2015 are as follows:

	31 December 2016		31 December 2015	
	Trade	Other	Trade	Other
Payables to shareholders				
Boyner Holding A.Ş.	142.850	-	255.810	-
Payables to individual shareholders	-	35.192.000	-	-
Payables to associates				
Christian Louboutin Mağazacılık A.Ş.	559.340	-	288.817	-
Payables to other related parties				
BNR Teknoloji A.Ş.	968.475	-	1.375.055	-
BR Mağazacılık A.Ş.	12.391.944	-	6.793.565	-
Alsis Sigorta Acentalığı A.Ş.	2.723.771	-	2.435.949	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	36.657	-	8.249	-
Fırsat Teknoloji A.Ş.	3.123	-	32.458	-
Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.	-	-	834.442	-
Christian Louboutin SA.	-	-	182.499	-
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	19.579	-	-	-
Boyner Danışmanlık Servis ve Ticaret A.Ş.	10.561	-	-	-
	16.856.300	35.192.000	12.206.844	-

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NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

c) Purchase and sale of goods and services to related parties as of 31 December 2016 and 2015 are as follows:

	31 December 2016			31 December 2015		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
Purchases						
Shareholders						
Boyner Holding A.Ş.	9.020	5.740.023	3.864.110	20.573	7.655.153	1.381.370
Joint-ventures						
Christian Louboutin Mağazacılık A.Ş.	427.435	-	-	-	-	-
Other related parties						
BR Mağazacılık A.Ş.	24.233.869	312.951	144.043	14.872.847	-	-
Fırsat Elektronik A.Ş.	-	569.847	237.099	3.001.420	1.011.179	-
Ran Konfeksiyon Tekstil Deri Yan Ürünler İth. ve İhr. Turizm Ltd.	-	1.912	788.000	-	-	283.998
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	262.285	-	-	204.300	-
Alsis Sigorta Acentalığı A.Ş.	-	9.214.208	8.452	-	9.262.646	-
BNR Teknoloji A.Ş.	-	10.249.669	-	-	23.156.184	-
Inco İnşaat A.Ş.	-	-	-	-	67.200	-
Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.	-	-	-	903.961	-	-
Christian Dior Couture	5.478.284	-	-	4.847.108	-	-
Christian Louboutin Couture	3.326.797	-	-	4.401.830	-	-
	33.475.405	26.350.895	5.041.704	28.047.739	41.356.662	1.665.368

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NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

	31 December 2016			31 Aralık 2015		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
Sales						
Shareholders						
Boyner Holding A.Ş.	9.394	120.000	18.172.224	47.738	126.000	9.015.249
Subsidiaries						
Christian Dior İstanbul Mağazacılık A.Ş.	2.886	396.294	-	8.206	285.120	-
Christian Louboutin Mağazacılık A.Ş.	13.999	1.455.503	359.976	101.225	251.370	-
Associates						
Elif Co. For General Trading Ltd.	617.466	-	-	4.326.293	-	-
Other related parties						
BR Mağazacılık A.Ş.	34.643.772	2.040.821	528.794	60.454.550	1.087.299	300.095
Fırsat Teknoloji A.Ş.	44.903.096	1.402.752	1.846.343	22.756.033	1.355.057	1.209.280
Nişantaşı Turizm İşletmeleri A.Ş.	-	-	-	-	29.800	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler İth. ve İhr. Turizm Ltd.	6.681.442	124.747	-	12.337.283	-	581.226
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	-	64.170	-	4.394	52.900	-
Alsis Sigorta Acentalığı A.Ş.	-	79.342	-	-	72.000	-
BNR Teknoloji A.Ş.	-	2.219.141	-	6.736	15.349.810	1.155
Era Mağazacılık A.Ş.	3.260.366	-	-	6.224.321	813.443	-
Bassae Bireysel Ürünler Satış ve Pazarlama A.Ş.	-	-	-	-	74.032	-
Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.	3.391	-	-	-	-	-
	90.135.812	7.902.770	20.907.337	106.266.779	19.496.831	11.107.005

d) The top management team comprises of board members, general manager and deputy general managers. As of 31 December 2016, the Group has provided remuneration amounting to TRY 60.013.423 to the top executives (1 January - 31 December 2015: TRY 48.853.848).

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's management policies and implementations related to risks arising from financial instruments are explained below:

i. Credit risk

Credit risk is the risk of loss arising from one of the parties to a transaction that does not fulfill his liabilities in relation to a financial instrument. The significant exposure of credit risk of the Group arises from cash and cash equivalent and trade receivables. The Group tries to monitor its credit risk through limiting the transactions made with certain parties and by continuous evaluation of the credibility of its related parties.

Majority of the trade receivables are due from third parties and related parties. The Group has established an effective control system over the dealers and the credit risk arising from these transactions are followed up by the management. The Group has a high number of customers; hence its credit risk is dispersed. In managing the risk arising from non-related parties, the Group receives bank guarantees, credit insurance, mortgages on real estate and guarantee cheques and notes based on a principle to secure its receivables to the highest extent possible.

The collection of payments against exports is secured by letter of credit, guarantee letters, or advance payment methods.

The credit risks incurred by the Group by type of financial instruments as of 31 December 2016 and 2015 are set out in the table below:

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i. Credit risk (Continued)

	31 December 2016						
	Trade Receivables		Other Receivables				
	Related parties	Third parties	Related parties	Third parties	Deposits in bank	Derivative instruments	Other
Maximum credit risk incurred as of the reporting date (1)	59.735.134	310.759.370	246.245.160	19.525.735	139.002.621	129.243.033	48.631.216
- The part of maximum risk under guarantee with collaterals, etc.	-	47.677.441	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (2)	56.306.195	299.210.175	246.245.160	19.525.735	139.002.621	129.243.033	48.631.216
- The part under guarantee with collaterals, etc.	-	43.600.224	-	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	3.879.582	-	-	-	-	-
- The part under guarantee with collaterals, etc. (3)	-	2.185.000	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	3.428.939	7.669.613	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	1.742.217	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	7.319.185	47.331.914	-	-	-	-	-
- Impairment (-)	(7.319.185)	(47.331.914)	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	150.000	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(1) The indicated totals represent the maximum credit risks incurred as of the reporting date without taking into consideration the guarantees held or other elements that improve creditability.

(2) The indicated totals comprise of the customers that the Group did not have any collection problem or collected their receivables with delay.

(3) The Group has obtained guarantee notes of TRY 2.185.000 against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i. Credit risk (Continued)

	31 December 2015					
	Trade Receivables			Other Receivables		
	Related parties	Third parties	Related parties	Third parties	Deposits in bank	Derivative Instruments
Maximum credit risk incurred as of the reporting date (1)	77.449.596	281.716.220	47.731.069	4.775.703	36.215.805	59.760.767
- The part of maximum risk under guarantee with collaterals, etc.	-	45.090.880	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (2)	65.030.477	252.290.206	47.731.069	4.775.703	36.215.805	59.760.767
- The part under guarantee with collaterals, etc.	-	36.588.428	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	25.505.930	-	-	-	-
- The part under guarantee with collaterals, etc. (3)	-	6.243.000	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	12.419.119	3.920.084	-	-	-	-
- The part under guarantee with collaterals, etc.	-	1.659.452	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	35.254.468	-	-	-	-
- Impairment (-)	-	(35.254.468)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	600.000	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(1) The indicated totals represent the maximum credit risks incurred as of the reporting date without taking into consideration the guarantees held or other elements that improve creditability.

(2) The indicated totals comprise of the customers that the Group did not have any collection problem or collected their receivables with delay.

(3) The Group has obtained guarantee notes of TRY 6.243.000 against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i. Credit risk (Continued)

The trade receivables that are past due but not impaired are as follows:

Trade receivables	31 December 2016	31 December 2015
1-30 days overdue	3.398.049	3.948.694
1-3 months overdue	6.724.778	2.676.466
3-12 months overdue	975.725	9.714.043
Total	11.098.552	16.339.203
The part secured with guarantee	1.742.217	1.659.452

ii. Liquidity risk

Liquidity risk is the risk of inability to provide sufficient funds for the needs of the Group. The Group aims the continuity of its cash inflows and variability by long term borrowings, issuance of bonds, and by the management of cash and short term time deposits.

The maturities of the Group's assets and liabilities are disclosed by taking the time between the balance sheet date and maturity date into consideration.

As of 31 December 2016 and 2015, the liquidity risk arising from the Group's financial liabilities consist of the following:

31 December 2016

Maturities in accordance with agreements	Carrying value	Total cash outflows in accordance with contract	Less than 3 months	3-12 months	1-5 Years
Derivative Financial Assets					
Derivative assets	129.243.033	129.243.033	4.659.218	40.144.319	84.439.496
Non-Derivative Financial Assets					
Trade and other receivables	636.265.399	671.167.216	352.347.141	286.231.772	32.588.303
Total	765.508.432	800.410.249	357.899.903	325.482.547	117.027.799

31 December 2015

Maturities in accordance with agreements	Carrying value	Total cash outflows in accordance with contract	Less than 3 months	3-12 months	1-5 Years
Derivative Financial Assets					
Derivative assets	59.760.767	59.760.767	5.740.025	17.115.135	36.905.607
Non-Derivative Financial Assets					
Trade and other receivables	411.672.588	430.753.795	195.815.519	206.023.733	28.914.543
Total	471.433.355	490.514.562	201.555.544	223.138.868	65.820.150

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

iv. Foreign currency risk (Continued)

Foreign currency sensitivity

As of 31 December 2016 and 2015, a potential change of 10% in Turkish Lira against the foreign currencies stated below will decrease the Group's profit by the amounts stated below. This analysis is based on the assumption that variables, especially the interest rates, will remain constant.

	31 December 2016			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	(128.317.031)	128.317.031	-	-
2- USD hedged from risks (-)	77.157.522	(69.658.842)	-	-
3- USD net effect (1+2)	(51.159.509)	58.658.189	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(32.047.198)	32.047.198	-	-
5- EUR hedged from risks (-)	15.493.132	(19.424.141)	-	-
6- EUR net effect (4+5)	(16.554.066)	12.623.057	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	(60.515)	60.515	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	(60.515)	60.515	-	-
TOTAL (3+6+9)	(67.774.090)	71.341.761	-	-

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

iv. Foreign currency risk (Continued)

	31 December 2015			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	(63.769.698)	63.769.698	-	-
2- USD hedged from risks (-)	25.162.855	(31.452.113)	-	-
3- USD net effect (1+2)	(38.606.843)	32.317.585	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(27.850.616)	27.850.616	-	-
5- EUR hedged from risks (-)	11.979.360	-	-	-
6- EUR net effect (4+5)	(15.871.256)	27.850.616	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	69.088	(69.088)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	69.088	(69.088)	-	-
TOTAL (3+6+9)	(54.409.011)	60.099.113	-	-

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

v. Interest rate risk

The Group is exposed to interest risk because of its interest generating assets and liabilities. The interest rate risk is continuously monitored and managed by balancing the Group's interest-sensitive assets and liabilities.

For the purpose keeping the effect of interest rate fluctuations on the financial debts at a minimum level, the company management maintains the "fixed interest/variable interest" and "TRY/foreign currency" balances in these liabilities.

Interest risk sensitivity

The financial instruments of the Group which are sensitive to interest rates are stated in the following:

	31 December 2016	31 December 2015
Financial instruments with fixed interest		
Financial assets	90.134.630	8.067.248
Financial liabilities	948.086.965	821.962.268
Financial instruments with floating interest		
Financial assets	-	-
Financial liabilities	1.288.002.230	993.690.834

If the interest on loans with variable interest denominated in TRY, USD and Euro on renewal dates were higher/lower by 100 basis points with all other variables remaining constant as of 31 December 2016, the current period profit before tax would be lower/higher by TRY 644.001 as a result of high/low interest expenses arising from loans with variable interest (31 December 2015: TRY 539.339).

vi. Capital risk management

In capital management, the Group aims to enable continuity of the Group's operations and to maintain the most suitable capital structure so as to provide earnings to its partners and benefits to other shareholders and to decrease capital cost.

In order to maintain or re-arrange the capital structure, the Group may change the amount of dividends paid to shareholders, return the capital to shareholders, issue new shares, and sell its assets in order to decrease the level of its borrowings.

As of 31 December 2016 and 2015, the net debt, calculated by deducting the cash and cash equivalents from the total financial debts, dividing to total equity founded by financial debt equity ratio is as bellows:

	31 December 2016	31 December 2015
Financial debt	2.411.746.594	1.831.735.049
Less: Cash and cash equivalents	(187.633.837)	(88.246.065)
Net financial debt	2.224.112.757	1.743.488.984
Total equity	133.003.511	616.533.226
Total equity/net financial debt ratio	%5,9	%35,4

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NOTE 33 - FAIR VALUE DISCLOSURES AND FINANCIAL INSTRUMENTS

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

31 December 2016

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	129.243.033	-	129.243.033
Total assets	-	129.243.033	-	129.243.033

31 December 2015

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	59.760.767	-	59.760.767
Total assets	-	59.760.767	-	59.760.767

NOTE 34 - SUBSEQUENT EVENTS

In accordance with the public announcement dated 8 February 2017, in order to strengthen the financial structure of the Group, improve its liquidity position and establish a balance sheet structure to support the sustainable and profitable growth of the Group, the other receivables from the ultimate parent Boyner Holding will be collected in full until the end of March, and the share capital of Boyner Perakende will be increased to TRY 257.700.000 by a cash increase of TRY 200 million.

Furthermore, in order to strengthen the corporate governance structure of the Group, it has been decided to increase the number of non-executive members on the Board of Directors, and in this context, to establish an "Executive Committee" that will report to the Board of Directors and to appoint Hasan Cem Boyner as the chairman of the Executive Committee.

In accordance with the resolution of the Board of Directors and the public announcement dated 8 February 2017, Boyner Holding, the ultimate parent of the Group, disclosed that the new share purchase rights corresponding to the shares of Boyner Perakende as of the capital increase date will be fully exercised in the rights issue, negotiations will be initiated for the sale of up to 12.0% of the shares of Boyner Perakende held by the Group (in a manner that will not generate a change of management control in Boyner Perakende) to corporate investors, including but not limited with Mayhoola For Investments LLC, who is currently a shareholder within the mentioned Company over a price to be mutually agreed upon; additionally it's been disclosed that the number of the members of the board of directors to be nominated by Mayhoola For Investments LLC in Boyner Perakende will be increased from one to three.

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