



2018 ANNUAL REPORT & SUSTAINABILITY REPORT



BOYNERGRUP

BOYNER RETAIL AND
TEXTILE INVESTMENTS



BOYNERGRUP

BOYNER RETAIL AND TEXTILE
INVESTMENTS

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MESSAGE FROM THE CEO



CEM BOYNER
CEO of Boyner Group

We completed 2018 as a year in which economic confusion increased, FED's monetary tightening policies, global geopolitical uncertainties and commercial confrontations came to the forefront, and Turkey experienced currency and interest rate fluctuations. With the addition of Turkey's structural macroeconomic challenges to this environment, we witnessed the slowdown of economic growth and liquidity contraction in the second half of the year. 2018 was one of the most difficult years of the retail sector due to the decline in consumer confidence led by high interest rates, high inflation and depreciation in Turkish Lira.

Despite all, Boyner Group has closed this difficult year with successful operational results due to the fact that the entire team, from our managers to the sales representatives in the field, made right choices in almost every moment of the encountered turbulence. In 2018, our BRTI consolidated turnover grew by 28% and reached TRY 5.4 Billion. Operating incomes of our companies increased significantly. Excluding non-recurring incomes and expenses, EBITDA exceeded 660 billion by 71% increase, whereas our consolidated EBITDA margin became 12.3%. On the other hand, depreciation in Turkish Lira and rapid rise in the interest rates in the second half of the year prevented our operational profitability from being reflected to net profit.

In 2018, our Board of Directors decided to increase our capital to 657.7 Million TL by 155% increase, to be fully paid in cash, in order to strengthen our capital structure. In addition, Mayhola for Investments has purchased 11% of BOYP's shares that are publicly-traded in İstanbul Stock Exchange and owned by individual and institutional investors. Mayhola's share percentage in BOYP became approximately 54%, whereas the share percentage of Boyner Holding has not changed. Within the framework of the ongoing partnership and cooperation between Boyner Holding and Mayhoola, management, conduct and administration of BOYP and its subsidiaries continue as it is without any change. At the beginning of May, we decided to cancel the initial public offering of Beymen to be evaluated later as a result of low demand stemming from fluctuations in emerging markets.

In 2018, Boyner Büyük Magazacılık achieved a turnover growth of 23%. We managed to increase EBITDA by 62% compared to 2017 as a result of our operational productivity focus. 80% increase in online sales had important contribution in the results of Boyner. Beymen completed 2018 with a 42% growth with the ongoing high performance of all channels. While Beymen's worldwide renowned operational excellence was crowned by an EBITDA increase of 93%, one of the main reasons behind the successful results was tourist sales which has increased by 135%. AY Marka Magazacılık grew by 23,7% in 2018 and increased its revenue over TRY 700 Million. AY Marka amplified its efficiency, which is a model for retail sector and increased its EBITDA margin by 2 points to 17%. Altınyıldız Tekstil completed this year that was more difficult for the production sector with 18% growth and managed to increase the ratio of its export and foreign exchange based revenues to total turnover from 26% to 46% within the framework of its export-oriented strategy.

We believe that 2019 will be a year in which economic activity and domestic demand will be relatively weak. We expect a gradual improvement in access to finance and the increased support of banks to the economy, and we observe that tally system have become very important for the entire retail sector in high inflation conditions. Despite all the difficulties, Turkey continues to offer significant opportunities for business people and investors.

In 2019, our priority will be to retain and improve our Group productivity. We will manage the whole year not with budgets but with an extraordinary dynamic approach based on different economic scenarios. Within the framework of this dynamic approach, we will have flexible plans in accordance with global and domestic macroeconomic changes. As usual our most important goal will be to increase the happiness and loyalty of our customers. Our customers and our mission to make our customers happy is the essence of our business. We will continue to work to stand by our customers whenever and wherever they need us, not only in our stores, but also with our websites and mobile applications.

Our greatest strength in 2019 will be the determination, effort, teamwork and efforts of our Group employees as it was in the past. We will continue to support our employees and raise new leaders among them. I believe that the Boyner Group Academy whose seeds we planted in 2018, will add great value to our business in 2019 and in the future. We will uplift this feature of our Group, which is a school for the fashion and retail sector in Turkey from the first day, to a higher level with the Boyner Group Academy. I hope that we will see the positive effects of this on our business results in a short time.

Throughout 2018, we maintained our sustainability efforts, which were the result of our values and responsibility for our business, our customers, our country and the whole world, with great care and sensitivity. While we feel proud of ourselves on the impact of our 8 March campaign, positive reactions we received and the awards that our campaign film obtained, we have been encouraged in terms of targeting the better for our customers, Turkey and the world. I would like to take this opportunity to thank the Boyner Group Family one by one who considers our "good works" such as 8 March Campaigns, "Donate Goodness", "Cycle Into Goodness", Boyner Group Volunteers, Bulusum and "Good for Business" as an organic part of our job and who keeps our values alive and puts into practice.

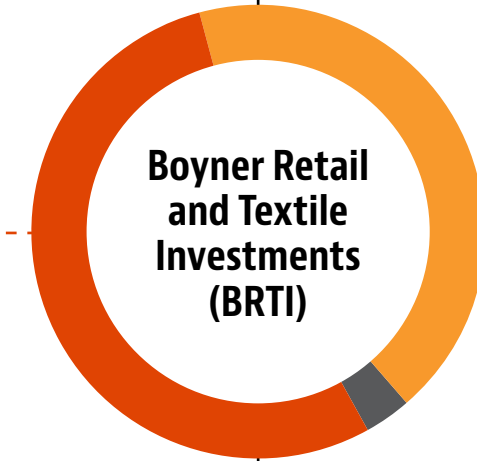
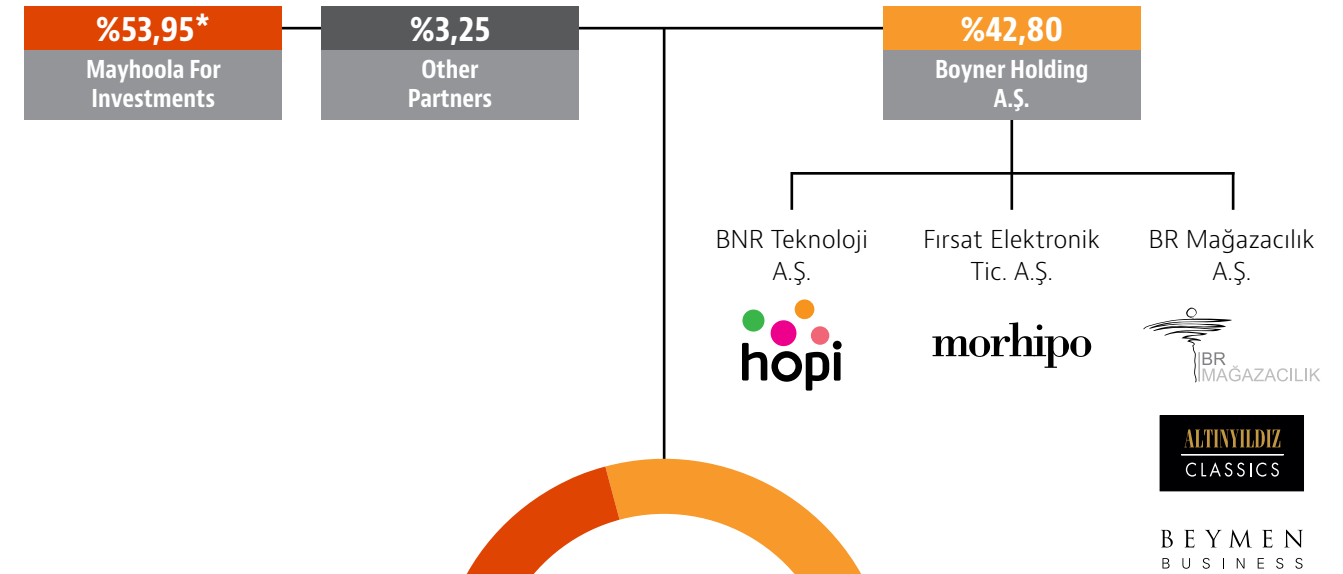
We will continue to aim the best and the unique, and to produce and offer the best products and services for our customers and our country in 2019. I would like to thank all our customers, employees, shareholders and business partners for their trust in and support for Boyner Group. We will continue to work together to make 2019 a very good and successful year.

Our customers and our mission to make our customers happy is the essence of our business. We will continue to work to stand by our customers whenever and wherever they need us, not only in our stores, but also with our websites and mobile applications.

BOYNER GROUP

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2018



* The share of Mayhoola for Investments in the capital of the Company increased to 54.09% as of January 2019.

HISTORY



The first Beymen store was opened

Boyner Family entered into ready-to-wear and retail business by introducing **Beymen** to consumers. The first Beymen store was opened in Nişantaşı.

Unconditional Customer Happiness

Launching the concept of Unconditional Customer Happiness, Boyner Group started a new era for consumers in Turkey. **Unconditional Customer Happiness** became a unique and registered brand of Boyner Group.



Installment credit card

Pioneer of the installment credit card market. With the **Advantage Card**, Boyner Group became the pioneer of the installment credit card market in Turkey.

morhipo

Hello to e-commerce

Entering e-commerce market with **morhipo.com**; Boyner Group has, unlike its rivals, gathered under a single umbrella both its seasonal products and daily promotional campaigns.



A new family member

YKM, one of the most long-established multi-storey department store companies of our country, was acquired, thus adding a new valuable member to Boyner Group family.



HOPi, the new invention of Boyner Group

The mobile application **Hopi** bringing a brand new look in the retail sector met with customers.



Street became more amusing with Beymen Suadiye

With its gross sales area of nearly 5 thousand m², over 700 global brands and 20 different product categories, **Beymen Suadiye 481** became Beymen's largest Street store.

NetWork

The birth of a brand

One of the largest textile factories of Europe and the producer of "Altinyıldız" branded fabrics, Altinyıldız launched its first retail brand operation, which would later be called as **NetWork**.



The first multi-storey department store in Turkey

Çarşı store was opened, bringing the concept of multi-storey department stores and creating a breakthrough in the retail sector in our country.

Altinyıldız went public

Boyner Retail and Textile Investments (then named Altinyıldız Mensucat) held its initial public offering.



7/24 customer support

With the support line Back-up, we brought a brand new service to Turkey and the world.



BR Mağazacılık established

Founded with Ran Mağazacılık, **BR Mağazacılık** became the new choice of the business world with its formal business wear brands Altinyıldız Classics and Beymen Business.



Çarşı became Boyner

Boyner Büyük Mağazacılık changed its name **Çarşı** to **Boyner**.



Biggest ready-to-wear clothing store: Beymen Zorlu

Beymen, opened both its and Turkey's largest ready-to-wear store with 10 thousand m² shopping space in Zorlu Center Istanbul.

Massive investment to Boyner Group

Boyner Retail and Textile Investments decided to increase its equity up to TRY 885 million. Qatar-based Mayhoola for Investments LLC became Boyner Retail's shareholder.

1952

1971

1981

1987

1991

1997

1998

2003

2004

2011

2011

2012

2013

2015

2015

2017

AWARDS IN 2018

(AYD) Anchor Store Award, **Boyner Büyük Mağazacılık**
January 2018

WeAr Global Magazine
2017 Best Fashion Retailers of the World Award, **Beymen**
January 2018

A.C.E Achievement in Customer Excellence Awards
Third Place in Clothing Industry Category, **Beymen**
March 2018

Seamless Awards Middle East 2018
Best Omnichannel Experience Award Beymen.com / First Place in Category, **Beymen**
April 2018

Capital Magazine
Most Popular Companies Award, **Boyner Group**
May 2018

Intercontinental Group of Department Stores (IGDS)
2018 6 Best Department Stores of the World Award, **Beymen**
June 2018

Kırmızı Awards
Best Social Responsibility Campaign – Kırmızı Award, **Boyner Group**
October 2018

Felis
Social Responsibility and Sustainability, **Boyner Group**
November 2018

Marketing Türkiye – The One Awards
Prestigious Holding of the Year Award, **Boyner Group**
December 2018

İDA – Prida Awards
Social Gender Equality in Communication Award, **Boyner Group**
December 2018

Altın Marka Awards
Clothing Brand of the Year, **Altinyıldız Classics**
December 2018

Capital, Retail Innovation Forum and Awards
The Largest Luxury Retail Company of Turkey by Sales Revenues, **Beymen**
December 2018

BOYNER GROUP 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 are Creative

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 the generation of new ideas in our team; Our ability to ask “Why not?” is our most important trait. Our source of inspiration for innovativeness is our customers.

We are Courageous

We can take quick decisions, be flexible when necessary, and accept and support change favourably. 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; and we focus on objectives and work with passion. Working pleasantly 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 train others; but also obtain information from various resources and create a vision of how our work can develop. Teamwork and individual productivity 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 a moral, transparent, accountable and sustainable approach towards our colleagues, business 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 a Big Family

We always work with mutual trust, respect, participation, justice and collaboration – like a family. We continuously provide all Boyner Group employees the opportunity to work and get promotions based solely on their merits and performance without any discrimination. Our main principle is to enjoy and share the reliability, warmth, and joy of a family.

WORKING ENVIRONMENT

Boyner Group is an ambitious group focused on business results, taking inspiration from its customers and constantly making inventions. In income packages, performance results are used as a very important indicator; and good performance is always rewarded. In respect of field staffs, sales and performance are measured and our staff members are appreciated and rewarded spontaneously in line with the priorities and cultural focus points of Boyner Group. For the headquarter staff, groundbreaking and flexible performance system management is ensured in line with Boyner Group values and supported by continuous feedbacks and spontaneous motivations throughout the year. In addition, headquarter roles are also awarded on the basis of annual company and individual performances according to corporate procedures.

While creating a performance-focused culture, elimination of any obstacles that may affect business results is of top priority. This is supported by the "Democracy in the Workplace" culture put at the heart of the entire management understanding.

At Boyner Group, there is an "open communication" environment allowing all employees to express their own ideas and suggestions freely. Employees are encouraged to share their ideas and suggestions through internal communication channels. Each of the employees may share their opinions, suggestions, and critics related with their own jobs and business processes. It is believed that this will allow the group to go further.

Discrimination is Unacceptable at Boyner Group

At Boyner Group, there is a fair approach in all Human Resources policies and practices such as recruitment, promotion, transfer, rotation, and remuneration. 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 disability or age is strongly rejected. With this approach of equality far beyond the legal definitions, the principle of equal opportunities to all is adopted in recruitment, employment relationship process, remuneration, participation in trainings, promotion, retirement and all other conditions of employment.

OCCUPATIONAL HEALTH and SAFETY

Safe occupational and working conditions befitting human dignity is an employee right. The obligation to inform and enlighten employees is fulfilled and expanded through various training campaigns and "Occupational Health and Safety Manuals" providing training and practical tips. Thus, this issue becomes an integral part of business life.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Corporate Responsibility and Sustainability is represented at the highest management level in Boyner Group. Aware of the fact that corporate responsibility starts "in the working environment", such practices are conducted hand in hand with human resources. Sustainability is addressed as a comprehensive management approach covering our internal and external stakeholders in structuring of the business strategies and activities.

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

Social responsibility projects are managed under the scope of our "Corporate Responsibility and Sustainability" activities. Under the scope of social responsibility activities, they not only provide financial support for solution of the so-

cial issues addressed, but also become a part of the change and transformation and take active roles in the process of problem solving.

For detailed information about the activities in the field of Corporate Responsibility and Sustainability, please refer to page 76 and the following pages of the "Sustainability Report".

Boyner Group Academy

We laid the foundations of Boyner Group Academy at the end of 2018 to systematically improve and train our employees, who are our biggest resource, for continuity of the different service understanding that we provide with Unconditional Customer Happiness. Boyner Group Academy, taking strength from the synergy of companies under our Group, will commence its activities in 2019. It will operate under four schools, in which we transformed the essential values of our group into the backbone of the system. It will engage in academic and corporate cooperations, and prepare structured and sustainable programs to continuously develop both our head office personnel, and our field personnel under the main themes of Product, Sale, Leadership, and DigiLab. Boyner Group Academy will follow the trends in the retail world, and contribute to the development of our employees with contemporary and next generation training methods.



Digitalization of Human Resources

The increase of efficiency in human resources management is carried out by the most accurate, fastest, and contemporary methods. Therefore, data and analyses that will correctly guide the management teams of companies in respect of actions to be taken regarding our employees, which is our most valuable asset, are quickly obtained. These analyses constitute one of the most important tools used for decision-making in determination of transformational needs in HR policies. It is prioritized to use transparent platforms, which increase effectiveness of communication, and which comply with modern requirements and the profile of employees in respect of all titles in the digitalization process of Human Resources department.



BOYNER RETAIL AND TEXTILE INVESTMENTS

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MEMBERS OF THE BOARD OF DIRECTORS

SAIT ERGUN ÖZEN

Chairman of the Board of Directors

Born in Ankara in 1960, S. 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. 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 1 April 2000. He is a Board Member at Garanti Bank since 1 September 2015. He has been serving as the Board Chairman of BRTI as of 2018.

NAZLI ÜMIT BOYNER

Vice Chairman 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 Petrolcülük A.Ş. and as Investment Director at Türk Petrol Holding A.Ş. Treasury Department, respectively. Ümit Boyner started to work at Boyner Holding A.Ş. as Finance Director in 1996. Having been serving as a Board Member at Boyner Retail and Textile Investments since 2006, Ümit Boyner was the President of the Board of Directors of TÜSİAD (Turkish Industry and Business Association) in the years of 2010-2013.

HASAN CEM BOYNER

Board Member

After graduating from Boğaziçi University with a degree in Business Administration in 1978, Cem Boyner started his career in Altınyıldız, the family-owned enterprise in the same year. He served as the Chairman of the Executive Committee of Boyner Holding between 1982-1984. Having served as the President of the Board of Directors of Turkish Industry and Business Association (TÜSİAD) in the years 1989-1990, Cem Boyner became the Managing Director of Boyner Group in 1996. After Osman Boyner became the Honorary President in 2010, Cem Boyner replaced him as the Board Chairman of Boyner Holding. Cem Boyner is also the Board Chairman of other Group Companies. He serves as the Chief Executive Officer and a Board member of Boyner Retail and Textile Investments.

HASAN ARAT

Board Member

Hasan Arat is a graduate of Istanbul University School of Business Administration. He currently serves as the Chairperson of the Turkish Executive Board of Capital Partners company operating in the real estate investment and development sector both in Turkey and abroad. 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 Acıbadem Sağlık Hizmetleri between 2011-2017. Serving as a Member of the Board of Trustees at Acıbadem University and as the Vice Chairman of TNOC – Turkish National Olympics Committee; Hasan Arat held positions as the Vice President of United Nations World Tourism Organization Business Council (UNWTO) and as the vice president of Turkey Basketball Federation. Hasan Arat was the former president and still is a current member of the Board of Directors of IAF – International Apparel Federation and was the president of TGSD – Turkish Clothing Manufacturers' Association for a period. He has been serving as a Board Member of BRTI as of 2018.

BERNARD BARBOUR

Board Member

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. 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 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 prepositions to various payment and settlement systems such as credit cards, debit cards, electronic check, electronic money, etc. He has been serving as a Board Member of BRTI as of 2017. He has been serving as a Board Member of BRTI as of 2018.

REDA ADLY TAWFIK

Board Member

He graduated from the Department of Mechanical Engineering at Alexandria University in Egypt in 1977. He started to work as Import-Export Manager at German Food Co. in 1977 and served as the General Manager of the said company between the years of 1987-1991. He continued his career as the General Manager at Dreem Co. company between the years of 1991-2004. Tawfik served as the Vice President at the Egypt-headquartered Mashreq Group that had business partnerships with many international companies from 2004 to the beginning of 2017; and then as a Board Member in the Egyptian Aramex Masreq company providing logistic services between the years of 2008-2016. Reda Adly Tawfik currently serves as the COO at Doha-headquartered Mayhoola company. He has been serving as a Board Member of BRTI as of November 2017. He is also a Board Member of the Italian Pal Zileri company.

SABRI METIN AR

Independent Board Member

He graduated from Robert College and Boğaziçi University Electrical Engineering Department and then completed his Master's Degree in London School of Economics. He started his career in Otis Elevator Company Ltd. in England. He assumed various positions in Türkiye Sinai Kalkınma Bankası (Industrial Development Bank of Turkey) and then served as Assistant General Manager at Brisa Bridgestone Sabancı Lastik San. Tic. A.Ş. and as a Board Member at İş Finansal Kiralama A.Ş., Yatırım Finansman Menkul Değerler A.Ş., Türk Pirelli Kablo ve Sistemleri A.Ş., and Çimentaş İzmir Çimento Fabrikası Türk A.Ş.. He also served as the Vice President of İstanbul Menkul Kıymetler Borsası (İstanbul 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 2012-2014 and of Türk Pirelli between 2009-2016. Serving as an Independent Board Member of Borusan Yatırım ve Pazarlama A.Ş., Metin Ar has been an Independent Member in the Board of Directors of BRTI since 2015.

TAYFUN BAYAZIT

Independent Board Member

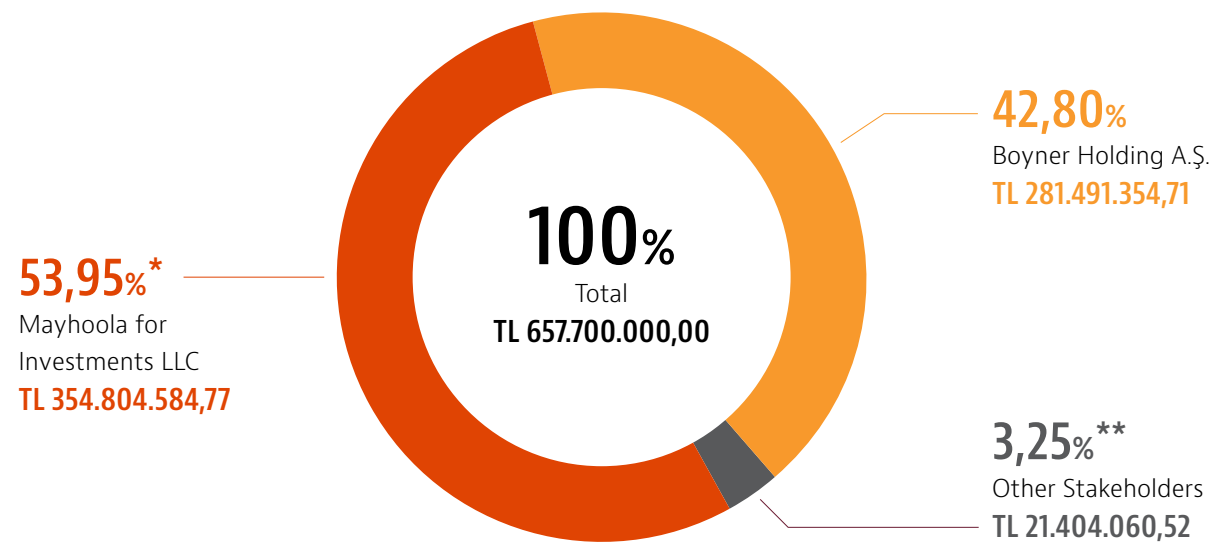
Mr. Bayazit started his banking career at Citibank after receiving his Bachelor's Degree in Mechanical Engineering from Southern Illinois University and MBA degree in Finance and International Relations from Columbia University. He served as a senior executive in Çukurova Group for 13 years. He became 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. Bayazit, who is acting as a board member in various companies, has been serving as an Independent Board Member in BRTI since 2014.

KAMIL ÖMER BOZER

Independent Board Member

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 Koç 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 Koç 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 acts as independent board member in Tüpraş, Arçelik, Söktaş and Boyner Retail companies, and as a Board Member in Coca Cola İçecek, Adel Kalemci-lik, Hamburger işletmeleri AŞ. companies. He has been serving as an Independent Board Member of BRTI as of 2018.

BOYNER RETAIL AND TEXTILE INVESTMENTS PARTNERSHIP STRUCTURE



* The share of Mayhoola for Investments in the capital of the Company increased to 54.09% as of January 2019.

* The shares with a nominal value of TL 7,330,122.27 corresponding to 1,11% of the Company's capital, which is shown in the Other stakeholders section, are held by Boyner family members.

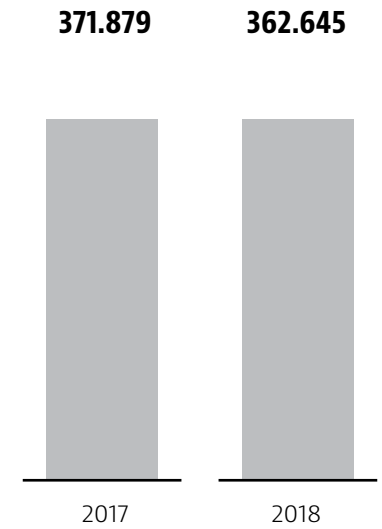
BOYNER RETAIL (BRTI) SUBSIDIARIES

Subsidiary	Country	Field of Activity	31 December 2018	31 December 2017
			Effective participation rate (%)	Effective participation rate (%)
AY Marka	Turkey	Retailing	100,00	100,00
BBM	Turkey	Retailing	100,00	100,00
Beymen	Turkey	Retailing	100,00	100,00
AYTK	Turkey	Textile Products Sales and Marketing, Real Estate Development	100,00	100,00
Boyp 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	Turkey	Restaurant Management	75,00	75,00
İzkar	Turkey	Retailing	74,60	74,60
Beymen İç ve Dış Ticaret	Turkey	Import-Export	100,00	100,00

BOYNER RETAIL'S TOTAL NUMBER OF STORES



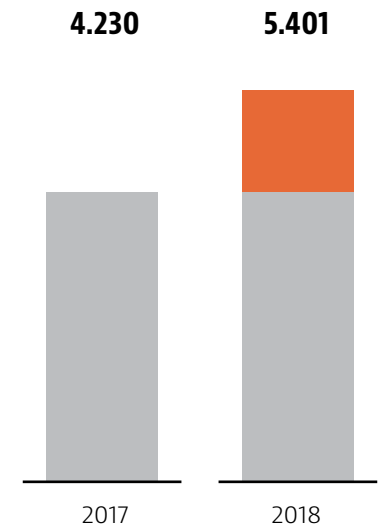
BOYNER RETAIL'S TOTAL SALES AREA (THOUSAND M²)



BOYNER RETAIL'S CONSOLIDATED TOTAL ASSETS (TL MILLION)



BOYNER RETAIL'S CONSOLIDATED NET SALES (TL MILLION)





BOYNER RETAIL AND TEXTILE INVESTMENTS COMPANIES

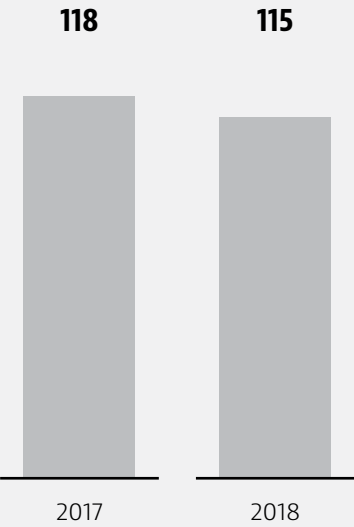
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BOYNER BÜYÜK MAĞAZACILIK

As of the end of 2018, BBM is continuing to serve as the leading department store chain of Turkey with its 115 stores in total operated in 4 separate sales channels such as Boyner and YKM, Boyner Sports, Boyner Outlet, an boyner.com.tr, with its total sales area reaching 272.310 m² in 38 cities across Turkey.

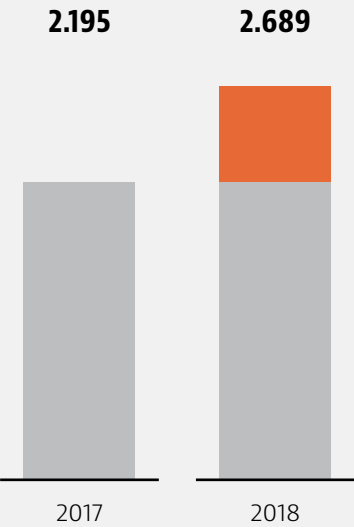
TOTAL NUMBER OF
STORES



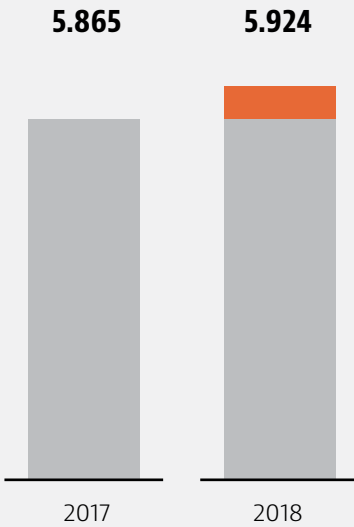
TOTAL SALES AREA
(THOUSAND M²)



TOTAL TURNOVER
(TL MILLION)



NUMBER OF EMPLOYEES



MILESTONES

- 1981 • First Çarşı Store was opened in İstanbul Bakırköy.
- 1989 • Çarşı Credit Card was launched.
- 1990 • The first multi-storey department store Maslak Çarşı was 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% was held.
- 2004 • Çarşı name was converted to Boyner.
- 2006 • Third public offering of 9,9% shares was carried out.
- 2007 • 30,05% partnership was established with Fennella S.a.r.l (Citi Venture Capital International, CVCI).
- 2012-2013 • Shares of YKM A.Ş. and YKM Pazarlama A.Ş. were acquired. 30,5% CVCI shares of the company was purchased by Boyner Retail and Textile Investments.
- 2014 • YKM A.Ş. and YKM Pazarlama A.Ş. were merged under Boyner Büyük Mağazacılık.
- 2015 • Boyner logo was renewed.
- 2016 • Boyner Büyük Mağazacılık was delisted from Borsa İstanbul.
- 2017 • The Company switched to the new-generation store concept offering a more comfortable and warmer shopping experience.
- 2018 • "Anchor Store Award" was given in the "Most Liked and Preferred Retail Brands in SCs" survey conducted by the Association of Shopping Centers and Investors (AYD).
- 2018 • Aéropostale, which is one of the most liked and preferred youth clothing brands of the world, was offered for sale again in Turkey, only in Boyner stores.

STORE FORMATS

Having started to operate in its first store named Çarşı opened in Bakırköy in 1981, Boyner is today serving as the leading department store chain of Turkey with its 115 stores in total operated in 4 separate sales channel models such as Boyner and YKM, Boyner Sports, Boyner Outlet, and boyner.com.tr with its total sales area reaching 272,310 m² in 38 cities across Turkey.

Having been the pioneer of innovations in Turkey for nearly 40 years with its global retailing approach, Boyner Büyük Mağazacılık sets a model for the sector by combining a variety of products with the spirit of quality, reliability and perception of reasonable prices. Having merged with YKM in 2012, Boyner is today offering their customers various products from both local and international brands in different categories such as active sportswear, footwear for women, men, and kids as well as

accessories, cosmetics and home decoration products under the structure of Boyner and YKM stores. Boyner's exclusive brands also contribute in its differentiation through their rich diversity of products and affordable prices. Boyner and YKM exclusive brands like Mam-maramma, Pink&Orange, Funky Rocks, Monster High, Barbie, North of Navy, T-Box, Cotton Bar, Fabrika, Penford, Limon Company, House Of Camellia, Black Pepper are introducing the latest trends to customers. Most recently, Boyner offered Aéropostale, which is one of the most liked and preferred youth clothing brands of the world, to consumers again in Turkey, only in Boyner stores, in the last quarter of 2018. Furthermore, women's collection, designed for the first time by Pierre Cardin, was offered to fashion enthusiasts in Boyner stores. In addition to vast clothing collections, Boyner Evde, which offers selections in kitchen, bathroom, household linens, electrical appliances, and accessories, continues to grow with the leading brands of the industry.

Various products of local and international brands in different categories such as active sportswear and footwear for women, men, and kids as well as accessories, cosmetics and home decoration products, are offered to customers in 85 multi-storey Boyner and YKM Stores.

Boyner Sports Stores; are operated as concept stores selling the products of more than 65 international brands including active-sportswear for different sports and casual wear.

Boyner Outlet Stores; Boyner & YKM Outlets are serving with 21 stores offering discounted products.

Store Numbers

Company	Total	Company Store	Dealer Store
Boyner and YKM Stores	85	59	26
Concept Stores	9	5	4
Outlet Stores	21	15	6
TOTAL	115	79	36

SALES

in the stores
126 million
visitors

in the new year only
11.5 million
customers

in revenues
23% increase

Boyner.com.tr
80% growth

Having distinguished itself in the sector as the only address where a family can meet all their needs, Boyner is continuing to lead the sector with its principle of "Unconditional Customer Happiness under the scope of its service and after-sales service approach that it has adopted since the very first date of its establishment.

Boyner, the shopping destination

2018 was a year during which campaigns personalized according to customers' shopping habits were offered and communicated as a result of Hopi and CRM activities. Thus, customers were allowed to benefit from personalized advantages oriented towards their own needs.

As a result of all Marketing and PR activities covering the campaigns and customer communications conducted in special periods such as Religious Holidays, New Year, Valentine's Day, Mother's Day, Father's Day, and Back to School, Boyner has remained as the mostly preferred store for gift shopping in 2018, too.

Boyner special campaign "Crazy Butterfly" (Çılgın Kelebek) that is held twice a year in the months of May and November has resulted in record-breaking figures in terms of both customer entries and sales in 2018. The total sales in 2018 increased by 23% compared to the previous year. Boyner stores entertained 126 million visitors throughout the year 2018; and 11.5 million customers visited Boyner during the new year period only.

boyner.com.tr is continuously growing

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.

Having continued to grow with a gradually increasing pace in the recent years, boyner.com.tr underwent a transformation process in 2017 in line with the high traffic reached and its growing business volume. This transformation project, implemented to be able to offer an uninterrupted and smooth online experience, and to conduct e-commerce processes in an end-to-end and integrated manner, will continue by growing stronger in 2019, initially with perfect customer experience, followed by supplier integration projects and new business models.

In 2018, boyner.com.tr dominated the market with its successful product and campaign management and sold a total of 2 million products. boyner.com.tr was visited by 100 million individuals, and sales increased by 80% in comparison with the previous year. Internet penetration increased to 6% within all sales.

In 2018, customers started to carry out a one-time registration for their credit cards with masterpass infrastructure on boyner.com.tr and mobile applications, and complete their next shopping with a single click.





Omnichannel Shopping Experience

Omni-channel transformation that was started in 2015 accelerated with new services and marketing activities supported during the year 2018. The rate of orders benefiting from "Click & Collect" (Tıkla Gel) service allowing customers to collect their products purchased over boyner.com.tr and Morhipo from the delivery points at Boyner & YKM Stores reached 15%. Customers are able to see at which store they can purchase a product using "store availability" on the mobile application and, therefore, the mobile application generates traffic for stores as well. While great convenience is provided for customers thanks to the return and change option offered at Boyner stores under the scope of "Click & Collect" service, a synergy is created amongst the group companies and traffic to Boyner stores is created as well.

Thanks to renewed Boyner mobile application, customers shopping in the store can see the product and stock details at the time of shopping on a real-time basis. In addition, the customers that cannot make a decision in the store can add the products that they like in the store to their online carts and 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 like in the store can order the product with the desired colour and size by using mobile applications, which is to be delivered either to their houses or to the store desired.

Having continued to offer its customers an integrated shopping experience from any channel during the year 2018, Boyner aims to further strengthen this omni-channel experience through new smart services and 360-degree customer behavioural analyses in 2019.

Rate of customers using Click & Collect

16%

A faster and more efficient era with the new SAP

All head office and store business processes were restructured and a more efficient and a faster era was initiated with the new SAP system, transition to which was completed in August 2018. The new SAP, enables all business processes from purchasing to supplier cooperations, from real time stock information to campaign applications, to be conducted in a faster, traceable, and controllable manner. Boyner will strengthen its business models even further with the new SAP, which has a structure that is constantly updated.

MARKETING

The year 2018 was a year that covered all categories and special days, and continuous communications were made with this strategy in mind. "Sen de Boynerle" motto and jingle, launched in March 2017, continued to be used in all communications in 2018.

Upon implementation of various innovations in the product and brand structures, the communication strategy was designed to convey it and advertising campaigns emphasizing rich diversity of products, prioritizing the categories, and explaining opportunities that enabled shopping with advantages, were prepared. The first commercial film produced with this strategy in 2018 was prepared for young, active, sports category. Then, the campaigns for shoes-bags, Mother's Day, Father's Day, Back to School, and cosmetic campaign, as well as cosmetics and general new year videos, prepared for the new year, were broadcast.

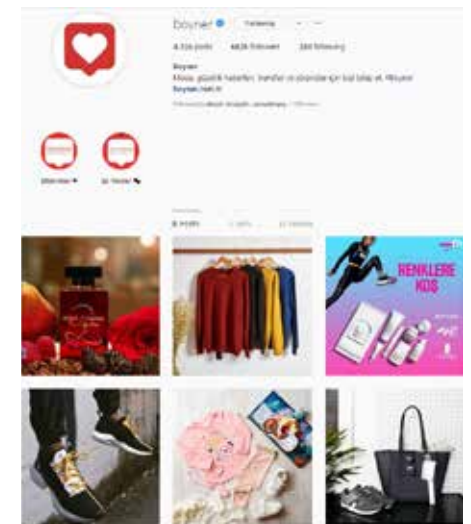
In 2018, the use of interior spaces of SCs and outdoor areas, which is one of the most important media in reaching consumers, heavily continued. Furthermore, presence was established in all important channels through a strong digital media planning. As a result of all these communication activities conducted, Mothers' Day, the cosmetics campaign in October, the Crazy Butterfly in November and the New Year Period were completed with record-breaking results.

Social media Getting Stronger

In this period of increasing digital communication, Boyner has continued to communicate with its customers through all channels in an efficient and integrated manner.

In 2018, activities different from the previous years were conducted in order to produce creative contents that will attract the attention of followers facing millions of messages in the digital world and they yielded positive results. Finding to opportunity to get in closer touch with its followers by realizing special projects with the social media celebrities under the scope of special days and on a category basis, Boyner created difference in this field, too. Social media contests were followed by the followers with great enthusiasm and appreciation.

Although social media is rather a platform that provides a lifestyle and ensures establishment of an emotional bond regarding brand and product, activities intended for new customers are carried out here as well. Boyner, having started implementing sale experience on social channels initially on Facebook, has been quite actively using Instagram in this context for a long time. In addition to marketing activities conducted with important names of social media, projects and collaborations supporting sales are also carried out. Activities intended for ensuring that Boyner brand



communicates as a single voice on every channel are carried out. All these innovative activities very positively affect the inflow of new customers.

By the end of December 2018, the number of Instagram followers has reached 657 thousand; the number of Facebook followers has reached 917,874; and the number of Twitter followers has reached 36,725.

CRM and Personalized Campaign Era

The number of Key Cards (Anahtar Kart) opening the doors of the world of opportunities at Boyner Stores to customers is increasing day by day. Through loyalty programs, Boyner customers have a chance to get informed regularly in line with their requests and purchasing habits and to benefit from the advantages.

The number of customers registered to Boyner Key and YKM Card Program reached 14 million people by the end of 2018. Boyner Keys/YKM Cards are used in 87% of shopping made at Boyner stores.

The programs designed 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.

In addition to this, activities focused on gaining new customers include special projects developed in respect of brand collaborations and cross benefit model. With special collaboration constructs carried out with premium brands in banking, telecom, fuel, market, technology, tourism and many more industries, users are provided with the opportunity to experience shopping both in Boyner stores and on boyner.com.tr with special benefits and privileges, which also yields results that lead to gaining new customers. Additionally, personalized

special benefits in parallel with the needs and shopping behavior of users are provided on both offline and online channels by means of Hopi, and efficient feedback is received in respect of gaining new customers on a sustainable model.

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

The number of customers registered to
Boyner Key and YKM Card Program

14 million



INVESTMENTS

Boyner's total sales area reached 272.310m² in 2018.

Opened Stores	Location	Opening Date
Boyner	Ankara Metromall SC	14.04.2018
Boyner Outlet	Izmir Selway Outlet SC	20.04.2018
Boyner Outlet	Izmir Westpark Outlet SC	10.05.2018
Boyner Outlet	Izmir Sakipaga Outlet SC	01.06.2018
Boyner Sports	Adiyaman Park SC	05.09.2018
Boyner	Balıkesir 10 Burda SC	14.11.2018

Breakdown of Investments made in 2018

2018	(TL)
New stores and renovations	24.018.505
Fixtures	18.236.435
Brands	2.659
Rights	613.642
Hardware software and others	13.293.100
Total investments	56.164.341

HUMAN RESOURCES

Number and Profile of Employees

There are 5.924 employees in total, including 3.066 male and 2.858 female employees working under the structure of Boyner Büyük Mağazacılık as of 31 December 2018.

Employee profile



3.066
Male



2.858
Female

5.924
Total

Boyner Büyük Mağazacılık has a quite young and dynamic staff. 31 is the average age of all employees working in the Stores and in the Head Office. While 70% of employees are graduates of high schools and their equivalents, nearly 30% of employees have bachelor's and higher postgraduate degrees. 78% of Head Office employees have bachelor's and higher postgraduate degrees.



Employees' education level

70% graduates of high schools and their equivalents
30% with bachelor's and higher postgraduate degrees

Selection, Recruitment and Organizational Development

Organizational changes have been made at the Head Office in 2018 in order to manage the operations more efficiently in line with the company's requirements and industry-specific dynamics.

In order to increase efficiency in business processes, organizational changes were made in many units and departments such as Exclusive Brands, Visual Merchandising, Internal Control and Loss Prevention, Inventory Keeping and Control Operations, Supply Chain Solutions, Planning and Allocation. "Process Structuring and Project Management Directorate" was established to design business models and processes with the aim of increasing cooperation and efficiency between functions, and ensuring standardization and sustainability.

Personality inventories and general aptitude application, determined according to different roles and competencies, were implemented as a new means of evaluation during recruitment processes for the head office. In addition, evaluation center application was implemented as one of the recruitment tools for directors and higher positions.

HR is Digitalizing - Digitalization of Job Applications in the Field – QR Code Application

QR Code application was implemented as of November 2018 to ensure that job applications in the field could be easily and quickly completed. With this pilot application that was launched in Istanbul stores as of November 2018, prospective applicants for jobs at Boyner Stores can make job applications by scanning QR Codes, located in front of cash desks and customer services, with

the cameras on their mobile phones. Thanks to this application that does not require a membership, all applications can be collected and monitored on digital environment.

Career Management

Career Examination was organized for store teams within the framework of the Career Management program under the slogan "There is Career in Boyner". 44% of 1,451 employees taking the exam in 24 provinces throughout Turkey have successfully passed from the General Aptitude Test and Professional Knowledge Tests and attended "Regional Career Committee" interviews after the examination. Promotions of 167 employees were approved within the scope of this program. In 2018, 167 of 287 "Executive & Manager" models were covered by internal promotions, amounting to 58% of the total need.

Internal Communications & Motivation

Various activities, seminars, workshops and instant complimentary services were organized in Boyner Büyük Mağazacılık Head Office and stores throughout the year. While employees were informed about healthy nutrition and personal development with organized workshops and seminars, working hours of all employees were delighted with instant treats. In addition to this, employees participated in various sports events. Boyner Büyük Mağazacılık rowing team ranked fourth in its category and it was granted a special award in Dragon races organized in September 2018.

Within the scope of social responsibility overlapping with "We are Responsible" based on group values, a book collecting event was held with the participation of Head Office and stores for the benefit of a village school in Harran, Sanliurfa. A total of 13 boxes of books were provided to students. In addition, Lösev sale and Kızılay blood donation event were organized at the head office.

Employer Brand & University Relationships

Interviews were made with the best universities of Turkey in 2018 to introduce Boyner Büyük Mağazacılık to university students, to attract promising prospective employees with high potential to the company, and to tell that retail industry was an important career path.

An activity named "Business Trip" was organized at Boyner Büyük Mağazacılık General Management office with Hacettepe University, one of the universities in question. While Boyner Group was introduced in the event, where a student group of 47 people attended; 3 university students were awarded with internship at Boyner during the contest organized after the lecture held with executives.

As a result of discussions with various clubs, a joint social responsibility project was conducted with Maslak Rotaract Club. Boyner executives came together with a group of students coming from



Darüşşafaka High School at the head office, and narrated their experiences within the scope of "Career Simulator" event. During the day-long activity, high school students had the opportunity to get familiar with Boyner and get informed by asking question about their futures.

The developments about the company were also shared throughout the year via Boyner Büyük Mağazacılık page in LinkedIn in order to introduce Employer brand through social media.

In 2018, the number of the followers of Boyner Büyük Mağazacılık LinkedIn increased by 7 thousand people and exceeded 33 thousand.

Reward and Recognition

Under the corporate Reward and Recognition Program aiming to recognize and reward the employees displaying high performance and creating difference with their works performed at Boyner Büyük Mağazacılık throughout 2018, the "Success from you and Praise from Us" awards were distributed in the Boyner Connect meeting held on 8-9 January 2019.

The most Successful Store Managers, Sales Representatives, Cashiers, and B2C employees were rewarded in 36 different categories in total. Head Office employees that conducted activities overlapping with Boyner Group values of We are focused on Customer Happiness, We Learn Continuously, We are Responsible, and We are a Huge Family, received "Difference Makers" awards. In addition, seniority awards were granted to employees that completed their 10th, 15th, 20th, and 25th years in Boyner.

The most successful stores and store employees were announced via e-mail through "The Best of the Month" lists every month throughout the year 2018 under the scope of the "Success From You and Praise from Us" program. Besides, in September 2018, "Marathon Champions" special announcements were prepared and started to be issued in respect of employees that ranked among the top three every month.

Within the scope of the appreciation program, "This is It" greeting cards were instantly prepared in line with the requests of the managers of employees, who carried out activities that made

difference and who were appreciated with their determined work in the Head Office and stores throughout the year.

Training and Development

In 2018, 99.513 hours of in-class training in total were provided for 24.019 employees in total throughout the Head Office and Stores under 70 different headings in 39 different cities.

These trainings mainly focused on providing sale and service trainings, brand trainings, technical expertise trainings in order to improve the service quality of field employees, ensuring career development through talent applications and supporting the strategic goals of the company.

Boyner Büyük Mağazacılık Specialty Program (Boyner UP) changed its name in 2018 and continued its training and development activities under the name 'Boyner Academy'.

Various trainings were provided to Store Managers to strengthen their managerial skills and increase their competencies. Thanks to these trainings, the teams

were given the opportunity to discover behavioral discipline, personal tendencies, and motivational methods suitable for social styles to ensure both employee and customer happiness.

"Boyner Leader" talent development program, initiated in 2017, continued in 2018 as well. Boyner Leader is a talent management program comprising 12 trainings in total together with the related trainings-assignments, which raise Manager Candidates and prepares mid-level managers in the stores. With the training received within the scope of the program, aiming to allow them to learn all processes of the Store Manager position before their promotion, to develop their management skills, and to improve their leadership qualifications, the participants gained expertise in retail, fashion and leadership titles. Likewise, it was continued to provide trainings with the aim of increasing competencies and managerial skills of Category Sales Managers in stores.

Occupational Health and Safety

It was ensured that activities in compliance with the procedure on delegation of authority, implemented as of 2018, were conducted and OHS budgets were used as intended.

Cooperation was made with OHS compliance team to carry out improvement activities, as well as corrective and preventive activities intended for risk items.

All activities required and conducted under the scope of Occupational Health and Safety (trainings, risk analyses, accident records, etc.) were transferred to the OH&S software system. Risk Analyses and Emergency Plans were updated.

Procedure on actions to be taken in case of an occupational accident, first aid training instruction and health processes were prepared. Available procedures and instructions were revised as required by up-to-date legislation and needs of the company.

Occupational Health and Safety training was provided for a total of 3,849 employees in 2018. Occupational Health and Safety committees, employee representatives, risk analysis teams and emergency teams were updated. 138 employees received first aid training.

BOYNER	Number of Participants
2018	Store-Head Office
Basic OH&S Training	3.849
First Aid Training (Refresher)	30
First Aid Training	138
Emergency Training	153
Trainings after Occupational Accidents	13



BEYMEN MAĞAZACILIK

Beymen is one of the most important establishments of luxury fashion industry not only within Turkey, but also throughout the world, with its vast product range comprising more than 900 leading global fashion brands of the world and its custom design brands, its retail applications that are considered worldwide to be among the top examples of it class, and its customer relations sense.

**TOTAL NUMBER OF
STORES****85*****89**

2017

2018

*According to IFRS.

**NET STORE SALES AREA
(THOUSAND M²)****50.809*****51.323**

2017

2018

*According to IFRS.

**TOTAL TURNOVER
(TL MILLION)****1.296*****1.841**

2017

2018

*According to IFRS.

NUMBER OF EMPLOYEES***1.850****1.877**

2017

2018

* Excluding Nişantaşı Turistik, Christian Louboutin and Dealer stores.

MILESTONES

- 1969 ○ The first ready-to-wear manufacturing operation in Turkey was launched in cooperation with Italian Fashion Designer Silvano Corsini.
- 1971 ○ The first Beymen Store was opened in Sisli.
- 1985 ○ The brand Beymen Club was launched.
- 1987 ○ The "Unconditional Customer Happiness" principle was adopted.
- 1992 ○ Beymen stores started to sell international fashion brands.
- 2007 ○ Beymen İstinye Park was inaugurated.
- 2007 ○ Monobrand boutique retail operations were initiated.
- 2010 ○ Beymen.com went live.
- 2013 ○ Beymen Zorlu Center, the largest fashion retail store in Turkey, Beymen Club, and 6 new monobrand boutiques were opened in Zorlu Center.
- 2014 ○ Beymen Mobile application was released.
- 2017 ○ Beymen Suadiye, Beymen Antalya Rixos were opened.
- 2018 ○ Beymen Adana and Beymen Mersin Dealer Stores joined the company.

LEADING PLAYER IN TURKISH AND GLOBAL LUXURY RETAIL SECTORS

Having opened its first store in 1971, Beymen Mağazacılık A.Ş. today provides services in 89 stores representing a variety of retail approaches on a total net sales area of 51.323 m², including foreign partnerships.

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. is under the structure of Boyner Retail.

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 900 global brands under its umbrella, Beymen is also considered to be among the best in its class in both the fashion and retail industries with its exclusive production collections.

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.

Key Indicators

Number of Stores	2017	2018
Company-Owned Stores	63	72
Beymen Multibrand	13	15
Beymen Monobrand	15	15
Beymen Club	35	42
Dealer Stores	15	10
Beymen Multibrand	6	4
Beymen Club	9	6
Beymen Total	78	82
Beymen Multibrand	19	19
Beymen Monobrand	15	15
Beymen Club	44	48
Outlet	5	5
Foreign Partnerships	2	2
Beymen Monobrand (Christian Louboutin)	2	2
Grand Total	85	89

Total Sales Area (m ²)	2017	2018
Company-Owned Stores	38.151	41.568
Beymen Multibrand	29.807	32.113
Beymen Monobrand	2.343	2.343
Beymen Club	6.001	7.112
Dealer Stores	5.670	4.032
Beymen Multibrand	4.620	3.349
Beymen Club	1.050	683
Beymen Total	43.822	45.601
Beymen Multibrand	34.427	35.462
Beymen Monobrand	2.343	2.343
Beymen Club	7.051	7.795
Outlet	6.878	5.613
Foreign Partnerships	109	109
Beymen Monobrand (Christian Louboutin)	109	109
GRAND TOTAL	50.809	51.323



STORE FORMATS

Beymen Multibrand stores, Beymen Club stores and Beymen Monobrand Boutiques are under the operation of Beymen.

Beymen Adana, a dealer store, joined the company in 2018, while another dealer store, Beymen Mersin was closed and Beymen Mersin company-owned store was opened at Mersin Marina. By the end of 2018, there are 19 Beymen multibrand stores, including 15 Beymen-owned stores and 4 dealer stores.

Beymen Club Maltepe Piazza, Beymen Club İstmarina, Beymen Club Bodrum Midtown, Beymen Club Palladium, and Beymen Club Atakule stores were opened in 2018. In addition, Beymen Club Bodrum and Beymen Club Adana, which were dealer stores, joined the company and Beymen Club Mersin store was closed and re-opened as Beymen Club Mersin company-owned store at Mersin Marina in 2018. Total number of Beymen Club company-owned stores increased to 42 by the end of 2018.

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 900 upscale and new generation brands in ready-to-wear, footwear, bags, accessories, jewellery, home accessories, cosmetics 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 Mono-brand concept are provided through 17 branded boutiques in total, including 15 Beymen-owned stores and 2 stores with foreign partnerships; these include Bottega Veneta İstinye Park, Brunello Cucinelli İstinye Park, Celine İstinye Park, Dolce&Gabbana Women İstinye Park, Dolce&Gabbana Men İstinye Park, Dolce&Gabbana Zorlu Center, 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, Valentino Zorlu, Christian Louboutin İstinye Park, and Christian Louboutin Nişantaşı stores.

Beymen Club Stores are boutique 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, targeting accessible luxury market. By the end of 2018, there are 48 Beymen Club stores, including 42 Beymen-owned stores and 6 dealer stores.

In addition to its own stores, Beymen Club collections are offered for sale via beymen.com providing online shopping services since November 2010, Morhipo, and via its own e-commerce website beymenclub.com.tr providing services since March 2015.

Beymen Mağazacılık offers services for different segments and categories with its own 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 by the middle of 2016. Beymen Outlet stores continue sales operations with Beymen Outlet Viaport, Beymen Outlet Otim, Beymen Outlet Starcity, Beymen Outlet Optimum, and 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 executed in 2018 increased by 42% compared to the previous year.

With the projects implemented in 2018, Beymen has reached 51.323m2 net sales area and 1.877* employees with 89 stores across Turkey.

(*Excluding Christian Louboutin, Nişantaşı Turistik and Dealer Stores)

Net sales
42% increase*

*According to IFRS.

MARKETING AND COMMUNICATION

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 pre-determined 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.

LOYALTY PROGRAM

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, Platinum, Gold and Beige. In addition, Beymen maintains its separate loyalty program valid in Beymen Club stores since 2016.

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, aiming to further increase the happiness of customers based on various criteria such as shopping frequency and volume. While re-



gaining 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. Special activities are carried out 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 ON SOCIAL MEDIA

INSTAGRAM

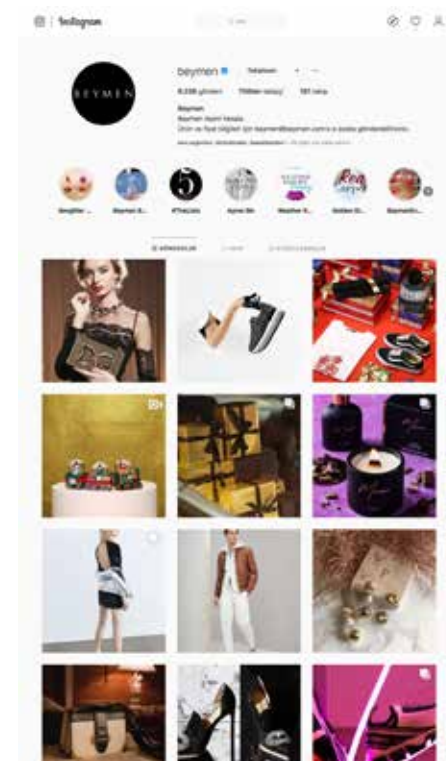
Beymen gained 109,477 followers and reached 737,634 followers on Instagram in 2018. One of the first adopters of "Click to Shop" feature in Turkey, Beymen provides its Instagram followers with the opportunity to shop via their profiles. Beymen Club Instagram account gained 50 thousand followers and reached 373,057 followers in 2018. While Mr. Beymen increased its followers from 8,100 to 26 thousand, Beymen Blender increased its followers from 41,680 to 53,792.

FACEBOOK

Beymen Facebook account reached 211 thousand followers; Blender Facebook account reached 50 thousand followers; and Beymen Club Facebook account reached 77 thousand followers.

TWITTER

On Twitter platform, Beymen has 33.3 thousand, Beymen Club has 16.2 thousand, and Blender has 15.3 thousand followers.



BEYMEN POP UPS

Pop Ups, one of the prominent trends in fashion and retail world in the recent years, were adopted by Beymen with international brand collaborations throughout 2018. Pop Ups, where different and special products are offered with a special visual arrangement reflecting the world of the brands and which are combined with an event from time to time, attracted great attention. As Jimmy Choo x Off White Pop Up, which was one of the hit collaborations of 2018, was exhibited at Beymen Zorlu Center in April,

Sergio Rossi, Chloe Sonnie Sneaker, Kenzo Memento 2 and Paul Smith Pop Ups met with Beymen customers at different locations in different periods throughout the year.



BEYMEN BLENDER RED EXHIBITION

RED Exhibition, developed with inspiration from three colors (Blue, White, Red) trilogy of famous director Krzysztof Kieslowski, was held at Beymen Zorlu Center between 17 December and 6 January.

During the exhibition, where famous Turkish designers Özgür Masur, Mehtap Elaidi, Raisa Vanessa, Lug Von Siga and Zeynep Tosun freely interpreted RED, a total of 15 custom tailored designs met with fashion enthusiasts.



BEYMEN CLUB ROADTRIP

The priority target of Beymen Club campaign shoots was to ideally reflect the young, dynamic and creative spirit of the brand. Accordingly, a brand new route was set in Beymen Club campaign stories, on the basis of the excitement created by new journeys and experiences, and the campaign theme for 2018 was determined as "Roadtrip". Route 66, one of the most iconic road trip routes of the world, was preferred for the summer season and shooting took place on the legendary Route 66 in Los Angeles. For winter season, shooting took place on a route including Ayvalık – Cunda on North Aegean route with the theme "Roadtrip".



OMNICHANNEL

Beymen stock management is conducted using specially designed analytical programs. Omnichannel approach is adopted for efficient management of Beymen stocks. All products are sold with hand terminals through all sales channels regardless of their locations. Thanks to the programs used, the availability of products at the locations with the highest probability of sales of such product is ensured, thus supporting the increase in sales.

Beymen received the initial results for the contribution of "Beymen Link" and My Companion applications, launched in 2017, within 2018. Approximately

54,000 orders were placed and more than 70,000 products were sold with "Beymen Link" system. This result indicates a 115% increase in comparison with 2017. Utilization rate of "Beymen Link" application will exponentially increase upon inclusion of dealer organization in the system in 2019.

BEYMEN.COM

While beymen.com closed last year with 168M with 44% increase, its share in total turnover of Beymen remains unchanged as 9%.

Our desktop users increased by 16%, mobile website users increased by 64%, and app users increased by 79% on beymen.com, which was visited 38 million times in 2018. We focused on infrastructure works in 2018 to improve the shopping experience on devices used by our customers. Website opening periods were improved by 28.4% for desktop and 36.8% for mobile website. Mobile website opening period was reduced from 10.8 seconds to 6.8 seconds.

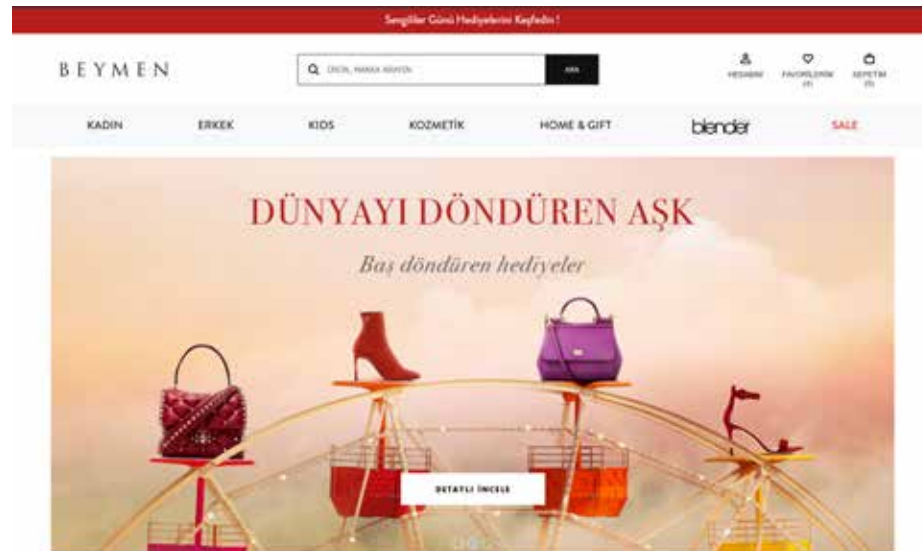
In 2018, 70% of total traffic came from mobile devices. In 2017, this ratio was 55%. 56% of total turnover came from mobile devices, and the share of turnover that came from mobile devices increased to 38.6% in 2018 from 32% in 2017.

Another technical improvement made on beymen.com was the "Favorites" function. Initial steps for customization was taken in 2018. It was started to show the banners on the website based on segments. It is aimed to customize both recommended products on the website and the product ranking on the list of products within 2019.

Beymen Club mobile application was launched in 8 July 2018. 20% of the traffic and 27% of the turnover of beymen-club.com.tr comes from Beymen Club mobile application.

Digital refund loading cards were implemented on Beymen Club mobile application. Therefore, refund loading cards can be loaded to Beymen Club mobile application and they can be easily used both during online shopping and in stores. This reduced the cost of printed refund loading cards.

Beymen.com
44% growth



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.

Employee profile



(*excluding Nişantaşı Turistik and Christian Louboutin)

Career and Performance Management

Performance management systems covering the head office and store employees are implemented. Performance management system is implemented for head office employees up to director level and the field executive teams in line with the targets set in the beginning of every year. For director and higher-ranking levels, performances are assessed according to four main KPIs (Net Sales, EBITDA, Average Net Debt, Year-End Stocks) determined under the scope of Boyner Group. As for the field sales teams, a performance management system integrated with the premium system that is monitored on a monthly basis is used.

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 has fulfilled certain criteria and entered into the candidate pool passes through such internal processes specific to his/her level, is prepared for the next level and monitored through a 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 12% of employees (218 individuals) were promoted to a higher position in 2018.

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.

Sales Representatives that can speak English, Arabic, Russian and Chinese were recruited in order to strengthen sales to tourist customers. Through collaborations established with universities and high schools; part-time sales representatives were employed in order to allow university graduates to consider retailing as a career path. 124 students in total, including 17 high school students and 107 university students, were employed as trainees in order to support career developments of university and high school students.

Number and Profile of Employees

With the newly opened stores and increasing business volume, a total of 664 new employees were recruited in 2018, including 92 individuals employed at the head office and 572 individuals employed in the stores. As of 31 December 2018, there are 1,877* people in total employed under the structure of Beymen Mağazacılık, of which 45% are female and 55% are male employees. The average age is 33 for store employees and 35 for head office employees.

(*Excluding Christian Louboutin, Nişantaşı Turistik and Dealer Stores)



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 "Be Happy Project" in 2018. For example, surprise gifts were distributed to field employees through the celebrations on the 12th December Retail Employees Day. In addition, various complimentary treats were made to the employees on special days, workshops and tasting workshops were organized, summer greeting event was held.

In the "Seniority Awards" ceremony held for the fourth time this year, 192 employees that have completed their 25th, 20th, 15th, 10th, and 5th year of service received their awards.



Internal Communications

Internal open communication is an indispensable part of Beymen culture.

Information and documents like Company news, store openings, training documents, and procedures are shared over the Intranet portal accessible to all employees and through e-mail announcements. In addition, the company's vision/strategy and business results are also shared through CEO Communication meetings held periodically throughout the year.

Beymen Trainings

Everybody starting to work at Beymen participates in the training programs implemented under the main headings of beginners, sales, leadership 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 online learning methods. Training programs organized in 2018 were conducted with the participation of 1.541 individuals and they received 15.414 hours of training in total.

Number of Participants by Training Types:

Training Type	Number of Participants
Brand & Season	478
Orientation	516
Sales & Management	1041
Technical	1213

Training Hours by Training Types:

Training Type	Number of Participants
Brand & Season	2403
Orientation	5271
Sales & Management	5615
Technical	2089

Beginners Trainings: Welcome to Beymen, Our Values, Our Customer Approach, Our E-Learning HR Approach, Procedures, Occupational Health and Safety (OHS), My Companion & Department Terminal, Service Development, Personal Image, IT Information Trainings

Brand Trainings: include Imported and Private Label Brand/Season and Combined Trainings

Personal Development Trainings: 50th Year My Birthday Training

Technical / Occupational Trainings: Hopi & Cash, Campaign & Cash, Catering Standards, Doorman/Cafe Teams Training, My Companion, Presentation Techniques, Fabric & Textile, Inventory & Warehouse Management, Receiving System, Seasonal Trends in Corporate Business Life, Excel, Machine Learning Applications, OHS, First Aid Update, Fire Intervention Trainings

Sales Trainings: Premium Employee Premium Experience, Premium Employee Premium Application Practice, Global Sales Training (Middle Eastern & Chinese Customer Service) Trainings

E-Learning Trainings: Wardrobe Levels, Creative Directors, Chinese Culture & Sales, Middle Eastern Customer & Sales, Textile Information, Basic Retail English, Being a Team, Inspiring Lives, Luxury Customer Service, Thinking Like a Concierge, What is CRM, 2018 Gala Guide, 12th December Retail Employees Day, Our MTM Story, Tuxedo Service Secrets, Evening Dress Service Secrets, Correct Turkish, Effective Meeting Man-

agement, Obtaining Contact Permit, Hopi Update, My Companion Operating Manual, Obtaining My Companion Contact Permit, Clothing Alteration, Specifics of Corporate Sales, Club SS18 & FW18 Season Description Trainings

Leadership Trainings: Seven Habits of Effective People, Leading with Values, Leadership That Touches the Heart, Coaching Based Leadership Trainings.

Occupational Health and Safety: OHS training for 738 people in 2018

Occupational Health and Safety

Occupational Health and Safety activities are addressed with a holistic approach; and investments are made not only in the creation of a healthy and safe working environment for employees, but also in their intellectual, physical, mental and emotional developments. Occupational Health and Safety training was provided for 738 employees in 2018. In addition, Occupational Health and Safety Committees and risk analyses teams were supported through completion of head office and store employees' certified First Aid, Search-Rescue-Fire

trainings and refresher trainings. Occupational Health and Safety Committees actively conducted their activities in order to both establish healthier and safer working environments, and ensuring employees' involvement in all these processes. Occupational Health and Safety Manual prepared jointly with Boyner Group were shared with all employees. Furthermore, with the OH&S Software which was defined jointly with Boyner Group, the activities for transfer of Occupational Health and Safety documentation system to the related software was continued and improved for all stores. Visits and monitoring of all newly opened stores were completed and relevant processes were reported within the scope of Occupational Health and Safety. Occupational Health and Safety activities in line with each concept were initiated according to the store concepts; and the activities for improvement of current conditions are conducted based on the order of precedence of the actions required to be taken in the stores.

INVESTMENTS

In 2018, Beymen Club İst Marina, Beymen Club Maltepe, Beymen Club Bodrum Midtown, Beymen Club Palladium, Beymen Club Atakule, Beymen Mersin Marina and Beymen Club Mersin Marina stores were opened. Beymen Club Bodrum Oasis, Beymen Adana and Beymen Club Adana stores were taken over from dealers. Beymen Mersin Cadde, Beymen Club Mersin Cadde and Beymen Club Metrocity stores were closed.

Stores opened in 2018

Format	Opened Stores	Location	Opening Date
Beymen Club	Beymen Club İst Marina	İst Marina	28.03.2018
Beymen Club	Beymen Club Maltepe	Maltepe	20.04.2018
Beymen Club	Beymen Club Bodrum Midtown	Midtown	05.05.2018
Beymen Club	Beymen Club Palladium	Palladium	08.06.2018
Beymen Club	Beymen Club Atakule	Atakule	29.10.2018
Beymen Multibrand	Beymen Mersin	Mersin Marina	01.11.2018
Beymen Club	Beymen Club Mersin	Mersin Marina	01.11.2018

Stores Taken Over from Dealers in 2018

Format	Taken Over Stores	Location	Date of taking over
Beymen Club	Beymen Club Bodrum Oasis	Bodrum	01.02.2018
Beymen Multibrand	Beymen Adana Cadde	Adana	01.10.2018
Beymen Club	Beymen Club Adana Cadde	Adana	01.10.2018

Stores Closed in 2018

Format	Closed Stores	Location	Closing date
Beymen Multibrand (Dealer)	Beymen Mersin Cadde	Mersin Cadde	31.10.2018
Beymen Club (Dealer)	Beymen Club Mersin Cadde	Mersin Cadde	31.10.2018
Beymen Club	Beymen Club Metrocity	Metrocity	02.11.2018

Breakdown of Investments made in 2018

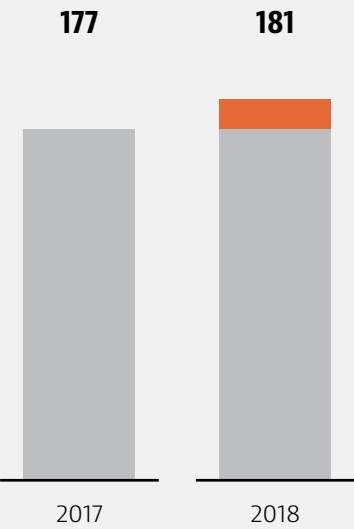
2018	(TL)
New Stores	12.070.647
Renovations	13.206.268
Hardware Software and Others	6.333.989
Total Investments	31.610.904



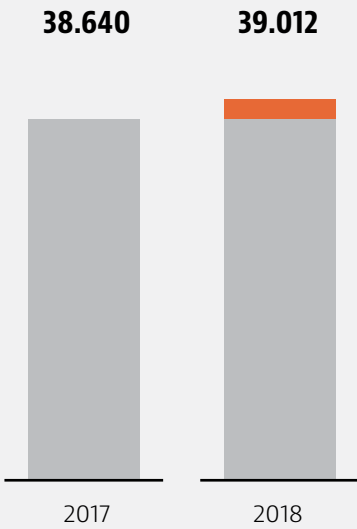
AY MARKA MAĞAZACILIK

Ay Marka Mağazacılık is shaping the fashion trends through its famous and exceptional brands in ready-to-wear clothing. By ensuring customer happiness in all stages from diversity of products to after-sales services, it continues to further differentiate itself with its brands, each of which meets the style expectations of a specific consumer segment, and which are offered through both its domestic and overseas stores and over internet.

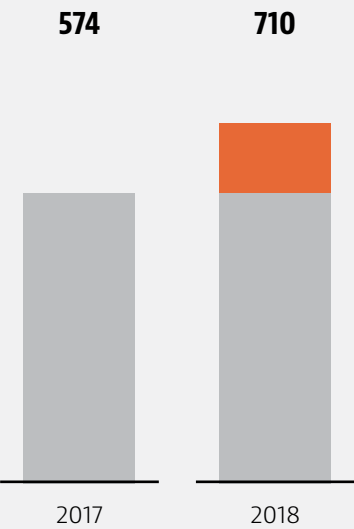
**TOTAL NUMBER OF
STORES**



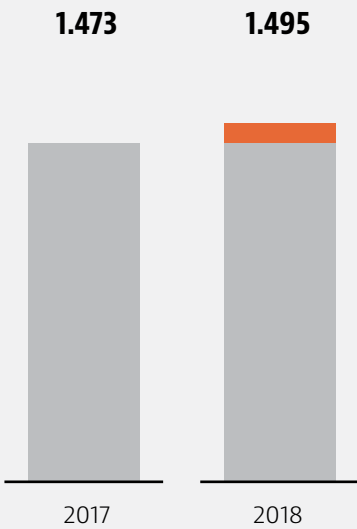
**TOTAL SALES AREA
(THOUSAND M²)**



**TOTAL TURNOVER
(TL MILLION)**



NUMBER OF EMPLOYEES



MILESTONES

- 1997 Altinyıldız entered the ready-to-wear sector with its in-house Retail Department.
- 1999 NetWork was launched as the pioneer of women's business wear, the first ever brand to appeal businesswomen in Turkey.
- 2003 NetWork initiated the first ever designer-brand cooperation in the industry.
- 2007 NetWork joined Turquality brands.
- 2007 The brand Que was launched.
- 2008 AY Marka acquired its independent legal personality.
- 2010 Divarese operation became a part of AY Marka Mağazacılık.
- 2013 The online shopping websites of NetWork and Divarese went live.
- 2014 AY Marka moved to its new head office.
- 2016 NetWork and Divarese started m² expansion and renovation activities in its most efficient stores.
- 2017 By completing store m² expansion and renovation activities in Turkish market, it secured its position in the sector in terms of location and m².

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 177 stores located in 31 cities across Turkey as well as 4 overseas stores in total located in Azerbaijan, Albania, Cyprus and Israel. Ay Marka offers its product portfolio to customers through 2 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 name-sake 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 under the name of AY Marka.

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 lines 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.

Through our ongoing investments in 2018, the number of visitors of AY Marka exceeded 15 million people. In addition, its total investment budget reached TL 20,703,867. A total of 11 local stores and 1 new international store were opened in 2018. AY Marka continues to serve its customers with 181 stores covering a sales area of 39.012 m² by the end of 2018.

INVESTMENTS

Stores opened in 2018

Format	Opened Stores	Location	Opening Date
Divarese	Ay İst. Marina DV	İstanbul Marina	28.03.2018
Divarese	Ay İst. Maltepe Piazza DV	Maltepe Piazza SC	19.04.2018
Divarese	AY Ankara Atakule DV	Ankara Atakule SC	29.10.2018
Network	Ay İst. Marina NW	İstanbul Marina	28.03.2018
Network	Ay İst. Maltepe Piazza NW	Maltepe Piazza SC	19.04.2018
Network	AY Bodrum Midtown NW	Bodrum Midtown SC	4.05.2018
Network	Elazığ NW	Elazığ Cadde	17.08.2018
Network	AY Ankara Atakule NW	Ankara Atakule SC	29.10.2018
Network	Ay Ankara Arcadium NW	Ankara Arcadium SC	9.11.2018
Outlet	AY İzmir Westpark Outlet	İzmir Westpark SC	9.06.2018
Outlet	Ay Ankara Metromall Outlet	Ankara Metromall SC	3.11.2018
Network	İsrail Nazareth-İllit NW	Israel	8.11.2018

Breakdown of Investments made in 2018

2018	(TL)
New Stores and Renovations	14.447.563
Hardware Software	2.133.962
Other	4.122.342
Total Investments	20.703.867

SALES

Having a flexible structure and a young and well-equipped team producing solutions in line with the dynamism of the era, AY Marka is operated with devotion to the principle of "Unconditional Customer Happiness" throughout all its pre-sales and after-sales processes with its NetWork, Que, Divarese and George Hogg brands, a wide variety of products, and its original and unique design and quality understanding. AY Marka offers all of its female and male customers with different profiles a wide range of products 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.

AY Marka, having focused on digitalization in customer experience processes and carried out its activities in 2018, launched new processes via "My Com-

panion" devices to increase customer happiness, and took customer experience to the next level. In addition to this, not only cash register waiting durations were reduced by digitalization of loyalty cards, but also customer points became instantly viewable. It was a year during which campaigns personalized according to customers' shopping habits were offered and communicated as a result of Hopi, CRM, bank and cooperation activities. Various collaborations were made with famous brands and celebrities to carry out effective activities that both increased sales, and focused on customer happiness. Therefore, it was an efficient year in terms of new customer acquisition.

As a result, AY Marka's sales increased by 23,7% in 2018 compared to the previous year.

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.

Network.com.tr, divarese.com.tr and online shopping websites displayed a 40% growth in net sales in total in 2018 compared to the previous year.

Our NetWork application, launched in 2017, was downloaded by more than 75 thousand people.

Online sales channels are continuing to provide services offering to their customers various benefits such as free tailoring modifications, the possibility to return products in 30 days, in-store delivery and in-store product change.

Considering online stores, NetWork was ranked as the first and Divarese was ranked as the 2nd online store among all stores in 2018; thus displaying a high sales performance.

In Online Shopping Websites
40% growth

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.

Having always maintained its clear-cut approach, NetWork symbolizes the age of information and technology that we are currently experiencing. 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 changing from day to night with quality. NetWork collections have a refined line, distinguished in details, and shining out with its fabric quality.

Having always prioritized its innovative attitude with the lines that it has created within its collection, NetWork became the first Turkish ready-to-wear brand to offer the privilege of exclusive production of garments in a limited number under its brand "Limited" launched in August 2004. "NetWork

Free" that allows customers to take a deep breath in the fast tempo of modern life and adds joy to the wardrobes of Network men and women with its light fabrics and patterns and "NetWork Black" that adds difference to invitations and special nights with its unique fabrics and sewing quality and a wide variety of products extending from tuxedos to night dresses constitute the most exclusive series of the brand.

Combining style with innovation, NetWork blends its innovative stance with practicality through its "Fashion-Lab" concept. State of the art technology meets NetWork line in many products from stainless and ironing-free smart shirts, hydrophobic suits, push-up denims, and leather puffer coats with bluetooth headset accessories.

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 is 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 Stories

In 2017, NetWork realized the first two of its inspiring, courage and freedom-themed campaign shootings by establishing a story structure for three seasons, making difference in the fashion industry and offering new points of view under the title of "NetWork Stories". During the image shooting of "Vertical Dance", the first of its story series, for Spring/Summer 2017 season, the world-famous dance team BANDALOO managed to present the most impressive story of the season at a height of 97 meters with a single rope tying the team members on the walls of the historical building Oakland City Hall which turned into a vertical dance floor in San Francisco. During the shootings of "Highline", the second story of the series, for the Fall/Winter 2017-18 season, the brave highline athletes carried the Network collection by walking on a thin line connecting two hills at a height of hundreds of meters in Levent Canyon dating back 65 million years. In Spring/Summer 2018 season, Estonian professional ice dancers danced for 12 hours at Lake Klooga near Tallinn at -13 degrees Celsius, on a 15-cm thin ice surface for the shoots of "On Ice", which is the third and the last story of "NetWork Stories" series.

DMx NetWork Special Collection

Meeting Derin Mermerci's original style with NetWork's iconic elegance, "DM x NetWork" special collection that started in 2017-18 Fall/Winter season realized the most ambitious cooperation of the year. While the collection addressed to women that like to interpret plain and elegant items with a strong and feminine style; it was inspired by the free spirit of Derin Mermerci who reflected her creative and courageous attitude to her style. The second season of the cooperation, Spring/Summer 2018 capsule collection, was introduced with a party and a show organized at Soho House. Following the success of the collection, the cooperation was extended and a third capsule collection, offered in NetWork stores and on NetWork.com.tr, was



prepared in Fall/Winter 2018-19 season.

Digital NetWork

NetWork plans its digital communication strategy through consolidating its presence and activeness in this field with gradually increasing importance, following digital trends around the world and adopting the innovations, and developing and applying strategies accordingly. The digital strategy of 2018 was planned as strengthening brand perception, improving the communications established with customers and followers, and providing traffic for e-commerce website and NetWork stores. These strategies were also supported by digital constructions, projects, contests, and different types of advertisements.

Interaction was increased with social media constructions carried out in New Year, Season Opening, Hotsummer periods. NetWork reached 308 thousand followers on Instagram with a growth

of 60%. Within the scope of the cooperation with Derin Mermerci, regular posts from DMxNetWork shooting, event, and daily style of Derin Mermerci were shared on personal and DMstil Instagram accounts of Derin Mermerci for two seasons.

In 2018, attention was focused on sales over Instagram using InstaStory and Insta-shopping (begenveal) tools until October. Upon activation of Instagram Shopping feature for our brand beginning from October, progress was made in terms of product tagging and directing to e-commerce. Particularly, rapid linking over Instagram after sharing of products preferred by celebrities and used in TV series on Instagram created a positive impact on sales. A flow in line with "Instagram Aesthetic" accepted as one of the most important Instagram Marketing dynamics was planned in 2018. As part of Story planning, contents suitable for each day of the week were planned in line with the nature of this tool.

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 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

Established in the town of Varese in Italy in 1870 by the shoemaker Santino Trolli 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 pioneering brand of shoe and bag fashion under the structure of AY Marka Mağazacılık. Inclined to go back to its Italian basics, Divarese is inspired by 3 fundamental brand values such 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 the British classic of modern times, i.e. 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 and such co-operations were followed by different activities throughout the year. In addition, it offered two separate signature fragrance series reflecting its Italian legacy with cologne, air freshener, and candle options: Lago di Varano and Lago di Como.



Within the scope of 'GOOD WORKS' social responsibility project, Divarese initiated a cooperation with FABULA, home shoe brand of Zeynep Benli, to support creative and productive female entrepreneurs. A capsule collection that can be used both at home and outdoors was created with 5 shoe models and 4 brooch options, each of which symbolize a different characteristic of entrepreneur women.

Mehry Mu x Divarese Cooperation

In Fall-Winter 2018 season, Divarese initiated a special cooperation by combining its Italian legacy and passion with feminine and strong women of Mehry Mu brand, founded by Güneş Mutlu Mavituncallı. The impressive purse collection, which combined color and geometry plays in Tuscany villas with a colorful world, was named "Villa Mu". Mehry Mu designs and ideal purse forms met with the passionate Italian in Divarese and brought a sophisticated and eclectic collection into existence. Rattan, signature texture of Mehry Mu, which is the leading actor of the collection, came together with maroon, green and blue tones. Embroidered clutch "Viola", one of the most spectacular models of the collection, was offered for sale only on Divarese.com.tr. The first season of the cooperation was announced with an event that took place at Sultanahmet Four Seasons.



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 as well as its shoe and accessory collections in selected Divarese 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 addition to a wide range of sneakers, George Hogg added trench coats, gova shoes, boots and knee-high boots to its collection in 2018.

Furthermore, the new male fragrance series "GH The Scottish 1855", comprising cologne, candle and air freshener, was offered for sale in Divarese stores and on divarese.com.tr.



HUMAN RESOURCES

AY Marka Human Resources has a dynamic, creative, agile structure that is effective in strategic decisions of the company, and it conducts its activities in line with the objectives of the company and in cooperation with other business units, with an approach that is difference-making, focused on results, and based on success. Providing a democratic working environment and ensuring employees' happiness are of great importance for AY Marka. The "Unconditional Customer Happiness" strategy implemented for customers is also applied for the employees in the work environment as well.

Number and Profile of Employees

As of 31 December 2018, there are 1.495 employees working under the structure of AY Marka. AY Marka Mağazacılık provided employment to 97 people with 11 local and 1 international stores in 2018.

Employee profile



849
Male



646
Female

1.495
Total

The average age of employees is 33. The ratio of female employees within total number of employees is 43%. Average seniority of our head office teams is 75 months and this number is 30.9 months for our field teams.

Career and Performance Management

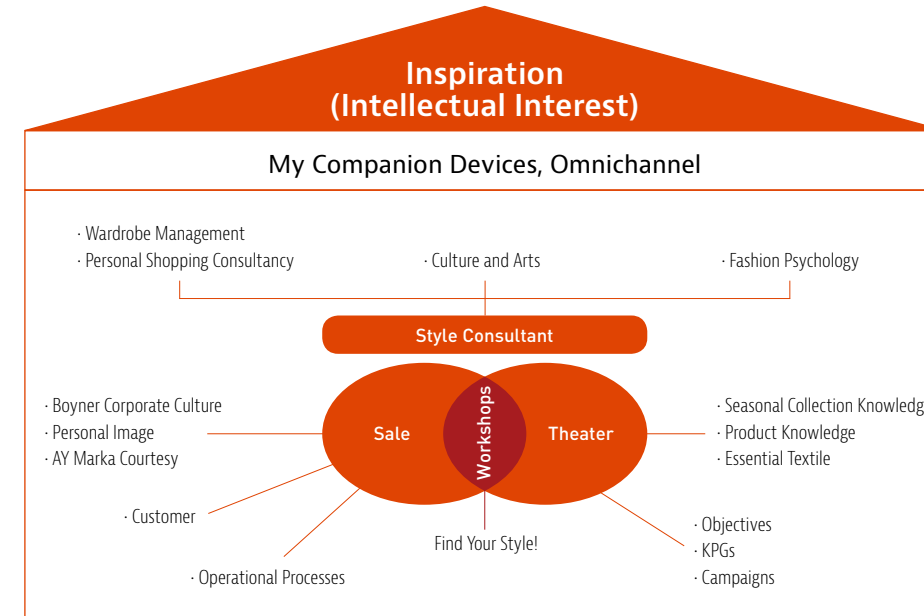
AY Marka employees build their own career developments on the basis of their personal performances. Every employee is the leader of his/her business. In managerial promotions, the company gives priority to its employees according to their personal competencies and performances. AY Marka pays due attention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

Human Resources processes provide 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; employees can also be transferred to other Group companies.

In 2018, a total of 167 colleagues were promoted, including 36 managers, in our field teams. Evaluation center application was initiated for field promotion processes, and individual-specific development plans were implemented. In our head office teams, a total of 11 people were promoted in 2018, including 1 director and 10 unit managers.

AY Marka Way of Learning

Training vision of AY Marka is the following structure formed under inspiring applications that trigger intellectual interest, supported by digital retail world, aiming to transform sales teams into style consultants. In 2018, the following trainings were given in line with this structure and needs.



AY Marka "Be a Star, Stay a Star" integrated learning, career development and Rain of Stars award program, which was launched in the last quarter of 2014 with this vision, continued in 2018.



In 2018, 3,475 hours of training were provided for our head office teams and 9,811 hours of training were provided for our field teams.

330 recently employed colleagues in our field teams learned about AY Marka privileges and being a part of AY Marka during the AY Marka World training.

We reached 259 colleagues through textile product knowledge, and 291 colleagues through fashion world and aesthetics of service trainings. Thus, in addition to acquisition of knowledge, an environment in which customers received services with joy and watched with admiration the body language, attitudes and behaviours of the teams was created. We explained the charac-

teristics of our products for the new season in detail to 248 colleagues with seasonal collection training. We reinforced this information with online trainings and season booklets.

We shared with our teams that there are numerous ways of reaching sales targets and the importance of field coaching and instant feedback with trainings such as performance workshop and coach break, and then we supported the process with personal monitoring systems.

Our teams that comprise the Design Center, which was established in 2018, were provided with trainings that would support their personal developments, innovative perspectives, and

ensure that they would stay updated in the fashion world.

In addition to general trainings given to our head office teams, intriguing and inspiring vision courses, specific to business units, were organized. Furthermore, developments of our colleagues were supported with seminars and conferences in addition to in-class trainings.

Employee Happiness

AY Marka attaches importance to contributing in employees' social, intellectual and professional developments through a diverse range of events organized in order to ensure employee happiness and to enhance employees' motivation and productivity in the workplace.

As with all Our 12th December Retail Employees Day Event:



Boyner Group companies, the 12th of December, Retail Employees Day was celebrated with a great bliss and enthusiasm in AY Marka this year. Our Store and Head Office teams came together at the joint event and went through a memorable experience on 12th December Retail Employees Day.

AY Marka's stars celebrated their success through various events under the scope of the "Rain of Stars" (Yıldız Yağmuru), a part of the learning, career development and rewarding program named Be a Star, Stay a Star (Yıldız Ol Yıldız Kal) in 2018.

Our Rain of Stars Event:



Organizational Change and Development Management

In order to be able to enable work processes in stores, and to conduct operations more easily and quickly, improvements of used mobile devices continued in 2018. Furthermore, we opened our store inventories to the internet in 2018 to increase our range of products on online channels in line with our unconditional customer happiness perspective.

Our IT teams began to manage their works with Agile method. Therefore, a management approach with strong team play, progresses with prioritization of values, creates change, and adapts to all kinds of changes, was adopted.

With Link meetings that are regularly organized at the Head Office, information and a better coordination were ensured in respect of all processes.

In order to render the performance of our sales teams more efficient, to provide individual numeric coaching, activities regarding sales automation were initiated in 2018.

It was started to implement Amore Divarese project, which was launched in 2017 at Divarese stores, at all Divarese stores in 2018. With Amore Divarese, it was aimed to establish a personal contact with the store managers and sales teams and to strengthen their communications with each other and with customers and to establish indispensable sales and service standards.

HR is Digitalizing

Foundations of online interview processes were laid, they will be launched in 2019. We continued to receive applications with QR Code in our recruitment processes.

In addition, we continued to develop AY Marka internal communication portal I-smart, which was launched in 2017.

Occupational Health and Safety

The creation of a healthy working environment for all employees, protection of employees from the negative impacts of the current conditions of the environment, ensuring the best harmony possible between the workplace and the employees, and taking the necessary measures to eliminate the risks at the workplace reflect the Occupational Health and Safety perspective of Ay Marka Mağazacılık. Enjoying our work, as much as having healthy and safe work environments, is conditional upon avoiding circumstances that pose threats for both ourselves and our colleagues.

Occupational Health and Safety training was provided for 730 colleagues in 2018. Periodic visits were made to all of our newly opened stores, and corrective and preventive action plans were prepared.



ALTINYILDIZ TEKSTİL VE KONFEKSİYON A.Ş.

Altinyıldız continues to offer products that combine respect to nature and people with fashion under the concept of sustainability, which is becoming a lifestyle, rather than a trend, at all stages of life.

MILESTONES

- 1952 ○ Altinyıldız Tekstil ve Konfeksiyon Fabrikaları A.Ş. was founded.
- 1956 ○ First exports were carried out.
- 1992 ○ ISO 9001 Quality Certificate was obtained.
- 1996 ○ The Australian Super Fine Wool Growers Association accepted the company for membership.
- 1997 ○ The Integrated Heat and Power Plant was established.
- 1999 ○ The Network brand addressing businessmen and businesswomen was created.
- 2000 ○ The brand Fabrika was born.
- 2007 ○ The design brand Que was launched.
- 2010 ○ Altinyıldız produced fabric with Nanotechnology.
- 2011 ○ The Techno Climatic series was added to the product portfolio.
- 2011 ○ ISO 14064 Scope 3 study was approved by BSI. Altinyıldız became the first and only company that performed emission calculations in its sector in Turkey.
- 2013 ○ Textile and garment operations were transferred to the wholly-owned subsidiary Altinyıldız Tekstil ve Konfeksiyon A.Ş. Altinyıldız acquired a strong and dynamic structure upon relocation of the whole team in Çerkezköy.
- 2015 ○ Under the scope of TUBITAK 1501 Industrial R&D Projects Grant Programme, a project grant was obtained from TUBITAK.
- 2015 ○ Shareholders' equity was increased by TRY 100 million and a new investment plan including the purchase of 125 thousand m² open area and factory buildings in Çerkezköy OSB (Çerkezköy Organized Industrial Zone) was commissioned.
- 2016 ○ New production facilities, depots and General Management Building were put into service.
- 2017 ○ ISO 14001 Environmental Management System Certificate was obtained.
- 2017 ○ It became the authorized manufacturer of wool blended Cordura fabrics of Invista in Turkey, and offered the fabric named Cordura Combat Wool.
- 2018 ○ Cordura blended fabric orders were received from corporate clients in Turkey and throughout the world.
- 2018 ○ Recycled Polyester and wool blended fabric was developed and initial orders were received from abroad.
- 2018 ○ Biodegradable nylon blended fabric studies were initiated.

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.

Being one of the market leaders with the largest sales volumes in the domestic wool fabric segment, Altinyıldız carries out its overseas sales through its sales representation offices located in Germany, the Netherlands, France, the United Kingdom, Russia, Finland, Australia, America, 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.

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.

Having produced its products for many domestic and overseas companies in addition to its group brands for long years, Altinyıldız set its primary target as growth in exports and completely transferred its apparel production operations to the group's business partners as of April 2016 in order to focus on textile and wool fabric manufacturing with high added value.

6 Million Meters Long Wool Fabric Produced

The market leader in Turkish wool fabric sector with its production of 6 million meters, Altinyıldız has maintained this success in the wool fabric sector which was becoming intensely competitive also in 2018, by giving importance to Production and Development and Research and Development activities, adapting to the rapidly changing fashion trends, paying attention to international specifications and environmentally-friendly production issues and manufacturing high-quality fabrics.

Having increased its subscribed capital 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

KEY INDICATORS	Textile
Capacity (Internal production)	10,000,000 meters
Production Amount (2018)	5,980,000 meters
Net Sales (2018)	TL 2401 million
Number of Employees	824

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.

Having increased its capital by TRY 230 million upon its main partner BRTI's decision in 2017, Altinyıldız strengthened its financial structure. In addition, Cordura Combat Wool was placed on the market within the framework of the

cooperation established with Invista in 2017. In 2018, Cordura blended uniform orders were received from corporate clients in Annual Turkey and throughout the world. Continuing its activities intended for development and enrichment of its collection for women with its dynamic and strong texture teams, Altinyıldız also paid attention to environment-friendly production and started to develop fabrics from recycled polyester and biodegradable nylon.



In addition, it implemented Combat Wool project meaning high endurance in woolen fabric through the cooperation made with Cordura Invista and succeeded in receiving the first orders. Particularly within the scope of the 3-year agreement made with Qatar army, Cordura blended fabrics were started to be used for uniforms due to their stainless, long-life, and washable characteristics.

In addition to this, following the decision of Turkish Airlines to change uniforms, all wool and wool blended uniform fabrics required by THY and its whole group were started to be produced in Altinyıldız factories for 2 years pursuant to the agreement made with THY.

Under the sustainability concept that has started to become a life style rather than a trend in every stage of life, woolen fabric containing over 50% recycled polyester fibers, the polyester ingredient of which was completely recycled from plastic bottles, was produced and offered to customers. Since the quality and palpation of the fabric was not different from that produced with normal polyester, positive feedbacks were received from customers.

Export sales that gained momentum towards the end of 2017 have also increased by 45% on meters basis in 2018 compared to the previous year.

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 40% of its domestic textile sales through 10 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.

In 2018, nearly 9% of domestic market sales was made to BR Mağazacılık, i.e. Boyner Group company responsible for management of retail operations of Beymen Business and Altinyıldız Classics brands across Turkey and 5% of such sales was made to the other Boyner Group companies (Beymen, AY Marka).

Its exports are carried out through Altinyıldız's sales representation offices located in Germany, the Netherlands, France, the United Kingdom, Russia, Finland, Australia, America, Spain and Japan. Exports have accounted for nearly 46% of its total sales in 2018.

Sales Amount	2017	2018
Textile (Million Meters)	6,6	6

Market Leader in Design, Technology and Diversity

With its special finished fabrics, unique blends and innovative product range, Altinyıldız continued to create value for both Boyner Group companies, and customers in the domestic and international markets in 2018. Thanks to its stain-resistant and non-iron different fabric alternatives, a variety of products of different qualities and varieties according to customers' preferences were offered.

In 2018, 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 2018.

RESEARCH AND DEVELOPMENT

Since the fashion of the world gradually gives wider coverage to the products with high design quality and added value, Altinyıldız 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 2018, Altinyıldız has intensely worked on R&D and P&D activities in order to produce high value-added products. It has 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. With fabrics particularly produced for their technical performances and functional properties rather than aesthetic properties, it maintains its success in the market in which competition is evaluated based on quality and innovation rather than prices.

Its product groups providing ease of use during travels and in daily life are offered as 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 would be offered to customers in 2018. Altinyıldız has continued to place on the market the products combining the respect to nature and human being with fashion in 2018.



HUMAN RESOURCES

As a production facility always valuing human dignity from the time of recruitment to all business processes and always acting in an accessible and solution-oriented manner for its employees, Altinyıldız aims to bring together curious and courageous people sensitive to differences and to create a culture encouraging them to develop themselves with its research-oriented and innovative identity.

As required by its human resources policy supporting its employees' personal and professional developments and assuming a task to encourage them in order to achieve high performance levels; it targets to offer a motivational and democratic environment allowing for establishment of team cooperation towards mutual objectives.

Internal communications through which all employees' requests and suggestions are taken into account without any discrimination is encouraged and activities are conducted for creating a happy working environment. Steps are taken in order to create areas where employees can easily communicate and exchange ideas with each other. Thanks

to "Etik Kurul" (Ethics Committee) and "Bir Fikrim Var" (I have an Idea) boxes, any and all suggestions and complaints received 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.

Personal and Professional Development Trainings

Various opportunities are provided for employee development. 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.

In order to contribute professional development of employees and ensure that the development process would be certifiable, professional competence certificates with international validity were provided to 105 employees working in production in 2018.

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. Employees are encouraged to be employed according to their skills and abilities, and to become qualified employees.

Employee Motivation

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

A celebration organized with the participation of families was held and gifts were distributed among the little chil-

dren in Altinyıldız Kindergarten under the scope of the 23rd of April, National Sovereignty and Children's Day.

"Hello to the New Year Party" (Yeni Yıla Merhaba Partisi) organized in order to let everybody experience the new year enthusiasm all together as a family and to ensure sustainability of in-house motivation was realized as one of Altinyıldız organizations in 2018.

Occupational Health and Safety

Occupational Health and Safety in the Factory is given priority. Information is provided against any possible work accidents that may be faced by employees and necessary actions are taken to prevent such accidents. With the drills conducted in order to ensure preparedness to emergencies, it is aimed to allow employees to acquire the necessary knowledge and behaviours. The maintenance of the machines in the factory is periodically made and the actions to be taken are discussed in the OH&S Committee meeting held bimonthly.

Occupational Health and Safety Training is provided for all employees in order to prevent occupational accidents and to create a reliable working environment at Altinyıldız. Basic Occupational Health and Safety Training was provided for 94 employees and Occupational Health and Safety Refresher Training was provided for 270 employees in 2018. 364 employees in total received training on Basic Occupational Health and Safety throughout the year. Through orange-table trainings, employees are met in their working environments and their OH&S knowledge is refreshed.

The purpose of such trainings is not only to provide information, but also to transform any and all information into behaviours. The "Near Miss Boxes" (Ramak Kala Kutuları) in the company are used in order to collect the information received from employees in order to identify any kind of hazards.

'Incident investigation and root cause analysis teams' were formed within



each department for a wider perspective and systematic investigation for the incidents that occur within the factory. The purpose is to correctly identify root causes of incidents to prevent similar incidents, and develop the risk perception of management and technical staff by expanding participation to incident investigations.

Visual information is provided to employees about contagious and seasonal diseases.

In 2018, essential fire training was provided to 833 employees, safe working with chemicals training was provided to 155 employees, safe working at height training was provided to 90 employees, safe working with chemical substances training was provided to 120 employees, safe working with electricity training was provided to 15 employees, overhead crane training was provided to 5 employees, and training on electrical and electronic maintenance of thermal cameras was provided to 2 electricity department employees within the scope of Occupational Health and Safety.

Environmental Awareness

In 2018, we continued to measure the impacts of our projects initiated for using less chemicals, energy and water in order to minimize the adverse environmental impacts of products and services.

In 2018, ISO9001:2015 and ISO 14001:2015 certificates were revised and renewed as a result of audits. As activities were planned, environment was taken into consideration as a performance parameter; environmental effects that might arise are determined and evaluated at the stage of planning. At this stage, activity plans are made so that not only limit values defined in the legislation, but also better results than these values will be obtained.

Efforts and activities are conducted in line with the environmental policy of Altinyıldız in order to increase employee awareness, to ensure efficient use of natural resources, to minimize and separate primarily at source of the wastes originating from activities, to ensure recycling and disposal of such wastes through the most appropriate methods, and to reduce negative environmental effects during all processes from design to end of life cycle.

Oeko-Tex® 100 certificate, a global standard testing and certification system implemented by an international independent institution and oriented towards certification of textile products and raw materials used in all of the related processing stages in terms of environmental protection and eco-sensitivity, which was already issued for Altinyıldız products, was also renewed in 2018.

Employee profile



547
Male



277
Female

824
Total



A photograph of a woman with long dark hair wearing a white fur-lined hood, looking upwards. The image is overlaid with a semi-transparent orange filter. The text 'SUSTAINABILITY REPORT' is written in white, bold, sans-serif capital letters on the right side of the image.

SUSTAINABILITY REPORT

p.78-128

BOYNER GROUP SUSTAINABILITY FIELDS OF ACTIVITY

Democracy In the Workplace

- Employee Rights and Employee Participation
- Non-Discrimination
- Gender Equality
- In-house Entrepreneurship Culture
- Occupational Health and Safety
- Fight Against Corruption

Innovation

- R&D Center
- DESIGN Centers

Value Chain

- Supply Chain Sustainability
- Social Compatibility
- Chemical Compatibility
- Clean Production

Environmental Impact

- Energy Efficiency in Buildings
- Green Office
- Clean Production

Community Investments

- Social Gender Equality
- Social Entrepreneurship
- Supporting Disadvantaged Groups
- Civil Society Collaborations
- Boyner Group Volunteers

Stakeholders

- Commitment and Memberships
- Stakeholder Relations and Participation

BOYNER GROUP SUSTAINABILITY VISION

Boyner Group's Sustainability Management approach is based on transparency, openness, accountability and participation.

The sustainability activities gathered under the main headings of work environments respecting human dignity, establishment of democracy in the workplace, environmentally friendly practices, sustainable supply chain, innovation, community investment and corporate volunteering are planned by creating platforms that will ensure the participation of internal and external stakeholders in the policies and practices and allow for collection of their contributions and evaluations.

As we identify the goals of our activities with the references of Global Compact and Sustainable Development Goals, we prioritize establishment of partnerships to achieve these goals.



In 2018, we participated in the Board of Directors for Turkish Network of Global Development Goals of the United Nations. We led the Sustainable Supply Chain Working Group. Again, toward the end of 2018, our Board Member Ümit Boyner actively participated in the "Partnership for Goals Platform" that aims to create partnerships and cooperation for realization of Sustainable Development goals, established with the partnership by TÜSİAD, TÜRKKONFED, and UNDP.

DEMOCRACY IN THE WORKPLACE

BOYNER GROUP WORKING ECOSYSTEM

OUR TOTAL EMPLOYMENT IN 2018:

10.307



Altınyıldız Tekstil A.Ş.

824

AY Marka Mağazacılık A.Ş.

1.495

Beymen Mağazacılık A.Ş.

1.877

Boyner Büyük Mağazacılık A.Ş.

5.924

Boyner Retail and Textile Investments

187

Employment created in the new stores
opened in 2018

412

 **5**
COMPANIES

 **385**
STORES

 **362.645**
SALES AREA m²

	Altınyıldız	Ay Marka	Beymen	Boyner Büyük Mağazacılık	BOYP
Total Number of Employees	824	1.495	1.877	5.924	187
Number of Store Employees	585 (Production)	1.267	1.464	5.501	-
Number of Head Office Employees	239 (Production)	228	413	423	187
Number of Female Employees	277	646	837	2.858	65
Ratio of female employees	%33,62	%43,21	%44,59	%48,24	%34,76
Number of Female Employees in Head Office Staffs	277	111	260	227	65
Ratio of Female Employees in Head Office Staffs	%33,62	%48,68	%62,95	%53,66	%34,76
Number of Female Employees in Stores	-	535	577	2.631	-
Ratio of Female Employees in Stores	-	%42,23	%39,41	%47,83	-
Total Number of Executives	9	197	249	689	34
Number of Female Executives	4	69	107	268	17
Ratio of Female Executives	%44,44	%35,03	%42,97	%38,90	%50,00
Number of Total Executives in Stores	-	139	180	582	-
Number of Female Executives in Stores	-	46	71	220	-
Ratio of Female Executives in Stores	-	%33,09	%39,44	%37,80	-
Number of Employees Attending Trainings:	1.704	1.328	3.190	7.377	175
Number of Female Employees Attending Trainings:	594	585	1.647	3.502	61
Ratio of female employees to those attending training and development activities	%34,85	%44	%52	%47,47	%34,76

BOYNER GROUP 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 are Creative

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 the generation of new ideas in our team; Our ability to ask "Why not?" is our most important trait. Our source of inspiration for innovativeness is our customers.

We are Courageous

We can take quick decisions, be flexible when necessary, and accept and support change favourably. 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; and we focus on objectives and work with passion. Working pleasantly 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 train others; but also obtain information from various resources and create a vision of how our work can develop. Teamwork and individual productivity 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 a moral, transparent, accountable and sustainable approach towards our colleagues, business 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 a Big Family

We always work with mutual trust, respect, participation, justice and collaboration – like a family. We continuously provide all Boyner Group employees the opportunity to work and get promotions based solely on their merits and performance without any discrimination. Our main principle is to enjoy and share the reliability, warmth, and joy of a family.

DEMOCRACY IN THE WORKPLACE



Boyner Group's management approach is based on transparency, openness, accountability and participation. In Boyner Group, an "open communication" environment allowing all employees to express their own ideas and suggestions freely is supported. Employees are encouraged to share their ideas and suggestions through internal communication channels. It is believed that the sharing by each of the employees of any opinions, suggestions and criticisms related with their jobs will improve the group. In case of any disagreement that may arise in the working environment, all employees are listened to equally without any status discrimination.

Establishment of employee rights and beyond that, establishment of human rights in the working environments and at the suppliers is considered within the context of the "democracy in the workplace" principle. It is aimed to identify and establish working environments respecting human dignity. We attach importance to ensure that the principle of equality will bring justice in the results for all identities and we establish the necessary mechanisms to this effect.

The freedom of association and collective bargaining that are the civil rights of employees are recognized in Boyner Group and its supply network and suitable environments are provided for employees' claims for such rights.

Equal Treatment Principle

In Boyner Group, we do not tolerate any discrimination based on the factors such as race, colour, gender, religion, marital status, sexual preference, political opinion or affiliation, ethnic identity, health status, familial responsibilities, union activity or membership, disability or age.

Equal Opportunities

In Boyner Group workplaces, due attention is paid to practice equal opportunities in the ads and job postings and in interview questions asked to the candidates during the recruitment process, as well as during the career planning and the planning of employees' trainings and developments in business life.

Gender Equality in Boyner Group

	2015	2016	2017	2018
Ratio of female employees	46%	45%	45%	45%
Ratio of female employees in Head Office staffs	48%	45%	47%	45%
Ratio of female employees in Stores	46%	44%	46%	45%
Ratio of Female Executives	41%	44%	38%	39%
Ratio of female executives in stores	-	-	35%	37%
Ratio of female employees to those attending training and development activities	42%	44%	44%	46%

Boyner Group is a member of "30% Female Board Members in Boards of Directors Platform" and our average ratio of female board members is 27%.

	Total Number of Board Members	Number of Female Board Members	Number of Female Independent Board Members	Number of Share-holding Board Members	Number of Female Executive Board Members
Boyner Retail and Textile Investments	9	1	-	1	-
Altınyıldız A.Ş.	5	1	-	1	-
Boyner Büyük Mağazacılık A.Ş.	7	3	-	1	2
Beymen Mağazacılık A.Ş.	6	2	-	1	1
Ay Marka Mağazacılık A.Ş.	7	2	-	2	-
Total	34	9 (27%)	-	6	3

Representation rate of females in boards of directors of all Boyner Holding subsidiaries is 45%.



Development of Employees

Boyner Group companies follow equal opportunity principle in training and development areas and provide various training and developmental programs. All trainings provided for employees under the titles such as personal development, professional development, and occupational health and safety are monitored in terms of attendance, training hours and training investment metrics with a gender breakdown. Deficiencies are identified through the measurements made for training and development that constitute one of the areas through which the equal opportunity principle is monitored every year and the actions for the next year are planned accordingly.

	NUMBER OF EMPLOYEES ATTENDING TRAININGS	NUMBER OF FEMALE EMPLOYEES ATTENDING TRAININGS
Boyner Büyük Mağazacılık A.Ş.	7.377	3.502
Boyner Retail and Textile Investments	175	61
Beymen Mağazacılık A.Ş.	3.190	1.647
AY Marka Mağazacılık A.Ş.	1.328	585
Altınyıldız Tekstil A.Ş.	1.704	594

Total number of female employees
that attended trainings in 2018

13.774

Total number of female employees
that attended trainings in 2018

6.389

RATIO OF FEMALE EMPLOYEES ATTENDING TRAININGS:

42%

2015

44%

2016

44%

2017

46%

2018



Occupational Health and Safety

It is one of our priorities to establish safe and reliable working conditions befitting human dignity for Boyner Group employees. Occupational Health and Safety Management is addressed under "Liabilities of the Employer", "Powers and Responsibilities of the Employer Representative", "Liabilities of the Employee". In this context, all employees in our organization and the whole management team that manage works and lead people participate in OHS management within the context of their powers and responsibilities. Employee representatives are assigned to Occupational Health and Safety boards.

The records, tracking and reports of all Occupational Health and Safety activities are monitored on a shared software that provides instant status reports, that instantly displays the areas for corrective actions, and that is able to provide produce performance reports in relation to all OH&S legal responsibilities.

Our guides that are prepared separately for employees, executives and guests are used as supplementary references for establishment of an occupational health and safety culture.



Trainings provided throughout Boyner Group within the scope of Occupational Health and Safety in 2018:

6.574

people attended

53.032

hours of training was given

Numbers of people that attended trainings given under the titles "Essential Occupational Health and Safety Training, Occupational Health and Safety Refresher Training, First Aid Training, Emergency Response Team Training, Hygiene Training, Working at Height Training", provided within the scope of occupational health and safety in Boyner Group, by years

2015	2016	2017	2018
3.868 employees	3.470 employees	3.810 employees	65.741 employees
		27.760 hours*	53.032 hours

* Training time measurements were initiated in 2017.

Occupational Health and Safety Boards

There are 56 Occupational Health and Safety boards responsible for legal compliance with occupational health and safety, implementation of taken actions, near miss notifications, and identification of regulatory actions at locations where they are assigned. There are 153 employee representatives within these groups.

Boyner Group has;

- 11 OHS Specialists
- 56 Locations with Occupational Physicians
- 11 Locations with Occupational Nurses
- 56 Occupational Health and Safety Boards and 140 employee representatives assigned in these boards.

Altinyıldız has 2 OHS specialists, 1 physician, 1 nurse, while there are 4 employee/union representatives in the OHS board.

AY Marka Mağazacılık has 1 OHS specialist, 1 physician, 1 nurse, while there are 9 employee representatives in the OHS board. Beymen Mağazacılık A.Ş. has 1 Occupational Health and Safety specialist, and there are occupational physicians and Occupational Health and Safety Boards at 8 locations. There are 28 Employee Representatives within these groups. Boyner Büyük Mağazacılık A.Ş. has 6 Occupational Health and Safety specialists, and there are occupational physicians at 45 locations. There are 107 employee representatives in 45 Occupational Health and Safety Boards. Boyner Perakende ve Tekstil Yatırımları A.Ş. has 1 occupational health and safety specialist, 1 physician and 1 nurse. There are 5 employee representatives in the Occupational Health and Safety Board.

Our Occupational Accident Statistics

The ratio of total occupational accidents, including those not causing workforce loss, to the total number of employees

2015	2016	2017	2018
1,27%	1,40%	1,74%	1,87%

This increase in our occupational statistics can be explained by our employees' reporting every possible accident due to the awareness that we raised in this regard. As employees do not consider small injuries such as scratches as occupational accidents and do not report these to relevant units, we have been telling in trainings that we have been conducting during the last 3 years that reporting is important and that such information, even if it is minor, must be reported in order to ensure that the reason of the problem is eliminated. In this context, we can say that previously neglected notifications were submitted by applying to relevant units without being neglected in the recent years.

Top three accident causes that stand out when we analyze the accidents;

Negligence of employees: Accidents due to slipping, falling, impact, and tripping caused by inattentiveness or impulsive behavior despite having taken necessary measures.

Deformation of equipment or tools used in the work environment: In 2018, we intensified our trainings intended for the importance of near miss notifications to prevent these accidents. We use both training and informational posters to announce that the employees should immediately report faults based on use to relevant units, and such reports are, by nature, preventive in terms of accidents.

Behavior of employees in violation of OHS rules: Non-compliant behavior regarding use of ladders in the storage and similar examples, which can be defined as acting in violation of procedures established within the scope of Occupational Health and Safety, are the main reasons.

Freedom of Association

Employees' freedom of association is considered as a right. Blue-collar employees working at Altinyıldız Tekstil A.Ş. which is under the structure of Boyner Retail are members of a union and are entitled to sign collective labour agreement via the worker's union representing them. Altinyıldız Tekstil ve Konfeksiyon A.Ş. employees are members of TEKSİF (Textile, Weaving and Clothing Industry Workers Union of Turkey) associated with TÜRK- İŞ. 591 of Altinyıldız employees are members of the union, there is a total of 4 union representatives, and the distribution ratio of genders is 50%.

Boyner Group encourages its employees to volunteer for structures such as trade associations, non-governmental organizations. In terms of political party memberships and activities, our employees are free to become members of or participate in the activities of any political party they want within the scope of citizenship rights. In this regard, our working principles handbook requires that time and assets of the company should not be used for political party or group organization activities, and political opinion or faith propaganda should not be made in working environments of the company or environments where the employees are present as a representative of the company.

Ethics Committee

There are ethics committees established under the own structures of the companies with the guidance of business principles and at Boyner Retail and Textile Investments. In case of any situations contrary to Boyner Group values and business principles or laws, it is the duty

of these ethics committees to review the warnings, complaints and reports, to make the necessary evaluations and to reply to the employees' notifications.

A communication channel has been established in all Boyner Group companies in order to allow employees to report ethical issues or situations by assigning special e-mail addresses to the ethics committee of each company. In case of any condition or event considered unethical, employees can raise a complaint and report the situation to the ethics committee in their companies. 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 through the reporting system. When the ethics committees identify a breach committed, they may propose various sanctions extending up to termination of employment relationships. Employee representatives selected with the votes of company employees also take part in the ethics committees. Criteria for applying as a employee representative include being employed by the company, ethics committee of which the candidate applies to, for at least three years, and not having received any previous warning or sanction in respect of ethical matters. Employee representatives are elected with employee votes. 9 employee representatives were assigned to ethical committees that conducted activities in 2018.

Ethical behaviours and transparency that are explicitly defined in Boyner Group "Operational Principles" are considered the responsibility of all employees. In 2018, ethics committees received 40 reports, while 37 incidents were investigated in ethical terms and resolved by ethical committees. (3 reports were evaluated by company HR departments instead of ethics committees as they were related to personal rights of employees).

It is defined in the working principles handbook that the employees should primarily exercise their reporting-notification to ethics committees of the company where they work in respect of unethical circumstances within the scope of our working principles handbook; however, they can always apply to the ethics committee of Boyner Perakende ve Tekstil Yatırımları A.Ş. with reasonable justification.

Number of incidents investigated by Ethics Committees:

2016	2017	2018
36	11	37

Pursuant to Boyner Group Working Principles, ethics committees essentially work on "Democracy In the Workplace and Protection of Human Dignity", and assume the responsibility to define necessary policies and mechanisms for establishment of these matters.

REPORTING LINES OF ETHICS COMMITTEES

In order to contact BRTI ethics committee,
etik@boynergrup.com
can be used to send an e-mail.

In order to contact Boyner ethics committee,
etik@boyner.com.tr
can be used to send an e-mail.

In order to contact Beymen ethics committee,
etik@beymen.com
can be used to send an e-mail.

In order to contact AY Marka ethics committee,
etik@aymarka.com.tr
can be used to send an e-mail.

In order to contact Altinyıldız ethics committee,
etik@altinyildiz.com.tr
can be used to send an e-mail.

Anti-Corruption

It is one of Boyner Group commitments to provide honest and transparent service and to operate in compliance with anti-corruption regulations. With this policy that constitutes an integral part of Boyner Group ethical rules, it is aimed to prevent bribery and corruption in all Boyner Group activities and to ensure compliance with legal regulations, ethical and professional principles, and universal rules. Boyner Group Anti-Corruption Policy covers not only Boyner Group employees, but also all stakeholders and business partners acting on behalf of Boyner Group. In other words, it covers all Boyner Group employees including board members, and any and all persons and organizations working or doing business on behalf of Boyner Group, including the companies used for outsourcing of services and their employees, suppliers, consultants, lawyers, and external auditors.

Anti-Corruption Policy is a supplementary part of:

- Legal regulations;
- Human Resources code of practice and Collective Labour Agreement;
- the principles undertaken to be complied with by joining the United Nations' Global Compact;
- Corporate Governance Principles;
- Boyner Group Ethical Principles.

Regulation and modification of ethical principles is under the authority of Boyner Group management. Necessary sanctions are imposed in case of any behaviours displayed by Boyner Group employees in violation of these principles. Boyner Group Ethics Committee is authorized to review and report such issues. Boyner Group employees report any situations encountered or suspected of with respect to bribery and corruption to the notification address of Boyner Group Ethics Committee.

Employee Participation

In Boyner Group, activities are conducted under the heading of communications with employees that constitute the fundamental elements of business processes. Employees are reached out through various channels and all activities conducted throughout the year and the group's current news are shared with them. Employees are informed and their opinions and recommendations are received through internal and external communication channels. The internal communication platform "Boynerişim" is used for sharing with all group employees the most current news and information on the available vacant positions in the group companies, individual achievements of the companies, special campaigns for employees, history of the company and information about its managers, conferences organized, projects implemented in the field of corporate responsibility, and voluntary activities.

The internal communication channel Boynerişim was designed as a platform to allow for two-sided communications. This platform also functions as a platform through which employees can share their creative ideas and their personal announcements, rather than a merely one-sided source for obtaining information. The employees of all group companies are gathered around a common platform together with the internal stakeholder network established.

In addition to internal communication channels, Boyner Group website further strengthens communications with internal and external stakeholders and the current news and updated information about the company are also provided via social media.

Ethics Committees and Occupational Health and Safety Boards are defined as mechanisms that ensure participation of employees to management.

There are 9 employee representatives in Ethics Committees and there are 153 employee representatives in Occupational Health and Safety Boards.

INNOVATION



INNOVATIONLAB

R&D CENTER

We established our R&D Center within Boyner Perakende ve Tekstil Yatırımları A.Ş. On 11 January 2018 upon approval of the Directorate General for Science and Technology of the Ministry of Science, Industry and Technology of the Republic of Turkey. Our R&D Center was launched in 2018 with 11 R&D projects for the purpose of developing solutions that can be adapted and integrated to the whole system in areas that need priority development in both e-commerce and offline retail areas to increase the acceleration of growth of our Boyner Group in multi-channel retail, as well as developing and implementing all kinds of strategic solutions used in our Group operations, intra-group development of which would provide competitive advantage, within the R&D Center, and integrating these with main systems to create an end-to-end integrated structure, and it completed 4 projects within 2018.

The goal that we want to strategically achieve with the R&D Center is to blend innovative approach, experience, knowledge in the retail industry with technology development capability, and to become a technology group with competitive advantage, which is mar-

ketable on a global scale and which develops unique solutions.

Our R&D Center has 76 full time R&D Center employees. Among our employees, 63% have bachelor's degrees, 18% have master's degrees, 11% have associate's degrees and 8% graduated from high schools and equivalent schools. In 2018, 60 employees were provided with occupational development opportunities, while 47 R&D employees participated in local and international fairs and technical trips in the field of technology.

One of our missions as the R&D Center is to enable collaboration between university and Industry, transfer of academic knowledge to practice in the industry and, therefore, fast transformation of knowledge possessed by universities to technology. In this context, we made and continue making collaborations with many universities. As of 2018, Assoc. Prof. Dr. Deniz Kiling, Head of Software Engineering Department of Celal Bayar University, has been providing academic consultancy to evaluate projects in our R&D center from an academic perspective and provide required technical support, to eliminate "operational blindness" risk and increase the prospects of projects, to realize collaboration between University and Industry and positively reflect academy and industry collaboration to the economy. In addition, there are TEYDEB projects, consultancies, and trainings within the scope of active collaborations. Projects within the R&D Center have the potential to be subject to undergraduate and postgraduate thesis studies due to their R&D nature and highly innovative aspects. Besides, employees of our company have ongoing connections with universities as a result of their undergraduate, postgraduate, and doctorate studies, enabling potential collaborations at all times.



DESIGN CENTERS

We established our design centers aiming to render Boyner Group private brands under AY Marka Mağazacılık A.Ş., Beymen Mağazacılık A.Ş. and Boyner Mağazacılık A.Ş. competitive in the global ready-made clothing industry with authentic designs, offer unique syntheses of worldwide trends in the collections of our private brands, offer innovative models to our customers in our stores with applications that make a difference in design, on 5 March 2018 within Ay Marka Mağazacılık, Beymen Mağazacılık, and Boyner Büyük Mağazacılık upon approval of the Directorate General for Science and Technology of the Ministry of Science, Industry and Technology of the Republic of Turkey.

Besides our collections that follow fashion trends and synthesizes these to fit their brand identities, our design centers focused on areas such as “technological textile products, functional textile products, recycling”, and started R&D and exploration activities on sustainable textile and ready-made clothing subjects such as preparation of collections that bring semi-finished products and raw materials together with design in these areas with academic collaboration. Each design center accommodate functions such as showroom, fit room, and pattern shop; and our design centers started to lead joint R&D and design projects among themselves.

Ay Marka Mağazacılık, having become one of the leading actors in Turkish retail industry with 30 thousand product ranges per year as well as our Network brand and its sub-brands Network Black, Network Limited, Network Essentials, Network Free, and DMxNetwork, our Divarese brand and its sub-brands Divarese Giro, Divarese Di Trolli, Divarese Select, Mehry Mu x Divarese, George Hogg, Luca Grossi, Lorenzi, and Que brand registered to AY Marka Mağazacılık, conducts design and marketing activities for the brands that it owns in line with its establishment purpose. At this point, production is made

outside Ay Marka Mağazacılık. Our Design Center essentially involves Network, the locomotive brand of AY Marka Mağazacılık, QUE with its bold and striking style and sophisticated design philosophy, George Hogg that become an iconic brand of Italian style, and Divarese which is among the top actors of Turkey with its shoe and purse collection. In 2018, we started 11 projects with 28 designers on 968 square meters in our Ay Marka Design Center, and we completed 11 projects within 2018. We launched our product collaboration project with the Fine Arts Faculty of Mimar Sinan University within the scope of our Design Center in 2018. In 2018, while 22 of our designers were supported in the scope of occupational development, 8 of our designers participated in local and international fairs. Among our designers, 68% have bachelor's degrees, 21% have associate's degrees, and 11% graduated from high schools and textile and design vocational schools.

All operations pertaining to life cycles of the collections of our “Beymen Club, Beymen Collection Women, Beymen Collection Men, Beymen Academia Women, Beymen Academia Men, Beymen branded purse and scarf, Beymen branded corporate products” special brands within Beymen Mağazacılık A.Ş. Collection characteristics vary according to identity and customer profile of each brand. Our Beymen Club brand features its “cool” reflection by blending sports and urban life as an urban brand inspired by nature. The goose figure on Beymen Club logo symbolizes people that rely on their taste, fit excitement and peace into the same life, and live by spanning the whole city. Our Beymen Collection brand offers collections far from temporary fashion trends, focused on timeless designs and styles. The brand, bringing together luxury fabrics and “couture” sense with ready-made clothing, underlines a strong and elegant attitude with its designs having a calm and excited spirit, and master craftsmanship details. Our Academia brand emerged during our social responsibility activities toward discovery of new talents, and it offers designs intended for timeless,

authentic and strong women and men with an active lifestyle. During this process, it tries different techniques and pioneers new trends and ideas. It is always inspired by an extraordinary approach that defies standards with an innovative structure. In addition, design processes of various complementary products from shoes to purses and wallets are carried out within Beymen. Besides these, unique, innovative and pioneering ideas in the industry are supported with emoji designs and corporate logo applications in respect of featuring the corporate identity. In 2018, 20 projects were launched with 53 Design Center employees on 950 square meters in our Beymen Design Center, and 8 of these were completed within 2018. We initiated an academic cooperation with Prof. Dr. Bilent Özipek, a faculty member of İstanbul Technical University, on “Sustainable Textile”. In 2018, while 39 of our designers were supported in the scope of occupational development, 22 of our designers participated in local and international fairs. Among our designers, 9% have master's degrees, 64% have bachelor's degrees, 19% have associate's degrees, and 8% graduated from textile and design vocational schools.

It is responsible for design, production, logistics, planning, and sales of independent brands including T-Box, Limon, Coton Bar, Fabrika, Black Pepper, House of Camellia, MAMMARAMMA, North Of Navy, Penford, Funky Rocks, Barbie, Aeropostale, Enchantimals, Monster High, Pink&Orange, Boyner Evde within Boyner Büyük Mağazacılık A.Ş., targeting different customer groups. In this context, it is responsible for fulfillment of all stages related to product life cycles such as creating collection design and stories, human resources management, e-commerce operations, image management, production planning (raw material selection, purchase, quality control, packaging, etc.), offering product to customers (retailing), sales and after sales services for each brand in general terms.

Our design center conducts activities intended for revealing innovative con-

cepts supported by technical and technological means of present day, which are outside the scope of design activities concerning our field of operational activity. In this regard, our design center conducts prominent activities in more qualified fields, particularly including high performance, functionality, ergonomics, durability, comfort, more natural and people/environment friendly properties. At this point, it carries out studies on ensuring usability of new fabrics, weaving techniques, textures, accessories and complementary components in suitable garment products.

In 2018, we started 18 projects with 44 designers on 795 square meters in our Boyner Design Center, and we completed 10 projects within 2018. We initiated an academic cooperation with Prof. Dr. Bilent Özipek, a faculty member of İstanbul Technical University, on “Technological and Functional Textile”. In 2018, while 21 of our designers were supported in the scope of occupational development, 29 of our designers participated in local and international fairs. Among our designers, 7% have master's degrees, 66% have bachelor's degrees, 16% have associate's degrees, and 9% graduated from high schools and textile and design vocational schools.

VALUE CHAIN



SUPPLY CHAIN
SUSTAINABILITY

Supply chain sustainability constitutes the basis of the product processes and the production and service network. The activities in this field are continued in a manner to ensure transparency of and accountability for the products offered to customers as required by the Unconditional Customer Happiness principle and social compliance of the supply network.

The activities under the scope of Supply Chain Sustainability are conducted for the following objectives:

- To improve the environmental, social and economic impacts during the production process of products;
- To establish working environments respecting human dignity with our business partners in the logistics network, including occupational health and safety requirements
- To create long-term environmental, social and economic value
- To ensure business continuity and to protect brand integrity
- To manage efficient sources and business costs, and to encourage the suppliers to do the same.

Following the suppliers' compliance with the standards under "Clean production principles", "labour rights" and "chemical safety" at the contract level, Boyner Group started its social compliance audits in 2013. Placing on the market the products of Altinyıldız Textile Factory operating in the textile production and apparel field as EKOTEX-cer-

tified products, the Group checks the chemical safety of products through "3rd Party Laboratory Analyses".

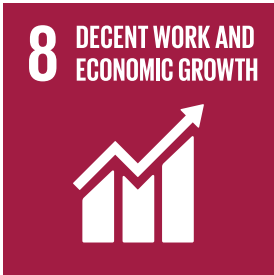
With the purpose of controlling production processes of the products offered to customers and ensuring the suitability of materials used by suppliers for products in terms of customers' health and safety, the analysis of life cycles of products purchased and the compliance of production conditions in terms of employee rights, and occupational health and safety are verified under the related contracts and also through the inspections conducted under the management of the Corporate Responsibility and Sustainability team. As a result of all such activities, corrective action plans are prepared to prompt suppliers to take positive actions in respect of issues found to be deficient and inadequate.

- Working Standards
- Occupational Health and Safety
- Human Rights
- Audits related with Environmental Management issues

In the last 6 years
1.498
audits

Years	New Supplier Audit	Follow-up Visit	Total
2013	54		54
2014	122	57	179
2015	237	66	303
2016	307	159	466
2017	92	109	201
2018	159	136	295
Total	971	527	1498

SOCIAL COMPLIANCE



- **Management systems**
 - › Legal documents
 - › Mechanisms for informing employees and ensuring employees' participation in management
 - › Labour contracts
 - › Labour records
- **Employee Rights 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 of defense
- **Working conditions for pregnant and young employees**
 - › Working conditions
 - › Working hours
 - › Annual leaves
- **Prevention of child labour and forced labour**
- **Access to medical services**
 - › Leaves for routine examinations of pregnant women
 - › Reporting of occupational accidents
 - › First aid trainings
- **Service safety**
- **Fire safety**
 - › Emergency trainings
 - › Responsible persons for emergencies
 - › Personal protection equipment
- **Building safety**
- **Chemical safety**
 - › Data sheets
 - › Personal protective equipment
- **Electrical safety**
 - › Certification
 - › Protective measures
- **Safety of machinery**
 - › Training
 - › Notifications
 - › Personal protective equipment
- **Waste management, energy and water management**
 - › Certification
- **Workplace cleaning**
 - › Trainings

Social Compliance Milestones

- Boyner Group signed the United Nations Global Compact (UNGC) in 2012. With reference to this compact, Boyner Group warranted to comply with 10 the basic principles including the respect to human rights and the right to collective bargaining, prevention of forced and compulsory labour, abolition of child labour, elimination of discrimination in respect of employment, protection of environment, and fight against corruption.
- After signing the UNGC, Boyner Group became the first and only company from Turkey to participate in the Consultant Committee of Supply Chain Sustainability on a global level in 2013.
- In Turkey, the Supply Chain Sustainability Working Group operated by the Global Compact Turkey Secretariat under the structure of TUSIAD has been led by Boyner Group since 2013.
- In 2013, the publication entitled as the "Practical Manual on Constant Improvement of Supply Chain Sustainability" prepared by the Global Consultant Committee of Supply Chain Sustainability in United Nations Global Compact was translated into Turkish and distributed. In 2014, an additional issue was published and the activities of its expansion have been supported through the stakeholders cooperated by the group.
- The activities for inspections within the scope of Boyner Group Social Compliance were started in March 2013. The initial inspection was conducted in June 2013. Boyner Group issued the "Manual of Supply Chain Social Compliance" including zero tolerance points in line with the inspections together with all of the suppliers included in the Boyner Group supply pool and expected to follow social compliance criteria.

CHEMICAL COMPLIANCE



The chemicals used in the production of products that are produced and purchased for Boyner Group brands are controlled and monitored as part of the responsibility towards the community, environment, and customers.

There are various chemicals which are completely prohibited or the use of which is restricted due to the harmful impacts on human health. The verifications related with the tests for Azo Colourants, Phthalate, Flame Retardants, Cadmium, Nickel Release, Organostannic Compounds, Perfluorooctane Sulfonates and Nonyl Phenol-Nonyl Phenol Ethoxylate in our products are conducted in designated expert laboratories in order to fulfil the responsibility to verify the safety of products. The products for which the related tests are verified are dispatched to the stores.

Necessary measures regarding chemical safety are taken under commitments and/or contracts in accordance with responsible procurement principles in order to ensure product safety for both exclusive brands and the different brands offered to customers in multi-storey department stores.

Through the sustainability unit, suppliers are provided with consultancy in relation to the regulations that are required to comply with and the areas of compliance regarding chemical safety.



Every year, we follow developments in the legislation on textile chemicals to prepare chemical substance user manuals for our supply chain. In addition, we organize training meetings every year, where we bring together our suppliers and authorized experts of the laboratory company engaged for chemical analyses.

In this context, we oversee that chemicals that have negative effects on both human health and the environment by both raising awareness among our suppliers about elimination of harmful chemicals from textile and ready-made clothing, and testing our products.

The only condition for the companies in our supply chain to protect their competitive powers is to reduce their negative impacts on already limited resources. Measures aiming to minimize the pressure on nature in almost every aspect from the use of chemicals to wastewater management, from raw material selection to energy consumption have become the essential condition for sustainability of these establishments.

Less chemical use, less water use and correct disposal of waste water were prioritized in 2018, and we will conduct a separate inspection in these regards within our supply chain that applies wet treatment in 2019. We planned to check particularly our suppliers that have dyeing and finishing procedures, dyeing and sizing applications with a separate set of questions, and to identify areas for improvement in 2019.

In 2018, we participated in the Clean Production project led by WWF- World Wild Fund for Nature (Doğal Hayatı Koruma Vakfı) in Büyük Menderes Basin and encouraged our suppliers manufacturing within this region to participate in this project, and improve their facilities, chemical use processes, and waste water disposal procedures. We declared that we would join the invitation of WWF that plans to initiate the same study in Ergene Basin in 2019, and that we would raise awareness of our supply chain.

ENVIRONMENTAL IMPACT



ENVIRONMENTAL AWARENESS

In Boyner Group companies, activities are conducted within the scope of the fight against climate change in order to reduce the environmental adverse impacts of products and services. With the commitment to take corrective actions for management of emissions and wastes, we have become a party to the Energy Efficiency in Buildings contract at the head offices of companies since 2013 and the Green Office Project of the Society for the Protection of Natural Life for Boyner Büyük Mağazacılık, one of the Group companies, as of the same date. In this context, emission calculations and improvement plans were put into practice and reports are presented to the stakeholders every year.

The measurements and corrective actions conducted under the scope of the environmental awareness apply for the supply chain as well as company performances. Within the framework of the related activities, the suppliers' compliance with regulations according to their business lines is reviewed and positive actions are taken to ensure that they establish such compliance through contracts and inspections.

With "İyiliğe Dönüştür" (Cycle into Goodness) project launched by Boyner Büyük Mağazacılık in 2014 and continued also in 2017, issues such as recycling and reuse are worked on through the cooperation with Lokman Hekim Health Foundation.

The details of the projects especially focused on energy efficiency and release mitigation, which are managed by

Boyner Group Companies jointly and individually, are provided in the following pages.

Energy Efficiency in Buildings (BEV)

Since 2012, Boyner Group companies measure the energy consumptions of their headquarter buildings.

The scope of the study is limited with the head offices of group companies; and the emissions based on energies consumed within the boundaries of the buildings were selected as the source of emission. Considering the breakdown of buildings, their consumptions were limited with natural gas and electricity. With respect to natural gas consumption, natural gas was evaluated under Scope 1 as it was purchased as natural gas, rather than heating.

Scope 1: Natural gas consumption
Scope 2: Electricity

Natural gas and Electricity consumption data are read from invoices and entered into data forms. These data are obtained from the related departments through data forms; and stored by the Corporate Responsibility and Sustainability Department, which carries out the related calculations.

Natural Gas Emission factors are calculated using the values specified over "IPCC Guidelines for National Greenhouse Gas Inventories". As for Electricity consumption, the Grid values announced by TEİAŞ (Turkey Electricity Transmission Co.) annually are taken as the basis. While the total amounts were taken into account in the calculations in the previous years; they have been monitored on an individual company basis as of 2014. This has resulted from the fact that the Headquarters located in Yenibosna pertaining to Altinyıldız Tekstil ve Konfeksiyon A.Ş., which was included in this study, have been closed and relocated in the manufacturing center in Çerkezköy and all offices have been distributed to different locations within the manufacturing plant in the recent years.



ENERGY EFFICIENCY IN BUILDINGS

2012-2018 ENVIRONMENTAL IMPACT CHANGE

Unit Emission
Ton CO₂-e / m²

-25,57%



AY MARKA

While AY Marka Mağazacılık A.Ş. was operated in the offices with an area of 3200 m² in total at Fazıl Kaftanoğlu Cad. No:15, Seyrantepe / İstanbul in 2011 and 2012; it was moved to Yenibosna Office with an area of 6500 m² at Merkez Mahallesi 29 Ekim Cad. No:22 Yenibosna Bahçelievler / İstanbul as of the ninth month of 2014. The measurements made in 2015 and later refer to the comparison of the same addresses and areas in square meters.

AY Marka Mağazacılık 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	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
2017	652.802,32	100,43	312	0,0481
2018	644.108,33	99,09	308	0,0480
2017-2018 Change	-1,33%	-1,33%	-1,43%	-0,24%
2012-2018 Change	22,17%	-39,86%	9,61%	-45,39%

2012-2018 Change
-45,39%
Unit Emission Ton
CO₂-e / m²

BEYMEN

Beymen Mağazacılık A.Ş. is operating at Büyükdere Caddesi Oycan Plaza Kat: 2-8-9 Maslak / İstanbul. Our company also started to operate on the 2nd floor in 2015 and thus increased its total area to 3317 m². In 2015, a decrease was observed in both consumption and emissions; and in 2016, the reduction in emissions continued, albeit at a lower rate, compared to the previous year. The reduction impacts of the measures taken in both the infrastructure and energy management were observed in 2015; and the target to reduce the usage-based emission will also be continued in the following years.

Beymen Mağazacılık 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	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
2017	661.366,94	199,39	232	0,0698
2018	605.212,76	177,90	220	0,0647
2017-2018 Change	-8,49%	-10,78%	-5,02%	-7,32%
2012-2018 Change	-5,69%	-18,94%	-23,34%	-34,07%

2012-2018 Change
-34,07%
Unit Emission Ton
CO₂-e / m²

BOYNER RETAIL AND TEXTILE INVESTMENTS

While Boyner Retail and Textile Investments operated on the 15th and 16th floors at Eski Büyükdere Caddesi Park Plaza Maslak / İstanbul in 2011; it continued its activities by adding the 2nd floor of the same plaza in May 2012 and the 3rd floor of the same building in May 2014. While these two expansions increased the total area in square meters, the consumptions made during the relocation and installation period increased the energy load. In addition, the natural gas and electricity consumption of common areas, which was invoiced within the plaza management fee in the previous periods, were included in energy consumption invoices as of April 2014 upon the decision of the Plaza Management and thus included in the related calculations. Although the 3rd floor was excluded from the consumption figures as a separate company in 2015, the increase observed compared to the previous years refers to the common area consumptions added to the invoices. In 2016, we started to use the entire 3rd floor at the same address and increased our total area in square meters. In 2017, a reduction was observed in consumptions compared to the year 2016 during which there was no change in terms of square meters. In 2018, an Innovation Center was established at Oycan Plaza, where Beymen Mağazacılık A.Ş. is located; thus, both total number of employees and total working area increased. Although total consumption increased in comparison with the previous year, Carbon Emissions per m² decreased by 4.75%.

Boyner Retail and Textile Investments	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	128,58	238	0,0688
2017	603.760,00	174,35	235	0,0679
2018	707.944,64	170,06	269	0,0646
2017-2018 Change	17,26%	-2,46%	14,50%	-4,75%
2012-2018 Change	278,07%	159,37%	166,41%	82,77%

2012-2018 Change
82,77%
Unit Emission Ton
CO₂-e / m²

BOYNER BÜYÜK MAĞAZACILIK

After completion of its merger with YKM by the end of 2012, Boyner Büyük Mağazacılık A.Ş. began to operate at Büyükdere Cad. No: 245/A Uso Center Zemin Kat Maslak / Istanbul. The values for 2012 were calculated for the company's former offices located at Büyükdere Cad. Noramin İş Merkezi No: 55 K:B-1 Maslak / Istanbul. The year 2012 in which the company started to operate at its new location was taken as the base year. When a comparison was made between the base year and 2018, there was a 13.56% reduction in consumption per square meter and a 31.12% reduction in the change in Unit Emission. According to the comparison with the previous year, consumption curve seems to be increasing in 2018. The main reason for the increase is the longer operating time of both lighting and ventilation systems during operations intended for SAP Integration after July.

Boyner Büyük Mağazacılık A.Ş.	Total Consumption Kwh	Unit Consumption Kwh / m²	Total Consumption Ton CO ₂ -e	Unit Emission Ton CO ₂ -e / m²
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
2017	1.304.484,96	140,27	491	0,0528
2018	1.335.947,92	143,65	509	0,0547
2017-2018 Change	2.41%	2.41%	3.67%	3.67%
2012-2018 Change	-13.56%	-13.56%	-31.12%	-31.12%

2012-2018 Change
-31,12%
Unit Emission Ton
CO₂-e / m²

Considering the total energy-based emissions per square meter of 4 companies included under the scope of Energy Efficiency in Buildings, it was observed that there was a 0.62% decrease in 2018 compared to the previous year; and there was a 25,57% decrease compared to the base year 2012.

Total	Total Consumption Kwh	Unit Consumption Kwh / m²	Total Consumption Ton CO ₂ -e	Unit Emission Ton CO ₂ -e / m²
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	206,70	1.641	0,0847
2015	3.261.831,97	163,25	1.297	0,0587
2016	2.899.970,78	131,34	1.233	0,0546
2017	3.222.414,22	142,71	1.270	0,0562
2018	3.293.213,65	140,95	1.306	0,0559
2017-2018 Change	2.20%	-1.24%	2.83%	-0.62%
2012-2018 Change	47.75%	-9.07%	20.93%	-25.57%

2012-2018 Change
-25,57%
Unit Emission Ton
CO₂-e / m²

GREEN OFFICE PRACTICES

Boyner Büyük Mağazacılık (BBM) and the World Wide Fund for Nature (WWF) began to cooperate for Green Office practices in 2012. In this context, while the head office internal structure was renovated in an environmentally-friendly manner, employees' consumption habits and green consumption were focused on at the same time. In June 2014, Boyner Büyük Mağazacılık received the Green Office Certificate conferred by the World Wide Fund for Nature (WWF) under the scope of the environmental-friendly and green office practices implemented for the head office. The company has been focusing on head office consumptions and encouraging employee participation since 2014. In 2016, Boyner Büyük Mağazacılık hosted the annual "Green Offices" meeting of the World Wide Fund for Nature, where good examples from the private sector were shared; thus meeting with the other private sector representatives in order to share such "good examples".

In 2018, four sources of consumption were monitored within the Framework of Green Office.

Electricity, natural gas, water and paper consumed at the head office were monitored through monthly reports; and recorded and tracked in terms of both the type of consumption and its greenhouse gas equivalent CO₂-e.

Green Office consumptions were periodically monitored at regular intervals

and efforts were made to keep the consumption at minimum level by specifying seasonal measures through current situation analyses.

CO₂-e equivalents were reviewed in order to find a value to sum up and compare these consumption values with each other. Similarly, there was a reduction in unit emissions per person and per m² equivalent.

While emission totals increased by 3.66% in 2018, a 32.85% reduction was observed in comparison with the based year 2013. The reason for the increase in comparison with 2017 can be justified by longer periods of work at the office due to SAP integration, and the increase in A4 paper consumption as a result of increased operational needs.

While electricity and natural gas values are monitored daily, the water consumption value is monitored monthly. Carbon footprint was reduced through savings by automated air conditioning system purchased and commissioned in accordance with green procurement principles in the first year of application as a Green Office, monitoring of hourly consumptions with energy analyzer application, and the positive actions taken as required. It was aimed to reduce the footprint in total retail operations by widespread deployment in the stores of the hourly measurement and monitoring system which was implemented beginning from 2017.

GREEN OFFICE

2017-2018 Emission
3,66% increase

2013-2018 Emission
32,85% decrease



	Consumption	Electricity, Kwh	Natural gas, m³	Water, liters	Total Paper, KG
Total Consumption Annual	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
	2017	869.160	40.914,00	4.507,00	9.266,91
	2018	911.380	39.903,00	4.749,00	9.496,05
Per Capita Annual Consumption	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
	2017	1.727,95	81,34	8,96	18,42
	2018	1.808,29	79,17	9,42	18,84
	% 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 2017	-10.33%	-6.35%	-6.79%	-10.83%
	% Change 2018	4,65%	-2,66%	5,16%	2,27%
	% Change 2013-2018	-41,01%	-28,24%	-28,55%	-19,64%
Per Capita Daily Consumption	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
	2017	6,83	0,32	0,04	0,07
	2018	7,26	0,32	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 2017	-12,10%	-8,20%	-8,63%	-12,59%
	% Change 2018	6,33%	-1,10%	6,85%	3,91%
	% Change 2013-2018	-41,49%	-28,81%	-29,12%	-20,29%
Per M² Annual Consumption	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
	2017	93,46	4,40	0,48	1,00
	2018	98,00	4,29	0,51	1,02
	% 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 2017	-3,62%	0,66%	0,18%	-4,16%
	% Change 2018	4,86%	-2,47%	5,37%	2,47%
	% Change 2013-2018	-27,49%	-11,78%	-12,17%	-1,22%

	Emission tCO ₂ -e	Electricity	Natural Gas	A4 Paper	Paper Other	Total Paper	Total Emissions
Total Emissions Ton CO ₂ -e	2013	672,00	88,47	3,33	1,76	5,09	765,57
	2014	492,00	94,08	2,92	3,23	6,15	592,22
	2015	464,00	88,33	2,08	2,96	5,04	557,38
	2016	426,00	79,50	2,15	2,98	5,12	510,63
	2017	411,00	80,03	2,62	2,29	4,91	495,94
	2018	431,00	78,05	2,92	2,11	5,03	514,08
	% 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 2017	-3,52%	0,66%	22,21%	-23,18%	-4,16%	-2,88%
	% Change 2018	4,87%	-2,47%	11,28%	-7,63%	2,47%	3,66%
	% Change 2013-2018	-35,86%	-11,78%	-12,41%	19,98%	-1,22%	-32,85%
Per Capita Annual Emissions 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
	2017	0,82	0,16	0,01	0,00	0,01	0,99
	2018	0,86	0,16	0,01	0,00	0,01	1,02
	% 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 2017	-10,23%	-6,35%	13,71%	-28,53%	-10,83%	-9,64%
	% Change 2018	4,87%	-2,47%	11,28%	-7,63%	2,47%	3,45%
	% Change 2013-2018	-47,72%	-28,09%	-28,61%	-2,21%	-19,48%	-45,37%
Emissions Per M² Ton CO ₂ -e	2013	0,07	0,01	0,00	0,00	0,00	0,08
	2014	0,05	0,01	0,00	0,00	0,00	0,06
	2015	0,05	0,01	0,00	0,00	0,00	0,06
	2016	0,05	0,01	0,00	0,00	0,00	0,05
	2017	0,04	0,01	0,00	0,00	0,00	0,05
	2018	0,05	0,01	0,00	0,00	0,00	0,06
	% 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 2017	-3,52%	0,66%	22,21%	-23,18%	-4,16%	-2,88%
	% Change 2018	4,87%	-2,47%	11,28%	-7,63%	2,47%	3,66%
	% Change 2013-2018	-35,86%	-11,78%	-12,41%	19,98%	-1,22%	-32,85%

**BOYNER BÜYÜK MAĞAZACILIK -
ENERGY EFFICIENCY IN RETAIL OPERATIONS**

Our 81 retail stores throughout Turkey have been made instantly monitorable and manageable via remote energy management. By means of the installed online system, instant consumption of all stores can be monitored and reported at requested intervals. The system shows consumption amounts in Kwh, as well as in CO2 emission. By this means, we have activated the alarm system to monitor our reactive consumptions within the scope of Energy Efficiency in Buildings, which allows us to detect possible malfunctions that might occur in compensation panels and prevent unnecessary consumption. By monitoring night consumptions, we can detect the stores where devices and equipments are left active and notify the store managements. Through instructions to use the energy more efficiently in stores during morning and evening off-peak hours, we can calculate the saving ratio instantly.

In the measurements performed after system setup in March, it was observed that 8.7% of the consumption was made during non-working hours. The operations held during non-working hours are deducted in this calculation, and the measured consumption amount only includes completely inactive hours. As we did not have any effect on consumptions during March, it's been defined

as the standard consumption month. Night consumption amounts reached in other months have been compared with the consumption in March to define the reduction amounts. For example, when we check the report of July, it's been observed that the total night consumption rate after we took precautions was 6.7% while it would be 8.7% under normal circumstances. The expected value upon multiplication of the total consumption with this rate has been deducted from the real consumption rate and thus the consumption rate has been detected. During April and 3 quarters afterwards, we have achieved a total reduction of 584,777.88 Kwh, which equals to a total saving amount of 275,880.88 TL. The total reduction amount in CO2-e equals to 277 tons.

MONTH	April 18	May 18	June 18	July 18	August 18	Septem.18	October 18	Novem.18	Decem.18	Total
Night Consumption Rate	6.60%	8.40%	6.40%	7.80%	6.80%	6.70%	6.70%	7.60%	6.90%	
Reduction Rate	2.1%	0.2%	2.2%	0.8%	1.8%	1.9%	2.0%	1.1%	1.8%	
Reduction Amount Kwh	81.070,47	9.265,93	98.147,94	39.827,82	91.683,36	82.555,47	77.173,99	39.843,21	65.209,69	584.777,88
Unit Price TL	0,39 ₺	0,39 ₺	0,39 ₺	0,39 ₺	0,43 ₺	0,51 ₺	0,58 ₺	0,58 ₺	0,58 ₺	
Total Saving TL	31.888,83 ₺	3.644,72 ₺	38.606,20 ₺	15.666,15 ₺	39.040,24 ₺	42.201,62 ₺	44.397,35 ₺	22.921,36 ₺	37.514,42 ₺	275.880,88
Total Reduction Tons CO ₂ -e	39,00	5,00	47,00	19,00	44,00	39,00	37,00	19,00	31,00	277,00

COMMUNITY IMPACT**• SOCIAL GENDER EQUALITY ACTIVITIES**

POMEGRANATE ARILS: STRONGER YOUNG WOMEN, HAPPIER TOMORROWS
www.nartaneleri.com



Originating in 2009, the project Pomegranate Arils: Stronger Young Women, Happier Tomorrows has been realized by the Ministry of Family and Social Policies, and Boyner Holding and its subsidiaries, with the technical support from the United Nations Population Fund (UNFPA), the partnership of the General Directorate of Child Services and the Human Management Association of Turkey (PERYÖN), and the cooperation with the Family Health and Planning Foundation of Turkey (TAPV).

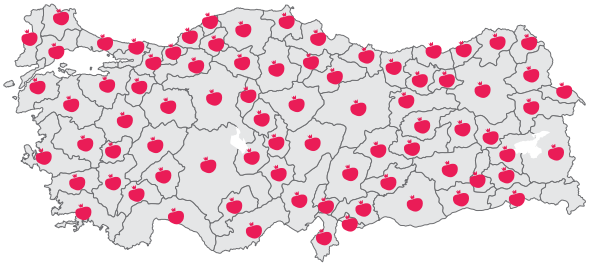
The project Pomegranate Arils – Stronger Women, Happier Tomorrows; aimed to promote the continued education of the 18-24 year-old young female high school and university graduates that grew up in orphanages of the 'General Directorate of Child Services' and exposed to social and economic discrimination in the society, and to teach them how to get prepared for the labour market by improving their personal developments and developing their job search skills. Pomegranate Arils was the first women-focused project implemented by the private sector in "orphan-ages". In addition, the Pomegranate Arils selected as an exemplary project by the United Nations also received many national and international awards.

During the first 5 years (2009-2014), 160 young women that grew up in orphanages were provided with trainings in various fields extending from personal development to academic success support, and from preparation for higher education to consultancy for choice of professions and the young women were supported by a mentoring program.

In the second period between the years of 2014-2016, a study covering 370 care providers, social service specialists, psychologists and teachers working in the orphanages (love houses and child and care houses) of the General Directorate of Child Services was conducted. By providing instructive training for development of personal knowledge and competencies in childrearing and through an empowerment approach for raising of children under 18 years of age, the Pomegranate Arils Project was transformed into a sustainable program. In other words, by training of trainers, the process was transferred to the stakeholders in orphanages.

There are nearly 40.000 people in 69 cities including the project participants, stakeholders, training personnel, the staff of the General Directorate of Child Services who are involved in and within the sphere of influence of the project.

Between the years 2009-2013,
162 young women of ages 18 to 24 from 79 cities
participated in the education + mentorship + social
inclusion program.



79
cities

162
young
women



Boyner Grup Gönüllüleri



80
Volunteer
Educator



640
Hours of
Education

223
Volunteer Workers

117
Volunteer Mentors

1.523
Hours of social
inclusion support



8.812
Hours of
Mentorship



Conclusion

Our employment ratio

100%

Those we have encouraged to
Participate in higher education

15%

Between the years 2013 and 2016

Training of

369
personnel
serving at
dormitories

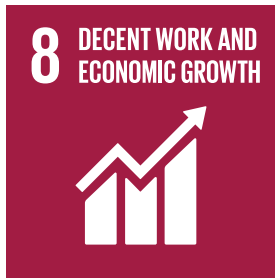
Training for

20
trainer
personnel

5
publications
(2 social influence analysis,
1 career book,
1 training guide,
1 mentorship guide)

Case Study
(with ILO, UN WOMEN, UNFPA
evaluation)

2 national 2 international
awards



EMPOWERMENT OF WOMEN ENTREPRENEURS ENGAGED IN PRODUCTION OR SALES ORIENTED TO NON-FOOD AND NON-ELECTRONIC ORGANIZED RETAIL INDUSTRY: GOOD WORKS

The situation of women employees
working under standard working condi-
tions in our supply chain is among our
priority issues to consider within the
scope of our supply-chain sustainability
work program. Moreover, we started to
keep the statistical data of the amount
of women entrepreneurs among our
business partners available in our sup-
ply network in 2015, by which means we
found out that only 63 out of our 342
suppliers available in Boyner Group's
special brands supply network in 2015
were owned by women entrepreneurs
and that only 53 of those 63 companies
were run and managed by women en-
trepreneurs.

In terms of contribution in supporting
women entrepreneurship in Turkey, in
order to provide a capacity development
support that will contribute to ensuring
their companies' sustainability and to
encourage the individual empowerment
of women entrepreneurship; in May
28, 2015, we started the "Good Works:
Boyner Group Supply Chain Empower-
ment of Women Entrepreneurship Pro-
gram" in cooperation with the Interna-
tional Finance Corporation - IFC (World
Bank Group). Our project that was de-
signed with trainings and events based
on branch of activity, which makes it
unique both in Turkey and in the World,
also has a special meaning for being the
first project-based cooperation of the
IFC with a private entity out of the Fi-
nance sector.

Needs analysis: One-on-one meetings
were held with women entrepreneurs
in the Supply Chain about the issues
that they need to improve the capac-
ity of their companies as well as their
own individual efficiency. During these
negotiations, the obstacles that women
entrepreneurs face as a woman and the
development areas that they require
about leadership were identified and

they were asked about the current situ-
ation analysis and requirement areas for
their company under market, finance,
technology, human resources topics.

Designation of the Training Program:
The topics required in the context of
needs analysis were picked from the
BUSINESS EDGE training program pre-
pared by the IFC for the purpose to
support SMEs throughout the world.
Those training subjects were translated
to Turkish and adapted for the ready-
made clothing sector. Also for the first
time, training programs were revised
with the gender equality perspective.

Training of Trainer: A trainers pool of
acknowledged expert trainers on the
selected training programs have been
designed by the BUSINESS EDGE in Tur-
key and a 2-day training for trainers, at
which they received orientation about
the training methods of the Business
Edge, as well as a certificate authorizing
them to provide the same training.

The Training Program: has been de-
signed as a 12-week program oriented
to improving the social, professional and
financial skills of women entrepreneurs.

Subjects studied within the scope of
this program are:

- Communication
- Transformative Leadership
- Human Resources Management
- Strategic Planning
- B2B Marketing and Pricing
- Competitor Analysis and Market Positioning
- Financial Resources for Growth and New Investments
- Networks for New Markets
- Quality Management
- Social Compliance and Chemical Management

Additionally, the Vender Forum, which
includes inspiring examples related to
each topic, speeches of the banks that
offer Banking Programs for Women,
special meetings with purchase agents
at Boyner Group and access to new
markets, was organized.



Stakeholders: Among the supporters of the program, The Boston Consulting Group, TEB, Garanti Bank and Şekerbank from the private sector and WE CONNECT and KAGİDER from the civil society took place at the event.

Impact Analysis: In 2015, the Impact Analysis of the project were prepared. The Impact Analysis was carried out by PhD. Deniz Seebacher from Vienna University of Economics and Business. The Impact Analysis focused on contribution of the project to women entrepreneurs' individual improvement as well as on the question about how the program contributed to improvement of the organizational capacity. With this analysis, the performance indicators defined in terms of finance and number of customers together with the positive-negative effects on the organizational capacities of female suppliers began to be measured. The most important output detected about the project has been the women entrepreneurs' establishing a sharing network and business partnership between each other.

Honored: "Good for Business" was introduced as an exemplary program in the "United Nations Women's Empowerment Principles Meeting" held in New York in 2016. Moreover, the project's Gender Smart Business Solution: Case Study Boyner Group Supply Chain Strength Women in Business publication has been released by IFC for the use of the whole world. The project has been presented as a sample case in Putting Gender Smarts Commitments into Practice: SheWorks Year One Progress Report prepared by "SHE WORKS".

In order to ensure the extensiveness and sustainability of our project, in 2018, we started a study oriented not only to women entrepreneurs in Boyner Group's supply network, but also to all women entrepreneurs who were eager to provide products or services to non-food and non-electronic organised retail industry in cooperation with the Women Entrepreneurs Association of Turkey and the main project partner KAGİDER.

While we maintained our then-current number of women suppliers, the second term studies that we began with the purpose to support new women suppliers to join Boyner Group's supply chain were financially supported by the Bank of America Marilyn Linch.

In 2018, we published an announcement oriented to women entrepreneurs that "carry out production activities in textile (including home textile), ready-made clothing, shoes & bags, accessories branches for the use of non-food and non-electronic retail industry; manage the production organization in those branches; function in those branches with their companies required to be active at least for a minimum period of 3 years".

During the designation of our training program in 2018, in addition to our experience from 2015, we used the results of surveys carried out by KAGİDER about educational and development subjects oriented to women entrepreneurs.

Additions to education subjects: In addition to the education subjects that we had previously presented, in 2018 we have added new subjects like contract and labour law, law of obligations and tax, foreign trade incentives, public incentive programs, electronic commerce, etc.

Stakeholders: Among the supporters of the Program in 2018, The Boston Consulting Group, Istanbul Project, KOSGEB and the Ministry of Industry took their place.

46 women entrepreneurs from 42 companies participated in both programs. As the Program was organised in Istanbul, total number of participants from outside of Istanbul was only 4.

Our Project in Numbers:

Total employment opportunity created by 42 companies: 1392, the ratio of women in this number is 57%, and the ratio of female executives is 49%.

Categorization of participant companies as per their areas of activity

- Shoes and bags: 7
- Accessories: 4
- Children's textile products: 3
- Kitchen textile products: 1
- Textile sub-industry: 1
- Home textile: 1
- Ready-mate clothing: 25

Average Production Capacity: 550k pcs/year

While the total number of companies that gained new customers through the network and buyers' meetings created within the scope of the program, 7 companies among the 2nd term participants started to work with the Boyner Group.

Total number of employment created by 42 companies

1.392

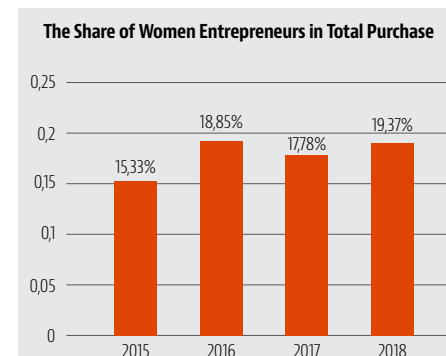
Women's ratio in employment

57%

Ratio of Female Executives

49%

In 2015, the share of women entrepreneurs in our total purchase was 15.33%, which became 19.33% in 2018.

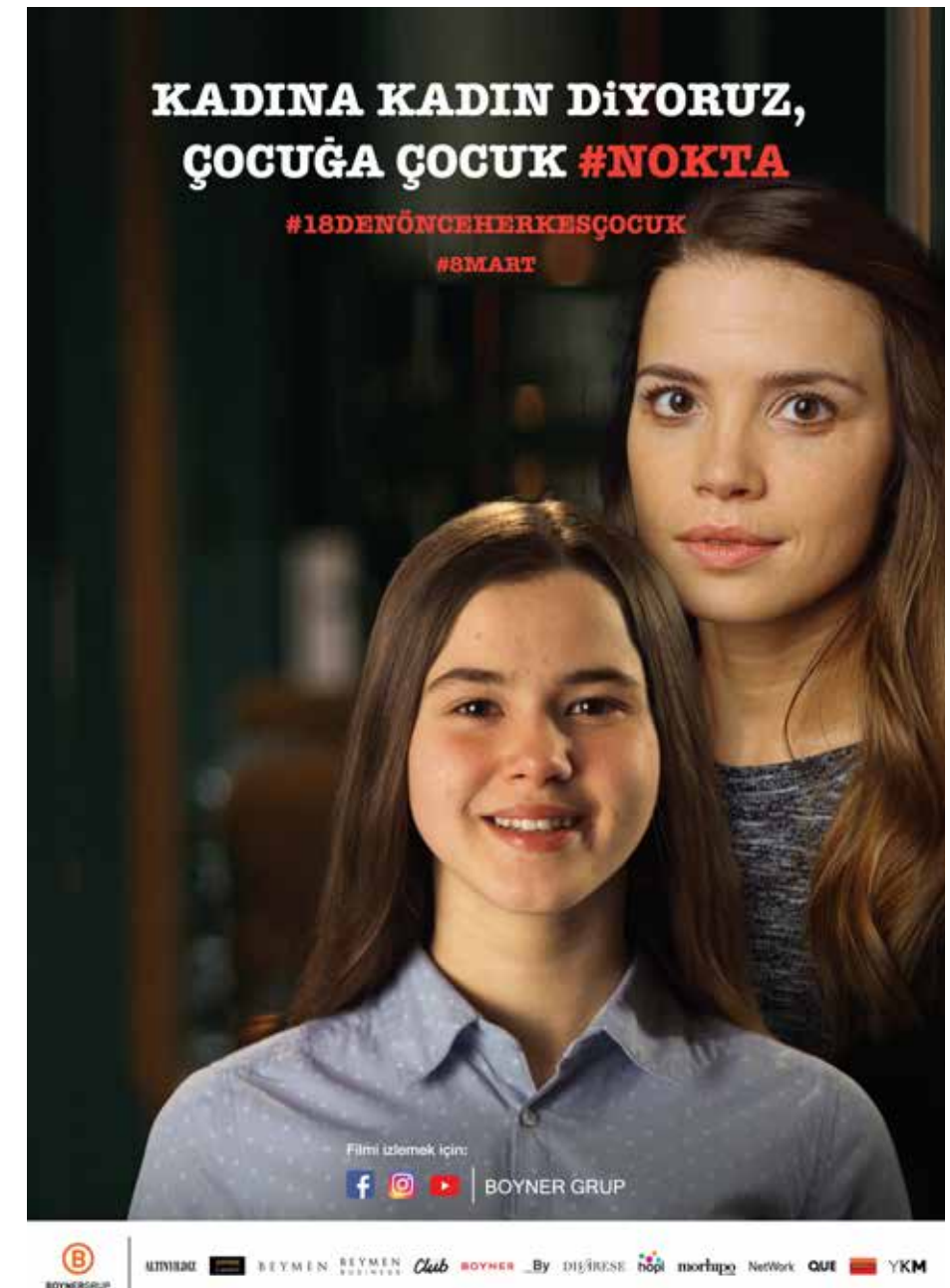


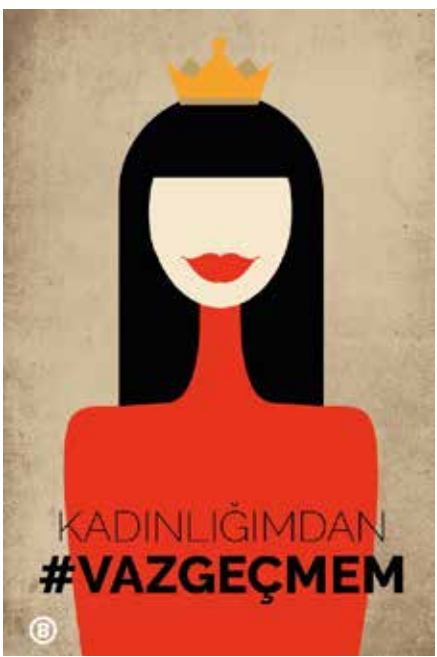
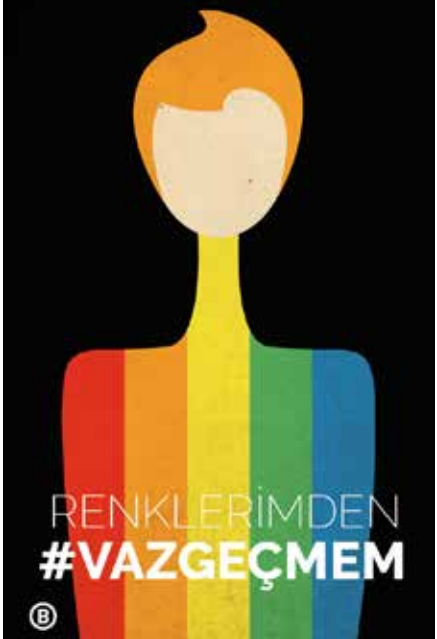
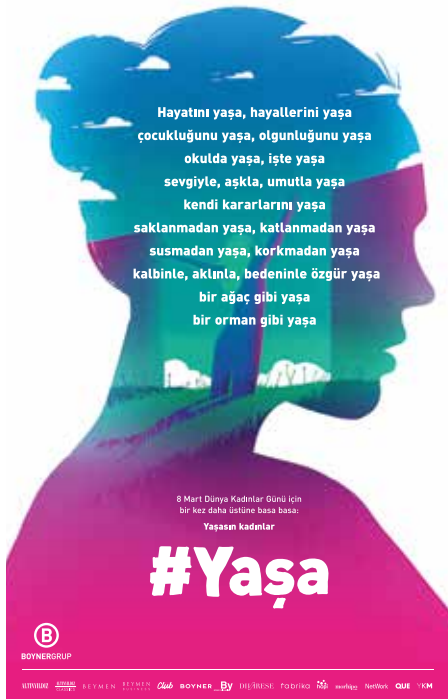
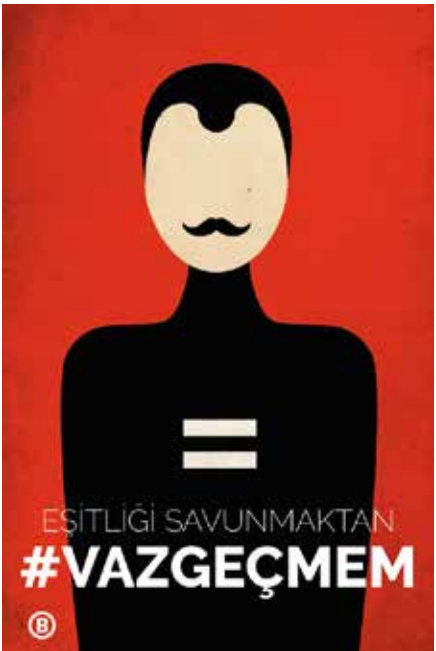
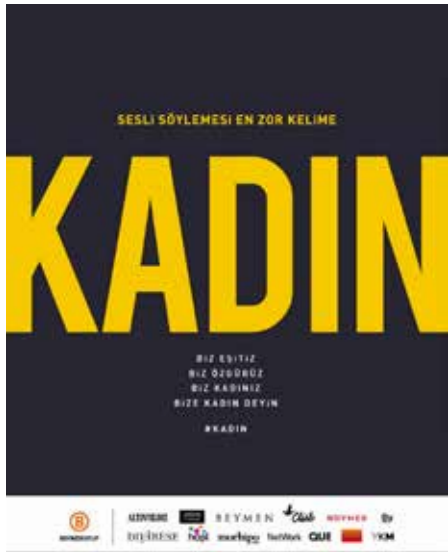
8TH OF MARCH CAMPAIGNS

Since 2009, Boyner Group has been sharing with the public its values and perspective on gender equality through a campaign that will put the social gender equality on agenda on 8th of March World Women's Day every year. With these ads, it is aimed to bring up social gender equality to the agenda and to support the requests of women from the business world and all segments of the society for equality and freedom.

Through such ads, attention is drawn to the supporting policies and practices required to be established and implemented in relation to equality of men and women and the efforts for establishment of a societal agenda in this field are supported. All managers, including, in particular, the senior management, are encouraged to create awareness in the public regarding this matter and to attend events and conferences organized and held by the platforms specific to women's rights.

In addition to internal and external communications specific to the World Women's Day, events are organized with universities and non-governmental organizations and activities and messages are shared in different platforms. By displaying active presence in global platforms, Boyner Group does not limit its efforts with the domestic stakeholders only, but carries them abroad.





SOCIAL ENTREPRENEURSHIP



SOCIAL ENTREPRENEURSHIP

BULUŞUM

Launched by Boyner Foundation in 2015, Buluşum was established as a web-based platform supporting social entrepreneurs and aiming to promote and expand strategic donation, while being a social enterprise itself at the same time.

BULUŞUM is a platform “breathing life” into social enterprises, through which projects that will provide benefits for the community.

The purpose of Buluşum is to take the social entrepreneurs saying “I have an invention” by the hand and to give them courage to start. The most important criterion to load a project to and to receive support from Buluşum is to have a project that will provide social benefits.

Buluşum is different from the other platforms by its funding model and works with a hybrid model combining the classical scheme under which companies provide funds for social entrepreneurs and the mass funding approach under which individual donors support social projects. A total financial support amount of 461.000 TL had been provided to 14 social initiatives until the end of 2018.

SOCIAL INITIATIVES SUPPORTED BY BULUŞUM PLATFORM

Sustainable Living Film Festival 2015-16, 40.790 TL

Created with the imagination of a society that is participative, open, fair, understanding, embraces variety and values the planet as well as the life on it, The Sustainable Living Film Festival aims to contribute to cultural shift for a sustainable life. With a hand-picked collection among hundreds of documentary films that offer a collective approach and creative solutions every year, it reminds its audiences that they can become a part of the solution instead of remaining as a miserable part of the problem.



Gelecek Daha Net (Future is Brighter) 2015, 25.000 TL

The Gelecek Daha Net (Future is Brighter) youth platform was created with the aim to enable the young people in Turkey to achieve the know-how, skills and connections to help them make the right choices in education, business and life. It is important that young people have the ability to make conscious decisions, dominate their own lives and become proactive individuals, because the world needs the young people. Young leaders to manage the institutions that shape our future are required. Conscious, sensitive individuals that will contribute to society, use the resources correctly, produce and encourage human development, are required. For this exact reason, investing in the youth is invaluable as this investment, in return, will save the world! Young people remain alone while taking the most important decisions of their lives and they lack instruments to help them take conscious decisions. On the

other hand, in fact the professionals that are directly related with the problem are looking for appropriate employees as the companies are calculating the return of their investment. These sharers on both sides of the problem are extremely disconnected from each other. The mechanisms designed to bring them together are very insufficient and inequivalent. By the way, we have discovered in time that there's a very serious potential of professionals that would like to guide young people voluntarily and much more people than we expected, have participated the platform at their own request, which has encouraged us. People want to share and contribute but it is not easy to find an effortless format in Turkey other than donation. Thanks to GND, that's very easy. Once you match with the right student, you just need to be on your computer and talk to him/her, however, the information you will provide are invaluable! What we mainly do here is, in fact, to bring those two groups that form the two sides of the problem and enable them to learn from each other. To provide this, we use the technology and bring together the sources and targets of knowledge. We perform this by creatively using skill development instruments like online and offline guidance, mentorship, trainings, meetings, videos, etc.



Yuvarla (Round Up) 2015-17, 60.000 TL

Having set out with the purpose to improve the individual donation culture in our country and create resources for non-governmental organizations, the Yuvarla (Round Up) Project is preparing to integrate the donation system into classic retail shopping in addition to online shopping integration, after a two year development. For this great development, Yuvarla needs to become a sustainable structure and achieve the most appropriate legal entity. By this means, it aims to support many more non-governmental organizations through many more shopping points.

Having adapted the round up method that we used to apply for online shopping, also to offline sales channels, YUVARLA managed to round-up fractions for offline sales by defining the credit cards of İş Bankası, Akbank, QNB Finans Bank, ING Bank, Albaraka Türk and TEB banks on the YUVARLA system through integrations made with the same in 2018.



SoruSana 2016, 50.000 TL

Sorusana is a mobile application that aims to enhance the interaction and information-sharing among students that prepare for the university admission exams. This social initiative that's aimed to provide a platform for young people who went through similar processes and troubles during the university exam period to support others enables young people with better conditions and knowledge to support other young people with limited opportunity to find a solution. All the requirements of the SoruSana project have been covered with the support provided by Buluşum and it's been aimed to extend the scope of the application with other exams and to improve R&D, server and extensification operations. By creating a social platform for students SoruSana provides the opportunity to share the problems that they are unable to solve themselves with others, which allows a problem shared by a student in Kars to be solved by a student in Istanbul who learned practical ways for the solution. SoruSana is aiming to enable everyone to improve themselves with new methods and thus reduce the inequality in the field of education.



Sinemasal 2016, 60.000 tl

According to UNICEF data, 1,297,000 children at ages from 6 to 17 do not attend to school and 900 thousand of them are used as full time or seasonal workers. Sinemasal aims to introduce arts to those children that live at the countryside, the majority of which are disadvantaged, so as to enhance their imagination. Thanks to the cinema, doors of a completely unknown world is being slightly opened to underprivileged children. With the encouraging power of arts and culture, children realize their own potentials, discover their creativity through art activities and share the excitement of new horizons. It also provides the children who have become aware of life-related alternatives the opportunity to dream a better future and meet inspirational figures.



Ustamdan (From My Master) 2016, 35.000 TL

The Ustamdan (From My Master) project that embraces crafts and craftsmanship in Turkey aims to promote Anatolian products and the Anatolian culture to the world; to provide employment opportunities for master craftspeople and apprentices, and thus to create characteristic economical sustainable values in every region, while bringing local cultural values to light.

In case the Ustamdan project achieve its target, it will have achieved to protect local values in Anatolia and to grow local economies through protection and encouragement of local resources and cultural values by bringing it to its rightful place and making it sustainable.

The project has been set off to become a global brand that applies cultural values to the daily life via creative ideas. The project is getting prepared to become a solution partner for institutions and organisations with services and products that bring cultural values and creative ideas together. The young team is working with a creative and socially-conscious perspective.

The plan is to eternalise the stories of thousand-year old master hands with a short-film series and thus to promote the Ustamdan project and carry the traditional values to future generations.



E- Bursum (E-Scholarship) 2017, 50.000 TL

E-Bursum (E-Scholarship) is a social initiative established for the purpose of minimizing the inequality of opportunity in the field of education. Having moved the manual scholarship system in Turkey to a digital system, this social initiative is working on not only to facilitate students' access to financial resource required for their education but also to provide the supporters who give scholarship with a more systematic and democratic scholarship process.

In addition to a systematized scholarship system, E-Bursum takes as an objective to maximize the influence of scholarship grantors via basic financial literacy training, social influence measurement and online mentorship.

With the support to be provided by Buluşum, it aims to develop the new-generation "Crowd Scholarship Funding" system!



FreePark 25.000 TL

FreePark is a car-parking system solution consisting of special barriers and a mobile application, developed with the purpose of preventing the occupation of disabled parking spaces by non-disabled people.

The objective of the project is to spread this solution in countries that have the same problem like Turkey, Mexico, etc., and thus to create more accessible spaces where freedoms are not restricted.



Begoodto.Me 30.000 TL

begoodto.me is a social initiative founded with the objective to spread and enhance kindness, good manners and positive actions (which we call Good Stories). We've set off with the desire to become more sympathetic with each other, with nature and with animals and behave better. And we have thought about shaping this behaviour through exposure of continuous positive examples. In our day, we can be exposed to too many examples of negative behaviour. We're willing to substitute those behaviours with positive versions and convert small favours into big ones. For this purpose, we have developed a mobile application both for iOS and Android. While the Good Stories shared by the users raise awareness about kindness, we convert small favour posts into much greater gestures thanks to the integrated scoring system on the application.



Givin 2017, 25.000 TL

givin is a social initiative project that enables people to support non-governmental organisations (NGO) that function in the field of education with the income earned by putting your unnecessary old belongings to sale. givin takes as an objective to raise socially beneficial participation and to create a new and efficient fund raising channel for NGOs.

Combining e-commerce with crowd funding to be used for social benefits, givin is planning to add brands to the platform in addition to individuals so as the offer the "best" shopping experience. The platform also allows us to transparently view for which purposes the contributions made to NGOs are being used. givin is aiming to contribute to education by enabling the NGOs to be funded via all sorts of resources as well as to inspire new business models so as to provide a social benefit.



Sesli Durak (Audio Stop) 2017, 60.000 TL

Sesli Durak is designed as a smartphone application developed to bring a solution to visually handicapped people's problem about being unable to know which bus is arriving while they are waiting at bus stops. Enabling visually handicapped people to vocally hear the details of buses arriving at stops, Sesli Durak informs the line details of arriving buses to its users.

SUPPORTING DISADVANTAGED GROUPS

DONATE GOODNESS (BOYNER)

Always focusing on doing better and creating effect in the field of community investment through its corporate social responsibility projects, Boyner launched "Cycle into Goodness" (İyiliğe Dönüştür) project with Lokman Hekim Health Foundation in 2014 and grew this goodness movement by adding the project "Donate Goodness" (Askıda İyilik) in 2016.

The project "Goodness is never out of fashion" (İyiliğin modası geçmez) collectively addressing the "Principle 1: End Poverty, Principle 10: Reduce Inequalities, Principle 12: Responsible Consumption and Production, and Principle 17: Partnerships for the Goals" as specified in the United Nations Sustainable Development Goals (SDG) and covering also the "Principle 8: Undertake initiatives to promote greater environmental responsibility" as specified in the United Nations Global Compact (UNGC), which was launched in 2012 and which completes the "Green Office" certificate conferred by the World Wide Fund for Nature (WWF) in 2012, is a community investment designed and implemented towards the company's social, environmental and economic development goals.

"Donate Goodness" is a known social responsibility engagement. Different examples of it are observed in our country and the world. Special products were prepared in the categories of "female adults, male adults, and children", which were comprised of "upper and lower" parts for two seasons, i.e. summer and winter, offered to customers in the stores for their donations. These products were offered to customers as "Donate Goodness" sales and each product sold as such was transported to Lokman Hekim Health Foundation. A mechanism through which needy people can quickly have access to summer products in summer and winter products in winter was designed. A Donate Goodness package is a combination of "upper and lower" clothing items and a combination is delivered to each recipient according to the season.

Started on June 18, 2018, the project is currently being applied at 96 stores in 36 cities. While half cost of the total project budget of 1.733.897 TL was covered by the "Donate Good" donations made by the customers, Boyner Büyük Mağazacılık stands as the sponsor of the remaining half.

Between 18 June 2016- 31 December 2018

39.228 sets

90.185 products

27.794 customer donations



CYCLE INTO GOODNESS

Its goal was to recover the textile products that are not any longer usable for end users and to contribute them in economy through different methods. This was an opportunity allowing for creation of social, economic, and ecological benefits all together. A project, which would make a call to the entire community including, employees and customers in particular, and support responsible consumption by making the people inquire about how the textile products that were no longer usable by them could be recovered or contributed to economy, was created.

In this context, firstly, Lokman Hekim Health Foundation was determined as the project partner. Boyner established cooperation with the Foundation on recycling of paper wastes and then, this cooperation was expanded to cover also textile products. Textile wastes were started to be collected in large collection boxes made from recyclable materials and put in all Boyner and YKM Stores.

The issue about "How We Recover and Contribute in Economy" was explained to customers and implemented as follows:

- 1- Re-Use: Incoming products are collected from the stores; and sent to the foundation's depot located in Gebze. Products are sorted out in this depot. The products that can be reused after cleaning is the first separated group and they are cleaned, repaired and delivered to those in need via the Foundation.
- 2- In addition, funds were derived from the sales through charity sales organized by the Foundation for the products in this group. The said sources were transferred to the Foundation's scholarship fund. Between the years 2015 and 2018, 1-year scholarship of 40 students in health sciences had been covered with the income received through the project.
- 3- Upcycle : Based on the idea that incoming products may constitute raw material for other products, the usable wastes were sent as raw materials to Sariyer Women Entrepreneurs Cooperative for use in the patch-type products produced in the cooperative.
- 4- Recycle : The other remaining textile products were sorted out as "organic/inorganic" and the accessories in textile products were sorted out as "metallic/plastic" and from the raw materials collected, those that are of "organic materials, metallic, plastic" were sent to recycling and the foundation derived income from such recycling; inorganic materials were converted into energy in the cement industry by recording the related emissions since there was no technology and investment that could recycle a product group of such size.

"Cycle into Goodness" activities were awarded with "Green Point Industry Awards" by ÇEVKO, the institution specialized in its field and with "Efficiency Award" by TISK in 2015 and 2016. Cycle into Goodness project was continued through the addition of Donate Goodness project appreciated and supported by the public and non-organizational organizations to this great goodness movement in 2016, in order to expand the impact created under the scope of the fight against poverty.

- We have collected 159 tons of waste
- We have completed the parsing of all collected wastes, cleaned 23 tons of products and introduced it for reuse.
- We have converted them into 26.8 tons of yarn and approximately 1 tons of metal and plastic accessories have been converted into raw material.
- We have converted into 57.5 tons of energy
- Approximately 1 ton of materials have been recycled.
- With the income received through recycling and raw material conversion, we have granted scholarship to 40 students.

159 tons of waste collected

40 Scholarship awarded students

CIVIL SOCIETY COOPERATIONS



DONATE GOODNESS (Beymen)

"Donate Goodness" (Askıda İyilik) project conducted in Boyner also inspired Beymen, one of the Group companies; and in November 2017, Donate Goodness was started to be implemented by Beymen Mağazacılık in Beymen stores through the partnership of "Lokman Hekim Health Foundation, Community Volunteers Foundation, Association for Supporting Contemporary Life" for the students receiving education grants from these funds and associations. Seeing the widespread expansion of the project firstly among the group companies makes us proud; our purpose is to ensure its widespread implementation throughout the entire retail sector.

Under the project, the first business clothes were presented to the students in the scholarship program of the project partners, who were in the senior years of their schools and had become a candidate for internship or start of employment.

In the project, the products specified as "shirt, pants & skirt, jacket" were delivered to the scholarship students as "upper-lower parts or suits".

The project that was started in Suadiye Beymen store on September 9th, 2017 has spread to all Beymen branches in December. During November 2017 and December 2018, 906 products have been sold and the income has been granted to 352 scholarship holders.

November 2017 & December 2018

906 Total Number

275 Number of students that purchased "Goodness Pack 1"

77 Number of students that purchased "Goodness Pack 2"

352 Total number of students benefited from the first job & internship clothing support



YUVARLA

Implemented on the digital retail side and offered to customers for strategic donation, the "Round Up" (Yuvarla) project was launched through www.network.com.tr, www.divarese.com.tr and www.boyner.com.tr in 2014. Since the inception of the application, Round-up has provided support for non-governmental organizations included in the system through Round-up, a social incentive model designed to create resources for Turkey's non-governmental organizations and operating in the fields of education, youth and children, health, gender equality and environment. With Round-up project, it is aimed to expand the value created by customers day by day and to create a value for the community all together.

With Round-up, customers were provided the opportunity to support non-governmental organizations. Customers managed to easily support non-governmental organizations that they chose by rounding up their basket amounts after smooth completion of their shopping transactions at any time desired. With the help of Round-up, which was initiated in 2014, the donation culture was supported and the cooperation over digital channels was continued also in 2017.

- AKUT Search and Rescue Association (Akut Arama Kurtarma Derneği)
- Mother Child Education Foundation (Anne Çocuk Eğitim Vakfı)
- World Wide Fund for Nature (Doğal Hayatı Koruma Vakfı)
- The Hope Foundation for Children with Cancer (Kanserli Çocuklara Umut Vakfı)
- Teachers Academy Foundation (Öğretmen Akademisi Vakfı)
- TEMA Foundation (TEMA Vakfı)
- Tohum Autism Foundation (Tohum Otizm Vakfı)
- Community Volunteers Foundation (Toplum Gönüllüleri Vakfı)
- Education Volunteers Foundation of Turkey (Türkiye Eğitim Gönüllüleri Vakfı)
- Turkish Education Foundation (Türk Eğitim Vakfı)
- Turkish Red Crescent (Türk Kızılayı)
- Turkish Foundation for Children in Need of Protection (Türkiye Korunmaya Muhtaç Çocuklar Vakfı)
- Spinal Cord Paralytics Association of Turkey (Türkiye Omurilik Felçlileri Derneği)
- Turkish Green Crescent Society (Türkiye Yeşilay Cemiyeti)
- UNICEF Turkey

Total number of transactions realized via Boyner Group Companies

58.678*

Achieved donation amount

52.550,00TL

* (Yuvarla was first introduced on www.morhipo.com, which is a Boyner Holding enterprise and it has achieved a total donation amount of 80,551.39 TL in 73.585 transactions realized on our mentioned sales channel between 12/07/2014 and 31/12/2018).



SOMA ARTISANS (Beymen)

Boyner Group company Beymen created sales channels for Soma Artisans products in 2016.

These products have been put on sale in Beymen Kids since April 2016. The products sold by Beymen in 6 stores in 3 different provinces and at beymen.com were self-crafted products made by women from Soma who were the creators of Soma Artisans brand; the pictures on the products were drawn by the children of such women and engraved by their mothers onto the products. The sales of Soma Artisans products contribute to the economic development of women living in SOMA and to the education of children.

Under the project, not only a sales channel was created, but also women had the opportunity to do business in category of suppliers under the scope of the New Year products for Beymen Mağazacılık. Beymen gave orders to Soma artisans team for the new year decorations and purchased their products. With Soma Artisans brand that has entered into Beymen Corporate for the supply network and corporate sales, it is aimed to allow women to have a sustainable income model. Soma Artisans sales figures reached 92.922 TL by the end of 2018.



Soma Artisans sales figures by
the end of 2018

92.922_{TL}



PRODUCT SALES COOPERATION WITH THE ASSOCIATION FOR SUPPORTING CONTEMPORARY LIFE

The Collection created by the Association for Supporting Contemporary Life (ÇYDV) and comprising the drawings of the Caricaturist Piyale Madra were put up for sale at iBoyner Stores. Within the scope of the project named "Pi Collection", the collection comprising bags, cups, t-shirts, bookmarkers and notebooks specially designed by the Caricaturist Piyale Madra were offered to customers at 17 sales points together with the newly added parts in 2017. While 1,168 units of products were offered to customers in the years of 2016-2017, the income of TRY 121,000 generated from such sales were transferred to the Foundation.

In 2018, sales continued at 13 stores and on www.boyner.com.tr and a total of 2166 products have been sold. In 2018, a total fund of 44.568,88 TL has been created.

Total fund received through the sales realized for the organisation: 165.568 TL

With the sales realized at product stands installed by the organisation at our headquarters in 2018, on the International Day of the Girl Child on October 11th, an additional fund was created to cover 1-year scholarship for 8 young women in the university.



Boyner Grup Gönüllüleri

EMPLOYEE VOLUNTEERING BOYNER GROUP VOLUNTEERS ("BGV")

"Boyner Group Volunteers is a corporate team with passion for business, volunteerism and charity".

BGV is an exciting, passionate, determined, and ambitious organization that provides social benefits by making life more colourful and that enjoys it. It functions as a corporate solution partner contributing in the identification and resolution of social and environmental problems through innovative, courageous, proactive, creative, and responsible approaches and sustainable practices.

Since 2002, Boyner Group Volunteers (BGV) has been contributing in the resolution of social problems through projects and activities in the subject fields decided every year. The volunteers promoting corporate responsibility and sustainability approach also develop the sphere of influence by ensuring the participation of stakeholders in the events organized. Boyner Group Volunteers create their events and campaign projects by shaping them under the titles of support for needy people, socializing of disadvantaged groups, fund raising, increasing motivation, support for non-governmental organizations, and improvement of environmental awareness and strategic philanthropy.

OYUNCAK KARDEŞLİĞİ (TOY FELLOWSHIP)

This is a goodness movement began with the question "What else can be more real to deal with in the world?." Ümit Kavak, the founder of Oyuncak Kardeşliği, reached 150k followers and thousands of grantors via his instagram account.

Oyuncak Kardeşliği and Boyner Group Volunteers met in 2018 and contributed to expansion of this goodness with 3 Campaigns.

The BGV organized the "Çocuk Haklı Oyuncak Hakkı / Child Has The Right for a Toy" campaign On April 23 National Sovereignty and Children's Day and donated toys to 2000 children. With the second campaign we organized on September 5 International Day of Charity, we have provided school requirements to 870 children. With the December campaign aimed to ensure that all children have toys, boots, coats, we have donated 195 coats, 150 toys and 179 clothing to children in the villages of Mardin city with participation of 4 people from Boyner Group Volunteers in cooperation with Oyuncak Kardeşliği.

The Boyner Group Volunteers participated in this movement of goodness led by Ümit Kavak through "Oyuncak Kardeşliği" and donated 3608 pieces of "toys, stationery equipment and clothes" to children.



Bir Avuç Umut (A Handful of Hope)

In Bir Avuç Umut project, which we began in November 2015 and continue regularly every week, we are feeding the animals abandoned in the countryside.

While the project contributes to protection and provision of “feeding, housing, healthy life” rights of the dogs that are isolated from their living spaces or abandoned at the urban fringe with reference to the universal declaration of animal rights, it consists of a series of activities oriented to achieve the purpose of raising awareness about those violations as well as consciousness about animal rights. In accordance with our understanding of developing new collaborations and maximizing through sharing, we have cooperated with 5 different organizations.

Additionally, through a number of awareness-raising studies within the frame of #satinalmasahiplen (#dontbuyadopt) campaign, we've drawn attention to "one of the principle reasons of the problem: animal trade" and raised awareness about this issue. Using the new funding models for the civil society like "birthday donation", "matching fund", additional funds have been created and the existing funds have been grown.

In conclusion, our project spread its efforts for the protection and practical execution of animal rights and shared this passion with new volunteers and organizations.

In definition of the requirements of street animals, we've taken advantage of the know-how and experiences of non-governmental organisations currently engaged in this field and animal lovers who give their time and efforts for the good of street animals.

Moreover, ;

- We made 3 visits to Yedikule Animal Shelter, during which we have voluntarily worked in feeding and shelter cleaning.
- We made product contribution to the kermess organized by Yedikule Animal Shelter and took part in the event voluntarily.
- By selling the donated products at Bomonti Antique Bazaar for 3 times, we created funds for animal food for the use of feeding volunteers.

We found out that the problems for shelters and streets are similar but the density of necessities are different. It's getting different.

- a- Feeding
- b- Housing
- c- Treatment





With this project, we've aimed to meet the requirements of street dogs that were born into the urban life but moved away from the city life and abandoned in the countryside by public authorities.

The issues that we define as requirements are;

- a- Feeding (supply of water and animal food)
- b- Housing (supply of kennels for winter)
- c- Treatment (Mange treatment, vaccination of newborn animals, neutralization of small races, clinical treatment and caring of dogs exposed to traffic accidents or human violence)
- d- Announcements for the adoption, especially of the dogs that we've provided clinical treatment to be accommodated in the house or in the garden.
- e- Awareness: We've particularly organised awareness-raising campaigns about animal rights in our company. We've issued a call to people for taking positive actions about this case at least in their own living spaces. Additionally, with the spread of the #satinalmasahiplen (#dontbuyadopt) campaign organised by animal rights activists, into our company, we've worked on raising our employees awareness and consciousness about animal trade.

Briefly, in this route that we've designed for ourselves, we have and will continue to spend all our efforts to ensure the good of abandoned animals

Until today:

November 2015- December 2018

150-200 dogs **62** treatments

41 kennels **1132** hours of voluntary feeding

28 neutralizations **17** adoptions

300 kgs of animal food every week

53.000 kgs of animal food in total

Within the scope of the Gönülden Ödüller (Heartfelt Awards) event organized by the Association of Private Sector Volunteers in 2016, our project has been awarded with the Most Successful Volunteer Project.



OUR PARTNERS

Number of Cooperations Developed: 5

- Maslak Veterinary Clinic: Provided support in terms of treatment, neutralization and check-up.
- Göktürk Pati Evi: Donated 22 kennels
- Banvit: Maintained the return products received at Ayazağa Warehouse for us every week, stored the food in cold chain and donated.
- Dardanel: Donated the returned products received at Dudullu production facility in 2016-17. In 2018, we directed donations to feeding routes in the Anatolian side.
- Ekol Hadımköy Warehouse: In order to handle the care of mother and baby animals and to facilitate necessary health conditions while growing up, provided us with an approximate area of 100 m2, fenced in and supported the animals' feeding whenever we were unable to go. In the current situation, it buys animal food at its own initiative and continues feeding.
- In 2018, a total of 160 packages of animal food have been donated at 4 times by Hepsiburada - Hepsiburada Express.

Internal Communications:

A continuous internal communication oriented to volunteers aiming to invite them to activities and provide post-activity information over our project's email and whatsapp groups. With our monthly bulletins, we tell about our activities and give our thanks to contributing volunteers.

With mural dressings we've made in our headquarters, we continuously promote our project and keep our call to donate animal food active.



STAKEHOLDERS

Local



International



COMPLIANCE WITH THE GLOBAL COMPACT

Global Compact	Section in the Report
Human Rights	
Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and	Democracy in the Workplace, Equal Treatment Principle, Equal Opportunities
Principle 2: make sure that they are not complicit in human rights abuses	Democracy In the Workplace
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Freedom of Association
Principle 4: the elimination of all forms of forced and compulsory labour;	Democracy in the Workplace, 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.	Equal Opportunities
Environment	
Principle 7: Businesses should support a precautionary approach to Environmental challenges;	Environmental Awareness
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Energy Efficiency in Buildings
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Energy Efficiency in Buildings, Green Office
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-Corruption

For questions related with the report:
Boyner Retail and Textile Investments
Eski Büyükdere Cad. Park Plaza No:14 Kat:15 - 16 34398 Maslak / İstanbul
Aysun Sayın, Corporate Responsibility and Sustainability Director / asayin@boynergrup.com

UNITED NATIONS WOMEN’S EMPOWERMENT PRINCIPLES AND REFERENCES

United Nations Women’s Empowerment Principles and References

1.

Establish high-level corporate leadership for gender equality.
Our Working Ecosystem
Gender Equality
Our Chain of Values
Contribution to Society

2.

Treat all women and men fairly at work – respect and support human rights and non-discrimination.
Our Working Ecosystem
Gender Equality

3.

Ensure the health, safety and well-being of all women and men workers.
Our Working Ecosystem
Occupational Health and Safety

4.

Promote education, training and professional development for women.
Gender Equality

5.

Implement enterprise development, supply chain and marketing practices that empower women.
Our Chain of Values

6.

Promote equality through community initiatives and advocacy.
Our Working Ecosystem

7.

Measure and publicly report on progress to achieve gender equality.
Our Working Ecosystem
Gender Equality



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 (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 2018, the Company has fully complied with the mandatory principles issued in the Corporate Governance Communiqué (CGC) No. II-171 of the Capital Markets Board (CMB); and it significantly adopted its voluntary principles; in this context, the efforts made in 2018 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 the 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 completion of the related administrative, legal and technical infrastructure works that will contribute in the Company's efficient management.

In accordance with the Resolution of the Capital Market Board no. 2/49 of 10.01.2019, 2018 Corporate Management Compliance Report (URF) and Corporate Management Information Form (KYBF) of our Company, in line with the new reporting formats, shall be disclosed on the Public Disclosure Platform within the period approved by CMB.

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 on an individual principle basis; and the additional explanations related with the subject matter are provided in the related sections of the report:

- 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 2018, information on donations and aids granted in 2017 was given under a separate item of the agenda and the donation limit for 2018 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 the stakeholders. 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. Shareholders did not make any request to this end in general assembly meetings held during 2018.

- 2.1.3. As our Company is in the second group as of 2018, 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.
- 4.3.9. There is no minimum limit and target specified for the ratio of female members in the Company's board of directors. The related efforts are still ongoing.
- 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. 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.
- 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. No special study intended for performance evaluation was conducted at the level of the Board of Directors with respect to the principle no. 4.6.1.
- 4.6.5. The fees payable to our Company's board members due to their membership in the board 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 on a consolidated basis within the footnotes to our financial statements.

CHAPTER II SHAREHOLDERS

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

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. Türkiye TARAR, the Vice President/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 2018 to the Board of Directors on 27.02.2019.

The Investor Relations Department is responsible for informing the shareholders and potential investors about the Com-

pany'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 2018, shareholders have not submitted any requests to this effect.

In addition, the Company's operations are periodically audited by an Independent Auditor selected and appointed by the General Assembly.

2.3. General Assembly Meetings

The agenda of our Company's General Assembly meeting was announced on 2 March 2018 and the Annual Ordinary General Assembly Meeting was held on 26 March 2018 at 11:00 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.

The decisions taken in our Company's 2017 Ordinary General Assembly meeting on 26 March 2018 were registered by Istanbul Trade Registry Office on 30 March 2018 and published and announced in TTRG (Turkish Trade Registry Gazette) on 5 April 2018.

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 General 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 2 March 2018 through PDP and EGAS and 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 26 March 2018 was held with a meeting quorum of 93,6% representing the shares at the amount of TL 241.371.470,16 out of our Company's total capital amount of TL 257.700.000. 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; and our investments have asked questions in the meeting and the said questions were answered by our Company.

The Remuneration Policy was presented to the shareholders as a separate agenda item in the General Assembly Meeting dated 26 March 2018; 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.

A separate item regarding the donations and aids made in 2017 was added to the Agenda of the General Meeting and the shareholders were informed in relation thereof; and in addition, 0,05% (five per ten thousand) of the Company's turnover in 2017 was specified as the upper limit for donations and aids to be made in 2018.

On 1 May 2018, an Extraordinary General Assembly was held about the inclusion of the public offering procedure of our subsidiary Beymen Mağazacılık A.Ş. in the major transaction scope pursuant to article 23 of the Capital Market Board, and the mentioned transaction was approved by our partners.

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.

During the ordinary General Assembly meeting held on 26 March 2018, it was agreed not to distribute dividends as there was TL 294,651,883.- loss (net period loss corresponding to the parent partnership) on the financial statements for the period between 01.01.2017 and 31.12.2017, prepared in accordance with Communiqué for Principles on Financial Reporting in Capital Market no. II.14.1. of the Capital Market Board as well as Turkish Accounting Standards/Turkish Financial Reporting Standards, audited by Independent Audit Firm PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., and there was

TL 165,855,573.- loss on the legal financial statements prepared pursuant to the Tax Procedure Law, and 2017 Dividend Distribution Statement was accepted upon addition of TL 165,855,573.- to accumulated losses.

Our dividend policy arranged in accordance with the new Capital Market Legislation was approved by our shareholders at the Ordinary General Assembly meeting dated 5 April 2016; and is published on our corporate website. Dividend distribution policy is provided in the annual reports of our company.

2.6. Transfer of Shares

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

CHAPTER III PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and its Contents

The corporate website of Boyner Retail and Textile Investments (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 Retail and Textile Investments 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 do 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 are explained in detail under "Boyner Retail at a Glance" and under the sub-heading of "Our Working Environment" 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. 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 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. Ethics 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.

Ethics Committee

There are Ethics Committees established under the structure of our group companies and at Boyner Retail and Textile Investments 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 ethics 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 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 Retail and Textile Investments.

All applications made to Boyner Retail Ethics Committee in 2018, 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 cooperating 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 wastes 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 performances; 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 9 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 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 to be held after its election.

Information on our Members of the Board of Directors and our Chief Executive Officer as of 31.12.2018 is provided below. In the Ordinary General Assembly Meeting held on 5 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. In the Ordinary General Assembly meeting dated 30 March 2017, it was decided that the independent members shall take office for 2 years until the ordinary general assembly meeting in which the accounts for 2018 would be discussed in line with the terms of offices of the other board members.

Name & Surname	Title	Executive / Non-executive / Independent	Duties in Other Organizations
Sait Ergun Özen	Chairman	Non-executive	Extra-group - Garanti Bank – Board Member - Atom Bank - Board Member
Nazlı Ümit Boyner	Vice Chairman	Non-executive	Intra-group - Boyner Holding A.Ş. – Board Member - Boyner Büyük Mağazacılık A.Ş. – Board Member - Beymen Mağazacılık – Board Member - Altinyıldız Tekstil – Board Member - Board Member in other group companies Extra-group - Euler Hermes- Board Member
Hasan Cem Boyner	Member and Chief Executive Officer	Executive	Intra-group - Boyner Holding A.Ş. - Board Chairman and CEO - Boyner Büyük Mağazacılık A.Ş. - Board Chairman - AY Marka Mağ. - Board Chairman - Beymen Mağazacılık – Board Chairman - Altinyıldız Tekstil – Board Chairman - BR Mağazacılık – Board Chairman - Board Chairman in other group companies
Bernard Barbour	Member	Non-executive	Extra-group - EFH S.a.r.l. - Luxembourg - Board Member - Ambit Pvt. Ltd. - India - Board Member - QInvest Saudi Arabia - KSA - Board Chairman
Hasan Arat	Member	Non-executive	Extra-group - Fiba Holding – Board Member - Capital Partners – Chief Executive Officer
Reda Adly Tawfik	Member	Non-executive	Extra-group - Mayhoola - COO - Palzileri – Board Member
Tayfun Bayazıt	Member	Non-executive / Independent	Extra-group - Coca Cola İçecek A.Ş. - Independent Board Member - MLP Sağlık Hizmetleri A.Ş. - Independent Board Member - Bereket Enerji Grubu A.Ş. – Board Member - Bayazıt Danışmanlık Hizmetleri Ltd. - Founding Partner - Marsh & McLennan Group – Country Board Member - Marsh Sigorta ve Reasürans Brokerliği A.Ş. – Board Member - Primist Gayrimenkul Geliştirme ve Yatırım A.Ş. - Board Chairman - Taaleri Portföy Yönetimi A.Ş. - Board Chairman
Kamil Ömer Bozer	Member	Non-executive / Independent	Extra-group - Tüpraş - Independent Board Member - Arçelik - Independent Board Member - Söktaş - Independent Board Member - Coca Cola İçecek A.Ş. – Board Member - Adel Kalemcilik - Board Member - Mc Donalds - Board Member
Sabri Metin Ar	Member	Non-executive / Independent	Extra-group - Borusan Yatırım ve Pazarlama A.Ş. - Independent Board Member - Canyon Venture Partners International Financial Advisors – Board Chairman - Columbia Hudson Ventures L.L.C. (Oregon/U.S.A) - Board Member

In our Company, separate individuals occupy the positions of the Chairman of the Board and Chief Executive Officer/General Manager. 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 the 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.

On the other hand, an “Executive Committee” reporting to the Board of Directors was established in line with the provision of the second paragraph of article 370 of the Turkish Commercial Code no. 6102 and the Corporate Governance Communiqué no. II-17.1 upon the proposal of the Corporate Governance Committee; and the members of the Executive Committee were appointed as of 29 March 2017.

Our Company has three independent members. There is one female member (11,1%) in the board of directors. 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 2017 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 7 March 2017; and it was decided that they were nominated as candidate independent members. No issue removing such independency was observed during the fiscal year of 2018.

The independency statements of our Independent Board Members are provided in the annual report on pages 149, 150, and 151.

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 25 resolutions in total in 2018, four of which were taken in the meetings about strategic issues. In general, all members attend the meetings. During the fiscal period of 2018, 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 2018.

Boyner Holding A.Ş. affiliates/subsidiaries hold a “Director Liability Insurance” 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

Our Company has established Audit Committee, Corporate Governance Committee, Early Risk Assessment Committee and Nomination and Remuneration Committee.

While the Nomination and Remuneration Committee’s tasks were conducted by the Corporate Governance Committee; a separate Nomination and Remuneration Committee was established by the Board’s resolution no. 17 dated 03 April 2017.

Members of the Committee were appointed by the board resolution no. 17 dated 03 April 2017. It was decided by the resolution no. 1 of 22.02.2018 to appoint Bernard Barbour as a member to the Nomination and Remuneration Committee of our Company, and to have the committee consist of 4 members.

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 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.

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

Committee	Committee Members	Title in the Committee	Title in the Board of Directors
Audit Committee	Sabri Metin Ar	Chairman	Independent Member
	Tayfun Bayazit	Member	Independent Member
Corporate Governance Committee	Sabri Metin Ar	Chairman	Independent Member
	Hasan Arat	Member	Board Member
	Taliye Yeşilürdü	Member	Investor Relations Manager
Nomination and Remuneration Committee	Tayfun Bayazit	Chairman	Independent Member
	Sait Ergun Özen	Member	Chairman of the Board of Directors
	Nazlı Ümit Boyner	Member	Vice Chairman of Board of Directors
	Bernard Barbour	Member	Board Member
Early Risk Detection Committee	Kamil Ömer Bozer	Chairman	Independent Member
	Sabri Metin Ar	Member	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 and the annual report with the real facts and the accounting principles followed by the company in 2018.

The working principles of the Corporate Governance have been announced in our Company's website; the Committee reviews the corporate governance practices and the Corporate Governance Principles Compliance Report, coordinates the activities of investor relations department and takes the related decisions.

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 in accordance with 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 informed of such risks. Detailed information on risk management is provided in the related section of the annual report.

5.5. Company's Strategic Goals

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

The Board of Directors reviews the progress of these goals and strategies presented during meetings held every quarter within the statutory periods in line with applicable laws.

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 the 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 Rights

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 30 March 2017; 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 were evaluated by the Corporate Governance Committee until 03 April 2017, and has been evaluated by the Nomination and Remuneration Committee as of 03 April 2017.

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. During the Annual Ordinary General Assembly Meeting of our Company, held on 26 March 2018, it was decided to pay a total of TL 20,000.- gross monthly wage, including TL 12,000.- per month to independent Board Members and TL 8,000.- for memberships in the committees formed pursuant to the Corporate Management Communiqué of the CMB.

There are no transactions likely to create conflicts of interest, such as lending of money or extension of credits to or issuance of guarantees by the Company 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 is operating in. Through effective risk management realized 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.

An effective corporate governance must rely on a strong control environment supporting the management activities and determining 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 2018 is TL 415.109,-.

CAPITAL MARKET INSTRUMENTS ISSUED IN 2018

Issue of Debt Instrument

The issuance certificate for issuance of debt instruments at the nominal amount of TL 210.000.000 (two hundred and ten million) in total to be provided by Boyner Retail and Textile Investments via private placement and/or sales to qualified investors, without public offering, was approved by the Capital Markets Board on 23 October 2017 under the number 165/BA-1275.

In 2018, our Company did not issue any debt instruments within our issuance limits.

Capital Increase

With the resolution no. 16 of 28.05.108 of the Board of Directors of Boyner Retail and Textile Investments, it was decided to;

- Increase TL 257,700,000.- issued capital by 155.22% to TL 657,000,000.- by completely subscribing in cash (through issuance of rights) within the registered capital cap of TL 1,000,000,000.- pursuant to the authority granted by article 6 of the Articles of Association of the Company,
- Issue all 40,000,000,000.- shares to bearer, each with 1 Kuru nominal value representing TL 400,000,000 increased capital, without any privilege, and not to restrict new share acquisition rights of shareholders,
- Allow current shareholders to exercise their rights to acquire new shares over TL 0.01 for each share with a nominal value of 1 Kuru (TL 0.01) (over TL 1 nominal value for a share with a nominal value of TL 1) pursuant to the authority granted to the Board of Directors of the Articles of Association of our Company,
- Pay the new share acquisition usage fees of our major shareholders Boyner Holding A.Ş. and Mayhoola for Investments LLC by means of settlement from their cash and outstanding claims from our Company.

An application was made to the Capital Market Board on 26 June 2018 with the request for approval of the prospectus pursuant to this resolution. The prospectus concerning our capital increase application in question was approved by the decision of the Capital Market Board no. 72/SA-1232 of 30 November 2018.

In exchange for the shares representing increased TL 400,000,000.00 capital, a total of TL 13,239,782.53 cash fund inflow was obtained, including TL 12,941,944.98 within the period for the exercise of new share acquisition rights (05.12.2018- 19.12.2018), and TL 297,837.55 from the sale of the remaining shares with TL 75,593.288 TL nominal value over the price formed on Primary Market of Borsa Istanbul A.S. for 2 business days between 21 and 24 December 2018. TL 386,982,471 of the debt rising from funds paid in cash by Mayhoola For Investments LLC and Boyner Holding A.Ş., shareholders of our Company, was set off with respect to their new share acquisition rights during this capital increase. Total fund amount obtained from the capital increase is TL 400,222,253.53, while the gross actual cash inflow obtained after debt offsetting is TL 13,239,782.53.

The amendment in article 6 "Capital of the Company" of the Articles of Association of our Company was registered by Istanbul Trade Registry Office on 8 January 2019.

LEGAL DISCLOSURES

Trade-Name	: Boyner Retail and Textile Investments
Address	: Eski Büyükdere Cad. Park Plaza No:14 Kat:15-16 Maslak-Sarıyer/ İSTANBUL
Trade Registry and No.	: Istanbul Trade Registry Office / 45451
Website Address	: www.boynerperakende.com, www.boynergrup.com
Registered Capital Cap	: TL 1,000,000,000
Issued Capital	: TL 657,700,000
BIST Code	: BRTI

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

An Extraordinary General Assembly was held during the year, on 1 May 2018, as the public offering procedure of Beymen Mağazacılık A.Ş., our subsidiary, 100% of the shares of which are held by us, was within the scope of major transaction pursuant to article 23 of the Capital Market Law.

Amendments made in the Articles of Association during the year

During the meeting of the Board of Directors of our Company no. 2 of 22.02.2018, it was decided to amend articles 6, 15 and 17 of the Articles of Association of our Company to increase the registered capital cap of our Company, which was TL 500,000,000-, to TL 1,000,000,000- and extend the registered capital cap validity period by determination as 2018-2022 in accordance with the provisions of the Registered Capital System Communiqué no. II-18.1 of the Capital Market Board (CMB), increase the maximum number of board members from 5 to 9 so that current situation is reflected, and to comply with the provision of the Article 390/4. of Turkish Commercial Code to make decisions of the board of directors by circulation.

The amendments in article 6 “Capital of the Company”, article 15 “Composition of the Board of Directors and Eligibility for Election”, and article 17 “Duties and Authorities of the Board Members” of the Articles of Association of our Company were approved in the Ordinary General Assembly meeting dated 26 March 2018, registered by Istanbul Trade Registry Office on 30 March 2018, and announced in Turkish Trade Registry Gazette no. 9552 of 5 April 2018. Texts of amendments in the articles of association are provided in the annual report for 2017.

The new form of article 6 entitled “Capital of the Company” as specified in our Company’s Articles of Association, indicating the increased capital amount of TL 657,700,000,000-, was registered on 08 January 2018 and published and announced in the TTRG no. 9744 dated 14 January 2019.

Subsidiary Report

Pursuant to article 199 of the Turkish Commercial Code no. 6102 enforced on 1 July 2012; the Board of Directors of Boyner Retail and Textile Investments 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 Retail and Textile Investments, it is stated that “We have concluded that in all transactions of Boyner Retail and Textile Investments with its controlling shareholder as well as the subsidiaries

of its controlling shareholder in 2018, 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 2018 – 31 December 2018.

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 2018; and there is no significant official notification served to us.

Statement on Shareholder’s Equity

Pursuant to the resolution of the Capital Market Board no. 11/352 of 10 April 2014, second and third paragraphs of Article 376 of Turkish Commercial Code (TCC), and the “Communiqué on Principles and Procedures for Implementation of Article 376 of Turkish Commercial Code no. 6102”, published in the Official Gazette dated 15.09.2018; according to the consolidated financial statements for 2018, prepared within the scope of the Communiqué no. II - 14.1 of the Capital Market Board, it was determined that two thirds of the total amount of capital and legal reserve is without provision in accordance with paragraph 2 of article 376 of TCC with the level of equity amounting to TL 189 million, when exchange difference losses arising from unpaid foreign currency liabilities are not taken into consideration. The Company’s Board of Directors decided for preparation of a balance sheet as per 376 of the TCC pursuant to the CMB’s resolution no. 11/352 dated 10 April 2014.

The related explanation is provided in the footnote 2.1 to our financial statements for the period of 01 January 2018 – 31 December 2018.

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 2018 – 31 December 2018.

AGENDA FOR THE ORDINARY GENERAL ASSEMBLY MEETING FOR 2018

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 2018 as prepared by the Board of Directors;
3. The presentation of the Summary of the Independent Audit Report for the year 2018;
4. The presentation for discussion and approval of the financial statements of the Company for the year 2018;
5. Release of each member of the Board of Directors from liability for the affairs of the Company for the year 2018;
6. Determination of the number and terms of office of the Board Members, election according to the determined number of members, election of Independent Board Members,
7. Approval, approval with modifications, or rejection of the Board of Directors' proposal on distribution of profits for the year 2018 within the scope of Company's Dividend Policy;
8. In accordance with the Corporate Governance Principles, the presentation to the Shareholders and approval by the General Assembly of the "Remuneration Policy" for the Members of the Board of Directors and Senior Executives and the payments made thereof;
9. Resolution of the monthly gross salaries to be paid to the Members of the Board of Directors;
10. 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;
11. Presentation to the shareholders, of the donations and grants made by the Company in 2018, and resolution of an upper limit for donations and grants for the year 2019;
12. In accordance with the Capital Markets Board regulations, presentation to the shareholders of the securities, pledges and mortgages granted in favour of third parties in the year 2018 and of any benefits or income thereof;
13. 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 2018 pursuant to the "Corporate Governance Communiqué" of the Capital Markets Board.

Place of Meeting : Büyükdere Caddesi USO Center Binası No:245/A KAT:B01-Z02

Maslak Şişli İstanbul

Meeting Date : 28 March 2019 Thursday

Meeting Time : 11:00

ANNEXES: 1. INDEPENDENCE DECLARATIONS OF INDEPENDENT MEMBERS

Resumés of board member candidates and their duties in other companies are presented in pages 16, 17 and 140.

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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;

- 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 sıhrı 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 **Tayfun Bayazıt**

İMZA

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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

İmza: Sabri Metin Ar

28/ 2 / 2019

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

İmza: K. Ömer Bozdağ

2. DIVIDEND
DISTRIBUTION
PROPOSAL AND
STATEMENT FOR
2018

The financial statements for the period of 01 January 2018 – 31 December 2018 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 673,554,788.- (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 706,698,978.32,-; therefore, it is resolved that the issue of non-distribution of dividends and the addition of the amount of TL 706,698,978.32,- to the accumulated losses from the previous years and the enclosed Dividend Distribution Table for 2018 be presented to the General Assembly for approval. Dividend Distribution Table for 2018 is given below.

BOYNER RETAIL AND TEXTILE INVESTMENTS DIVIDEND DISTRIBUTION STATEMENT FOR 2018 (TL)						
1	Issued Capital		657,700,000			
2	General Legal Reserves (According to legal records)		31,307,168.01			
	Information on privileges in dividend distribution pursuant to the Articles of Association, if any		NONE			
		Pursuant to CMB	Pursuant to Legal Records (LR)			
3	Profit/Loss of Period (1)	-637,303,250	-706,698,978.32			
4	Taxes (+/-) (2)	-34,356,051	-			
	Consolidated, Uncontrollable Equity of Participations (-)	1,895,487				
5	Net Profit/Loss of Period (=) (3)	-673,554,788	-706,698,978.32			
6	Prior Years' Losses (-)	-	-			
7	General Legal Reserves (-)	-	-			
8	NET DISTRIBUTABLE PROFIT/LOSS FOR THE PERIOD (=)	-673,554,788				
9	Donations made within the year (+)	415,109				
10	Net Distributable Profit/Loss of the Period including Donations	-673,139,679				
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						
INFORMATION ON DIVIDEND 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 TRY 1	
		CASH (TL)	FREE OF CHARGE (TL)	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 Tax Expense for the Period.” And “Deferred Tax Income.”
3- Net period loss attributable to the parent company.

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

BOYNER RETAIL AND TEXTILE INVESTMENTS REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE MEMBERS AND SENIOR-LEVEL MANAGERS

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.
- 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.
- 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.
- 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.
 - 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.
 - The fixed remunerations are determined depending on the fields of responsibility of the members of the Board of Directors, members of 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, members of 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, at the end of each period, the achievements of financial and operational targets (market share, exports, foreign operations, efficiency, etc.) set out for the company in the beginning of every year. The main principles taken into account while determining the Company's 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 Retail 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.

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.



INDEPENDENT AUDITOR'S REPORT ON ANNUAL REPORT

p.156-159

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

To the General Assembly of Boyner Perakende ve Tekstil Yatırımları A.Ş.

1. Opinion

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 1 January - 31 December 2018 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 27 February 2019 on the full set consolidated financial statements for the 1 January - 31 December 2018 period.



4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 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") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
 - events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.



5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.


Gökhan Yüksel, SMMM
Partner

Istanbul, 6 March 2019



INDEPENDENT AUDITOR'S REPORT & FINANCIAL STATEMENTS

p.160-248



CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of
Boyner Perakende ve Tekstil Yatırımları A.Ş.

A. Audit of Consolidated Financial Statements

1. Opinion

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 2018 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 year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
<p>Impairment tests of indefinite-life intangible assets</p> <p>The consolidated financial statements as of and for the year ending 31 December 2018 include brands and goodwill under intangible assets, with carrying values of TRY 473.224.395 and TRY 797.708.560, respectively. These indefinite-life intangible assets should be tested for impairment annually, as required by TFRS.</p> <p>Goodwill and brands are material to the consolidated financial statements. In addition, significant judgements and estimates are used in the impairment tests performed by management. For goodwill and brand impairment tests, these are earnings before interest, tax, depreciation and amortization growth forecasts, long-term growth rates and discount rates. In addition, rates used in the relief from royalty method for the brand impairment tests are also key estimates. The outcome of such estimates is very sensitive to changes in market conditions. Therefore, these impairment tests are key matters for our audit.</p> <p>Please refer to notes 2.7, 2.8 and 16 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.</p>	<p>We performed the following procedures in relation to the impairment tests of goodwill and brands:</p> <ul style="list-style-type: none"> Evaluating the appropriateness of the Cash Generating Units ("CGUs") determined by management, Evaluating management's forecasts and future plans in the light of macroeconomic data, Assessing reasonableness of forecasted cash flows for each CGU by comparing them against their historical financial performance, Through involvement of our internal valuation experts, assessing and challenging key assumptions, including long term growth rates, discount rates and royalty rates and benchmarking these against rates used in the relevant industries, Testing the setup of the discounted cash flow models and their mathematical accuracy, Testing management's sensitivity analysis for key assumptions, Testing the disclosures in the consolidated financial statements in relation to the impairment tests of indefinite-life intangible assets, and evaluating the adequacy of such disclosures for TFRS' requirements. <p>We had no material findings related to the impairment tests of indefinite-life intangible assets as a result of these procedures.</p>



3. Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matter
<p>Provision for the impairment of inventories</p> <p>Inventories amounting to TRY 1.458.396.015 constitute a significant portion of the consolidated assets of the Group as of 31 December 2018. Main portion of these inventories are related to the ready to wear inventories for sale and they carry a risk of diminution in value due to changing fashion trends and macroeconomic developments. Determining the provision for such diminution in value involves judgements and estimates. These judgments and estimates include evaluation of the slow moving inventories due to various reasons such as changing customer demands and seasons and evaluation of the provision for non-moving, obsolete and damaged inventories.</p> <p>Therefore, the provision for the impairment of inventories is a key matter for our audit.</p> <p>Please refer to notes 2.7, 2.8 and 12 to the consolidated financial statements for the Group's disclosures on this provision, including the related accounting policy.</p>	<p>Procedures performed to ensure the adequacy of the provision for the diminution of the value of inventories are as follows:</p> <ul style="list-style-type: none"> • Understanding and evaluating the reasonableness of the provisioning policy and the assessment of its compliance with TFRS, • Inquiry with the Group management about the impairment assessment performed in accordance with the changing customer demands and fashion trends, and analysis of risk factors determined by the management, • Understanding of business processes and internal controls related to inventories for sale, test of the design and effectiveness of key controls related to the calculation of provision for the impairment of inventories, • Observation of obsolete and damaged inventories during cycle counts of stores and inventory counts of warehouses performed by the Management, • Evaluation of the adequacy of the provision recognized in the current period in comparison to the write downs realized in the prior period, • Testing of mathematical accuracy of aging reports which are used for the calculation of the provision for the impairment of inventories, reconciliation of the reports with trial balance and assessment of the provision provided by analytical procedures, • Testing, on a sample basis, the net selling prices used in the calculation for the net realizable value of inventories, • Testing the mathematical accuracy of calculations. <p>We had no material findings related to the provision for the impairment of inventories as a result of these procedures.</p>



3. Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matter
<p>Going concern basis</p> <p>The consolidated financial statements have been prepared assuming that the Group will continue as a going concern on the basis that it will be able to realize its assets and discharge its liabilities in the normal course of business.</p> <p>As of 31 December 2018, the total current liabilities of the Group exceed its total current assets by TRY 908.886.461. In addition, consolidated net loss for the period ended 31 December 2018 is amounting to TRY 673.554.788, total equity is amounting to negative TRY 255.263.151 and based on the evaluation performed in accordance with Article 376 of the Turkish Commercial Code and "Communiqué related to Procedures and Principles for the Application of TCC 376 of Law numbered 6102" dated 15 September 2018, two out of three of the Group's capital and legal reserves are uncovered due to the current period loss. The management of the Group takes precautions to improve current situation.</p> <p>Appropriateness of going concern basis used by the Group management for the preparation of consolidated financial statements and as a result the assessment of the Group's ability to continue as a going concern basis is a key audit matter for our audit.</p> <p>Please refer to note 2.1 for the Group's disclosures on the going concern assumption.</p>	<p>We performed the following procedures in relation to going concern assumption:</p> <ul style="list-style-type: none"> • Inquiry with the Group management to understand their plans of the entity's ability to continue as a going concern, • Evaluating management's plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances, • Evaluating management's cash flow forecasts whether there is adequate support for the assumptions underlying these forecasts and obtaining written representations from Group management regarding their plans for future action and the feasibility of these plans for the next year, • Testing the existence, legality and enforceability of agreements to maintain financial support with third parties, • Testing of debt covenants of the Group based on the loan agreements to determine whether any have been breached, • Obtaining written confirmation from the parents of the Group about their intention to fully support the Group financially and operationally in the next one year, • Obtaining lawyer letters from the legal counsels of the Group about the litigations that the Group is a party to and evaluating the existence of litigations that may affect the assessment of the management, • Performing audit procedures as of the date of this report regarding subsequent events to identify those that either mitigate or otherwise affect the entity's ability to continue as a going concern, • Evaluating the appropriateness and the adequacy of disclosures in relation to the events and conditions that may cast doubt on the Group's ability to continue as a going concern and their plans assessing these events and conditions. <p>We had no material findings related to the use of going concern basis by the Group management while preparing the consolidated financial statements.</p>



4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit 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 Group's internal control.



5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2018 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 27 February 2019.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

Istanbul, 27 February 2019

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2018

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 2018
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT

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	Notes	Audited 31 December 2018	Audited 31 December 2017
ASSETS			
Current assets		2.333.916.509	2.252.346.162
Cash and cash equivalents	5	290.359.771	356.896.837
Trade receivables		313.033.215	366.257.607
- Trade receivables from related parties	10 ve 31	74.327.362	54.202.835
- Trade receivables from third parties	10	238.705.853	312.054.772
Other receivables		14.027.366	16.021.620
- Other receivables from related parties	11 ve 31	500.000	4.057.556
- Other receivables from third parties	11	13.527.366	11.964.064
Inventories	12	1.458.396.015	1.256.687.460
Prepaid expenses		70.799.358	51.173.196
- Prepaid expenses to third parties	13	70.799.358	51.173.196
Derivative instruments		28.839.051	52.226.406
- Derivative instruments used for hedging	8	28.839.051	52.226.406
Other current assets		158.461.733	145.078.558
- Other current assets from related parties	20	158.461.733	145.078.558
Current assets for sale	6	-	8.004.478
Non-current assets		2.223.023.530	2.314.146.981
Financial investments	6	-	104.891
Trade receivables		2.469.768	6.511.521
- Trade receivables from third parties	10	2.469.768	6.511.521
Other receivables		3.673.475	1.887.594
- Other receivables from third parties	11	3.673.475	1.887.594
Investments accounted for using the equity method	6	2.073.336	2.001.302
Investment properties	14	28.460.000	34.265.000
Property and equipment	15	423.368.802	410.252.415
- Lands		48.883.306	48.883.306
- Land improvements		441.579	465.666
- Buildings		45.114.434	46.243.884
- Machinery and equipment		10.781.620	9.370.136
- Vehicles		268.905	77.314
- Furniture and fixtures		141.380.483	137.861.716
- Leasehold improvements		173.182.245	164.576.446
- Construction in progress		3.316.230	2.773.947
Intangible assets		1.617.818.249	1.645.958.668
- Goodwill	3	797.708.560	797.708.560
- Rights		2.761.126	375.167
- Brands		473.224.395	473.224.395
- Computer licenses		21.571.667	17.705.256
- Capitalized development costs		12.596.386	-
- Other intangible assets		309.956.115	356.945.290
Prepaid expenses		16.686.116	15.397.681
- Prepaid expenses to third parties	13	16.686.116	15.397.681
Deferred tax assets	29	40.031.128	33.232.448
Derivative instruments		84.679.186	160.082.567
- Derivative instruments used for hedging	8	84.679.186	160.082.567
Other non-current assets		3.763.470	4.452.894
- Other non-current assets from third parties	20	3.763.470	4.452.894
TOTAL ASSETS		4.556.940.039	4.566.493.143

The accompanying explanatory notes form an integral part of these consolidated financial statements.

	Notes	Audited 31 December 2018	Audited 31 December 2017
LIABILITIES			
Current liabilities		3.242.802.970	2.482.630.321
Short-term financial liabilities		80.142.157	162.455.889
Short term financial liabilities to third parties		80.142.157	162.455.889
- Bank borrowings	7	80.142.157	162.455.889
Current portion of long-term financial liabilities		755.689.119	574.540.507
Current portion of long term financial liabilities to third parties		755.689.119	574.540.507
- Bank borrowings	7	750.419.342	560.450.912
- Finance lease liabilities	7	5.269.777	14.089.595
Other financial liabilities		12.597.894	3.873.241
- Other financial liabilities	9	12.597.894	3.873.241
Trade payables		1.901.427.854	1.391.321.147
- Trade payables to related parties	10 ve 31	17.525.300	21.295.548
- Trade payables to third parties	10	1.883.902.554	1.370.025.599
Payables related to employee benefits	19	33.103.615	52.828.212
Other payables		14.028.177	6.247.885
- Other payables to related parties	11 ve 31	11.614.500	700.000
- Other payables to third parties	11	2.413.677	5.547.885
Deferred revenue		195.405.914	189.547.341
- Deferred revenue to third parties	13	195.405.914	189.547.341
Corporate tax payable	29	64.795.176	2.261.072
Short term provisions		94.275.039	73.662.930
- Short term provisions for employee benefits	17	33.394.407	22.510.807
- Other short term provisions	17	60.880.632	51.152.123
Other current liabilities		91.338.025	25.892.097
- Other current liabilities to third parties	20	91.338.025	25.892.097
Non-current liabilities		1.569.400.220	2.061.074.982
Long term financial liabilities		1.310.681.101	1.595.119.106
Long term financial liabilities to third parties		1.310.681.101	1.595.119.106
- Bank borrowings	7	1.309.533.625	1.591.629.705
- Finance lease liabilities	7	1.147.476	3.489.401
Trade payables		28.201.453	37.310.367
- Trade payables to third parties	10	28.201.453	37.310.367
Other payables		5.324.230	175.208.527
- Other payables to related parties	11 ve 31	-	175.000.000
- Other payables to third parties	11	5.324.230	208.527
Long term provisions		49.175.604	45.782.522
- Long term provisions for employee benefits	19	49.175.604	45.782.522
Deferred revenue		30.845.128	27.455.102
- Deferred revenue to third parties	13	30.845.128	27.455.102
Deferred tax liability	29	143.356.285	172.223.944
Other long term liabilities		1.816.419	7.975.414
- Other long term liabilities to third parties	20	1.816.419	7.975.414
TOTAL LIABILITIES		4.812.203.190	4.543.705.303

The accompanying explanatory notes form an integral part of these consolidated financial statements.

	Notes	Audited 31 December 2018	Audited 31 December 2017
EQUITY		(255.263.151)	22.787.840
Equity attributable to parent		(258.957.458)	20.766.494
Paid-in share capital	21	657700.000	257700.000
Adjustments to share capital	21	56.061.369	56.061.369
Share premium	21	787.677	565.433
Other comprehensive income/(expenses) not to be reclassified to profit or loss		(32.022.635)	(25.888.544)
- Gain/(loss) on revaluation and re-measurement	21	5.594.968	8.392.742
- Actuarial gain/(loss) arising from employee benefits		(37.617.603)	(34.281.286)
Other comprehensive income/(expenses) to be reclassified to profit or loss		(812.607)	(873.116)
- Currency translation differences		(812.607)	(873.116)
Impact of business combinations of entities	21	(316.555.195)	(316.555.195)
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		15.987.614	310.957.323
Net loss for the period		(673.554.788)	(294.651.883)
Non-controlling interest		3.694.307	2.021.346
TOTAL LIABILITIES		4.556.940.039	4.566.493.143

The accompanying explanatory notes form an integral part of these consolidated financial statements.

	Notes	Audited 31 December 2018	Audited 31 December 2017
INCOME OR LOSS			
Revenue	22	5.400.598.817	4.230.282.696
Cost of sales (-)	22	(3.060.497.110)	(2.487.015.111)
GROSS PROFIT		2.340.101.707	1.743.267.585
Marketing expenses (-)	23	(1.538.967.127)	(1.263.483.543)
General administrative expenses (-)	23	(351.112.637)	(295.518.438)
Research and development expenses (-)	23	(14.729.114)	(3.031.743)
Other operating income	25	329.946.826	198.268.911
Other operating expenses (-)	25	(349.916.833)	(187.838.462)
OPERATING PROFIT		415.322.822	191.664.310
Income from investing activities	26	3.518.649	1.034.443
Expenses from investing activities (-)	26	(8.814.648)	(959.009)
Share of profit of investments accounted for using the equity method	6	72.034	24.716
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSES		410.098.857	191.764.460
Financial income	27	332.163.492	200.220.187
Financial expenses (-)	28	(1.379.565.599)	(658.795.139)
LOSS BEFORE TAX FROM CONTINUED OPERATIONS		(637.303.250)	(266.810.492)
Corporate tax expense (-)	29	(68.309.553)	(26.004.519)
Deferred tax income/(loss)	29	33.953.502	(899.675)
LOSS FROM CONTINUED OPERATIONS		(671.659.301)	(293.714.686)
NET LOSS FOR THE PERIOD		(671.659.301)	(293.714.686)
Loss for the period attributable to			
Non-controlling interest		1.895.487	937.197
Equity holders of the parent		(673.554.788)	(294.651.883)
Loss per share			
Loss per share from continued operations	30	(2,56)	(2,49)
Loss per share from discontinued operations		-	-
OTHER COMPREHENSIVE LOSS			
Items not to be classified to profit or loss			
Actuarial losses arising from employee benefits	19	(4.170.396)	(8.058.226)
Deferred tax income	29	834.079	1.611.645
Items to be classified to profit or loss			
Currency translation differences		60.509	17.509
OTHER COMPREHENSIVE LOSS		(3.275.808)	(6.429.072)
TOTAL COMPREHENSIVE LOSS		(674.935.109)	(300.143.758)
Total comprehensive loss attributable to:			
Non-controlling interests		1.895.487	937.197
Equity holders of the parent		(676.830.596)	(301.080.955)

The accompanying explanatory notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in Turkish ("TRY") unless otherwise stated.)

	Impact of business combinations regarding common control actions											
	Paid in Share Capital	Share Premium	Adjustments to share capital	Currency translation differences	Revaluation reserve of property and equipment	Actuarial loss	Restricted reserves	Retained earnings	Net loss for the period	Equity attributable to the parent	Non controlling interest	Total equity
Balance at 1 January 2017	57,700,000	138,375,874	56,061,369	(804,504)	13,424,284	(27,834,705)	33,451,107	638,566,948	(471,103,162)	121,282,016	1,313,689	122,595,705
Transfers	-	(138,375,874)	-	-	(5,031,542)	-	-	(327,695,746)	471,103,162	-	-	-
Dividend payment	-	-	-	-	-	-	-	-	-	-	(229,540)	(229,540)
Total comprehensive loss	-	-	-	17,509	-	(6,446,581)	-	-	(294,651,883)	(301,080,955)	937,197	(300,143,758)
Capital increase (Note 2f)	200,000,000	565,433	-	-	-	-	-	-	-	200,565,433	-	200,565,433
Disposals of subsidiaries	-	-	-	(86,121)	-	-	-	86,121	-	-	-	-
Balance at 31 December 2017	257,700,000	565,433	56,061,369	(873,116)	8,392,742	(34,281,286)	33,451,107	310,957,323	(294,651,883)	20,766,494	2,021,346	22,787,840
Balance at 1 January 2018	257,700,000	565,433	56,061,369	(873,116)	8,392,742	(34,281,286)	33,451,107	310,957,323	(294,651,883)	20,766,494	2,021,346	22,787,840
Effects of restatements (Note 2.e)	-	-	-	-	-	-	-	(315,600)	-	(315,600)	-	(315,600)
Balance at 1 January 2018 (restated)	257,700,000	565,433	56,061,369	(873,116)	8,392,742	(34,281,286)	33,451,107	307,841,723	(294,651,883)	17,650,894	2,021,346	19,672,240
Transfers (Note 2f)	-	-	-	-	(2,797,774)	-	-	(291,854,109)	294,651,883	-	-	-
Dividend payment	-	-	-	-	-	-	-	-	-	-	(222,526)	(222,526)
Total comprehensive loss	-	-	-	60,509	-	(3,336,317)	-	-	(673,554,788)	(676,830,596)	1,895,487	(674,935,109)
Capital increase (Note 2f)	400,000,000	222,244	-	-	-	-	-	-	-	400,222,244	-	400,222,244
Balance at 31 December 2018	657,700,000	787,677	56,061,369	(872,607)	5,594,968	(37,617,603)	33,451,107	15,987,614	(673,554,788)	(258,957,458)	3,694,307	(255,263,151)

The accompanying explanatory notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2018	Audited 1 January - 31 December 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES		773.090.389	260.438.607
Net loss for the period		(671.659.301)	(293.714.686)
Loss from continuing operations		(671.659.301)	(293.714.686)
Adjustments to reconcile loss for the period		1.528.692.146	1.000.058.867
Depreciation and amortization expense	15 ve 16	142.052.905	133.849.241
Adjustments related to impairment		43.896.803	27.425.573
Adjustments related to impairment on receivables	10	23.568.404	21.71.200
Adjustments related to impairment on inventories	12	21.978.610	15.573.530
Adjustments related to impairment on investment properties	14	(2.070.000)	(1.270.000)
Adjustments related to other impairment		419.789	10.950.843
Adjustments related to provisions		73.450.938	74.467.478
Adjustments related to provisions for employment termination benefits		35.178.054	30.353.858
Adjustments related to provision for litigations	17	4.516.826	6.233.438
Adjustments related to other provisions		33.756.058	37.880.182
Adjustments related to interest income/(expenses)		471.597.002	382.963.396
Adjustments related to interest income	27	(20.000.808)	(29.391.740)
Adjustments related to interest expenses		535.106.004	419.798.200
Rediscount expense		4.307.629	7.116.288
Rediscount income		(47.815.823)	(14.559.352)
Adjustments related to unrealized gain/(loss) foreign currency differences		445.039.472	106.912.389
Adjustments related to fair value (gain)/loss		(65.553.691)	(83.065.940)
Adjustments related to fair value changes of derivative instruments	8	(65.553.691)	(83.065.940)
Adjustments related to the sale of non-current assets		1.250.580	(75.434)
Adjustments to loss/(gain) on sales of property and equipment	26	(332.186)	(75.434)
Adjustments to losses/(gains) arising from sales of intangible assets	26	(1.199.641)	-
Adjustments to gains/(losses) arising from sales of investment properties	26	2.782.407	-
Adjustments related to undistributed profits of investments accounted for using equity method	6	(72.034)	(24.716)
Adjustments related to undistributed profit of joint ventures		(72.034)	(24.716)
Adjustments related to tax (income)/losses	29	34.356.051	26.904.194
Adjustments for (income) expense caused by sale or changes in share of associates, joint ventures and financial investments		4.045.419	-
Other adjustments		378.628.701	330.702.686
Changes in net working capital		316.127.694	(53.106.617)
Adjustments related to decrease/(increase) in trade receivables		11.137.577	(27.069.573)
Decrease/(increase) in trade receivables from related parties		(22.104.980)	(23.259.234)
Decrease/(increase) in trade receivables from third parties		33.242.557	(3.810.339)
Adjustments related to decrease/(increase) in other receivables		(1.068.531)	5.128.359
Decrease/(increase) in other receivables from related parties		544.155	(544.155)
Decrease/(increase) in other receivables from third parties		(1.612.686)	5.672.514
Adjustments related to decrease/(increase) in inventories		(227.001.396)	(58.262.831)
Adjustments related to decrease/(increase) in prepaid expenses		(15.863.605)	(27.620.537)
Increase/(decrease) in prepaid expenses from third parties		(15.863.605)	(27.620.537)
Adjustments related to increase/(decrease) in trade payables		515.518.572	73.408.670
Increase/(decrease) in trade payables to related parties		(3.781.010)	4.578.269
Increase/(decrease) in trade payables to third parties		519.299.582	68.830.401
Adjustments related to increase/(decrease) in employee benefits payable		(19.724.597)	13.459.385
Adjustments related to increase/(decrease) in other payables		21.076	(65.651.893)
Increase/(decrease) in other payables to related parties		-	(34.492.000)
Increase/(decrease) in other payables to third parties		21.076	(31.159.893)
Adjustments related to increase/(decrease) in deferred income		6.515.416	23.364.563
Increase/(decrease) in deferred income to third parties		6.515.416	23.364.563
Adjustments related to increase/(decrease) in other working capital		46.593.182	10.137.240
Decrease/(increase) in other assets related to operations		(12.693.751)	(5.027.959)
Increase/(decrease) in other liabilities related to operations		59.286.933	15.165.199
Rent payments		(359.631.334)	(336.504.418)
Rent income		3.163.347	1.561.664
Employee termination benefits paid		(29.983.104)	(25.205.559)
Payments for other provisions	17	(794.212)	(2.467.853)
Other inflows (outflows) of cash		(56.778.847)	(30.182.791)

The accompanying explanatory notes form an integral part of these consolidated financial statements.

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017
(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2018	Audited 1 January - 31 December 2017
B . CASH FLOWS FROM INVESTING ACTIVITIES		(116.760.292)	(141.138.912)
Cash inflows from share sales or capital decrease of associates and/or joint ventures		4.063.950	-
Cash outflows from purchases of tangible and intangible assets		(127.757.787)	(145.548.505)
Purchases of property and equipment		(95.359.414)	(132.830.426)
Purchases of intangible assets	16	(32.398.373)	(12.718.079)
Proceeds from disposal of property, equipment and intangible assets		1.840.952	4.409.593
Proceeds from disposal of property, equipment		641.311	4.369.055
Proceeds from disposal of intangible assets		1.199.641	40.538
Proceeds from disposal of investment properties		5.092.593	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		(722.927.672)	49.945.796
Proceeds from issuing shares or other equity instruments	7	400.222.244	200.565.433
Proceeds from issues of shares	21	400.000.000	200.000.000
Proceed from issues of other equity instrument	21	222.244	565.433
Proceeds from borrowings	7	934.671.393	1.507.897.932
Proceeds from bank borrowings		837.283.407	1.446.702.054
Proceeds from factoring transactions		92.502.587	39.688.200
Proceeds from other financial liabilities		4.885.399	21.507.678
Payments of financial liabilities	7	(1.534.783.062)	(1.708.855.851)
Cash outflows due to payments of bank borrowings		(1.435.090.529)	(1.372.234.843)
Cash outflows due to payments of issued debt instruments		-	(110.000.000)
Cash outflows due to the payments of factoring liabilities		(83.777.934)	(211.472.358)
Cash outflows due to the payments of other financial liabilities payments		(15.914.599)	(15.148.650)
Cash inflows from derivative instruments	8	164.344.427	-
Dividends paid		(222.526)	(229.540)
Increase in other payables to related parties		-	417.751.120
Decrease in other payables to related parties		(161.071.670)	-
Interest paid	7	(546.089.286)	(396.575.038)
Interest received	7	20.000.808	29.391.740
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		(66.597.575)	169.245.491
D. EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		60.509	17.509
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(66.537.066)	169.263.000
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	356.896.837	187.633.837
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	290.359.771	356.896.837

The accompanying explanatory notes form an integral part of these consolidated financial statements.

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018
(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF ACTIVITIES

Boyner Perakende ve Tekstil Yatırımları A.Ş. (the “Company” or “Boyner 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 “Boyner 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 Company is jointly controlled by Boyner Holding and Mayhoola for Investment OPC (“Mayhoola”) as of 31 December 2018. The Company is registered to CMB and 15% of its shares offered to İstanbul Stock Exchange (“ISE”) for the first time in 1991.

İstanbul Portföy Yönetimi A.Ş., which acts for İstanbul Portföy Ark II Serbest Fon as seller, signed a share sale and purchase agreement with Mayhoola on 13 November 2018 and Mayhoola acquired the shares of the Company corresponding to a total nominal value of TRY 29.043.709 which is 11,27% of the capital on 15 November 2018. As a result of the transaction, share of the Company’s shareholders other than Mayhoola and Boyner Holding decreased to 3,25%.

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”), 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 2.7. The Company together with its consolidated subsidiaries will be referred to as the “Group” hereafter.

The Group owns retail space of 362.645 square meters (293.209 square meters of its own stores and 69.436 square meters of others) (31 December 2017: 371.879 square meters (298.999 square meters of its own stores, and 72.880 square meters of others) and operates in 385 stores (307 own stores and 78 other) (31 December 2017: 381 stores (294 own stores and 87 other)).

The consolidated financial statements as at and for the year ended 31 December 2018 have been approved and authorized for issue on 27 February 2019 by the Board of Directors, and signed by CFO 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 Financial Reporting Standards (“TFRS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”). TFRSs contains 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.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

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 TFRS. 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 2018, the total current liabilities of the Group exceed its total current assets by TRY 908.886.461 (31 December 2017: TRY 230.284.159). In addition, Group's equity is amounting to TRY 189 million when the unrealized foreign exchange loss of unpaid foreign currency denominated liabilities is not taken into consideration based on the assessment performed in accordance with TCC 376 and "Communiqué related to Procedures and Principles for the Application of TCC 376 of Law numbered 6102" dated 15 September 2018. Therefore, it has been concluded that two out of three of the Group's capital and legal reserves are uncovered due to the current period loss. The management of the Group started to work on the compliance of their legal requirements. In this context, in the meeting of Board of Directors held on 27 February 2018, it is decided to prepare proforma interim balance sheet based on the going concern assumption in accordance with TCC 376 due to the resolution of CMB dated 10 April 2014 and numbered 11/352. The Group management plans to increase its gross profit by increasing its retail revenue in 2019 and to reduce its costs through wholesale purchase and logistic efficiency plans. Additionally, the Group plans to improve its current account ratio by transforming its short term liabilities into long term liabilities positively by restructuring the payment plans of due loans in 2019. Nevertheless, the Group's shareholders continue to pursue financial and operational support to the Group.

2.2 New and amended international financial reporting standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2018. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

- a. Standards, amendments and interpretations applicable as at 31 December 2018:
- TFRS 9, "Financial instruments"; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 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 impact of these amendments on the financial position and performance of the Group has explained in Note 2.6.

- 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 impact of. these amendments on the financial position and performance of the Group has explained in Note 2.6.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and amended international financial reporting standards (Continued)

- a. Standards, amendments and interpretations applicable as at 31 December 2018: (Continued)
- 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 licences 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 impact of these amendments on the financial position and performance of the Group has explained in Note 2.6.

- Amendment to TMS 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. These amendments have no impact on the financial position and performance of the Group.

- 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. These amendments have no impact on the financial position and performance of the Group.

- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. The following amendments and 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,

- TAS 28, "Investments in associates and joint venture" regarding measuring an associate or joint venture at fair value.

- 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. These amendments have no impact on the financial position and performance of the Group.
- b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2018:
- Amendment to TFRS 9, "Financial instruments"; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39. These amendments are not expected to have a significant effect on the financial position and performance of the Group.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and amended international financial reporting standards (Continued)

2.2 New and amended international financial reporting standards (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2018: (Continued)

- Amendment to TAS 28, "Investments in associates and joint venture"; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9. These amendments are not expected to have a significant effect on the financial position and performance of the Group.
- TFRS 16, "Leases"; effective from annual periods beginning on or after 1 January 2019. This standard replaces the current guidance in TAS 17 and it will require lessees to recognize a lease liability reflecting future lease payments and a "right of use asset" for virtually all lease contracts including operating leases.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. As a result, all right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). As at the reporting date, the assessment of the Group related to the impacts of TFRS 16 on its consolidated financial statements continues. When the standard will be applied, Group's assets and liabilities in the consolidated financial statements will increase by the amount of right of use asset and lease liability respectively. When we compare the impact of rent payments which were accounted by straigh line basis in accordance with the existing standard, the total of amortization of right of use asset and interest expense of financial liabilities will affect the income statement more in the first years but the impact on net income will decrease in the following years. In addition, operating cash flows will decrease and financing cash flows increase as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

- TFRIC 23, "Uncertainty over income tax treatments"; effective from annual periods beginning on or after 1 January 2019. This TFRIC clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 "Provisions, contingent liabilities and contingent assets", applies to accounting for uncertain income tax treatments. TFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. TFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. These amendments are not expected to have a significant effect on the financial position and performance of the Group.
- Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. The following amendments and improvements are not expected to have a significant effect on the financial position and performance of the Group:
 - TFRS 3, "Business combinations", - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - TFRS 11, "Joint arrangements", - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - TAS 12, "Income taxes" - a company accounts for all income tax consequences of dividend payments in the same way.
 - TAS 23, "Borrowing costs" - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2018: (Continued)

- Amendments to IAS 19, "Employee benefits" on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.
- Amendments to TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, "Presentation of financial statements",and TAS 8, "Accounting policies, changes in accounting estimates and errors", and consequential amendments to other TFRSs:
 - use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
 - clarify the explanation of the definition of material; and
 - incorporate some of the guidance in TAS 1 about immaterial information.
- Amendments to TFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the UMSK, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. These amendments and improvements are not expected to have a significant effect on the financial position and performance of the Group.

2.3 Compliance with TFRS

2.3 Compliance with TFRS

The Group prepared its consolidated financial statements as of 31 December 2018 in accordance with Communiqué Serial II, No: 141 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

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 BOYP 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 2018		31 December 2017	
	Period End	Period Average	Period End	Period Average
USD	5,2609	4,8134	3,7719	3,6444
EUR	6,0280	5,6626	4,5155	4,1158

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.

Interest income amounting to TRY 27480.528 is netted off from interest expense in the statement of profit or loss and other comprehensive income for the period ended 31 December 2017.

2.6 Changes and Errors in Accounting Policies and Estimates

Any change in the accounting policies resulted from the first time adoption of a new TFRS is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

The Group has applied the new standards, amendments and interpretations, accounting policy changes arising from the transition to TFRS 15 "Revenue from Customer Contracts" and TFRS 9 "Financial Instruments" effective from 1 January 2018 in accordance with the related transition requirements.

The changes in accounting policies related to new standards and the effects of transition are as follows:

TFRS 9 "Financial instruments"

Financial investments

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified, as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of no significant finance component. In accordance with this method, if no provision provided to the trade receivables because of a specific events, Group measures expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6 Changes and Errors in Accounting Policies and Estimates (Continued)

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and/or for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments consist of currency swaps.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. When the financial assets carried at fair value through other comprehensive income are sold fair value gain or loss classified in other comprehensive income is classified to retained earnings.

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. In accordance with TFRS 9, if no provision provided to the trade receivables because of a specific events, Group measures expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications. Change in the provision for expected credit loss is recognized in other operating income/(expense).

Transition to TFRS 9 "Financial instruments"

Group has applied TFRS 9 "Financial instruments", which has replaced TAS 39 on the transition date, 1 January 2018. The amendments include the classification and measurement of financial assets and liabilities and the expected credit risk model, which will replace incurred credit risk model. Effect of transition is accounted based on the simplified approach. In accordance with this method, Group recorded the cumulative effect related to the transition of TFRS 9 in retained earnings on the first application date. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with TAS 39.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6 Changes and Errors in Accounting Policies and Estimates (Continued)

Changes related to the classification of financial assets and liabilities are as follows and these changes in the classification do not result in changes in measurement of assets:

Financial assets	Original classification under TAS 39	New classification under TFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative instruments	Fair value through statement of profit or loss	Fair value through statement of profit or loss

Financial liabilities	Original classification under TAS 39	New classification under TFRS 9
Borrowings	Amortized cost	Amortized cost
Financial lease liabilities	Amortized cost	Amortized cost
Factoring liabilities (*)	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost

* Factoring liabilities classified in short term financial liabilities are related to the receivable collected by "with recourse" factoring activities and classified as financial assets and liabilities accounted at amortized cost based on the business model of the Group.

Revenue recognition

The Group recognizes revenue when specific criteria have been met for each of the Group’s activities.

TFRS 15 “Revenue from contracts with customers”

Sales 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 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. The Group started to defer its revenue related to the discount coupons given to customers as part of its campaign activities and record deferred revenue in the balance sheet.

Sales of goods - wholesale

The Group manufactures and sells a range of textile and ready wear products in the wholesale market. Sales of goods are recognized when the control of the products is transferred to the buyer and there is no unfulfilled obligation that could affect the wholesaler’s acceptance of the products.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6 Changes and Errors in Accounting Policies and Estimates (Continued)

Sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer all the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods is only recognized if no significant possible return is expected. Return obligation is recognized based on the aggregated sales discounts paid to customers with respect to sales made until the end of the reporting period. Sales are made with the short term maturities without any financing component. The Group used accumulated experience to estimate provisions for sales returns and discounts and recognized related provisions in the consolidated financial statements.

Online sales

Revenue of online sales is recognized when the Group has transferred to the buyer all the significant risks and rewards of ownership of the goods, it is probable that the economic benefits associated with the transaction will flow to the entity, there is no continuing managerial involvement over the goods sold and the amount of revenue can be measured reliably. Transactions are performed via debit cards and credit cards. The discount is recognized by deducting from the revenue as soon as the revenue is recognized when a discount is probable and the amount can be measured reliably.

It is the Group’s policy to sell its products to the customers with a right to return within the time limit. The Group accounted for return accrual based on historical experience in its consolidated financial statements.

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.

Transition to TFRS 15 “Revenue from contracts with customers”

In accordance with the transition of TFRS 15 “Revenue from contracts with customers” which has replaced TAS 18, Group started to defer its revenue related to the discount coupons given to customers as part of its campaign activities and record deferred revenue in the balance sheet.

Effect of transition is accounted based on the simplified approach. In accordance with this method, Group recorded the cumulative effect related to the transition of TFRS 15 in retained earnings on the first application date. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with TAS 18.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.6 Changes and Errors in Accounting Policies and Estimates (Continued)

The effects of TFRS 9 and TFRS 15 on the consolidated financial statements as of 1 January 2018 are as follows:

	2018
Retained earnings - 1 January - calculated in accordance with TMS 39 and TMS 18	310.957.323
Deferred revenue – discount cheques given	(2.733.182)
Deferred revenue – discount cheques given	(1.261.176)
Tax effect	878.758
Adjustments related to the changes in accounting policies	(3.115.600)
Retained earnings - 1 January - calculated in accordance with TFRS 9 and TFRS 15	307.841.723

2.7 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, AYTK, Nişantaşı Turistik İşletmeleri A.Ş. ("Nişantaşı Turistik"), İzkar, Beymen İç ve Dış Ticaret A.Ş. ("Beymen İç ve Dış"), A&Y LLC, Alticom ve Altinyıldız Corporation for the period ended at 31 December 2018. 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.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

Principles of consolidation (Continued)

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 2018 and 2017.

Subsidiary	Country registration	Nature of Business	31 December 2018 Effective Ownership (%)	31 December 2017 Effective Ownership (%)
AY Marka	Turkey	Retail operations	100,00	100,00
BBM	Turkey	Retail operations	100,00	100,00
Beymen	Turkey	Retail operations	100,00	100,00
		Sale and marketing of textile products		
AYTK	Turkey	Real estate development	100,00	100,00
BOYP Corporation	ABD	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	74,60	74,60
Beymen İç ve Dış Ticaret	Turkey	Export-Import	100,00	100,00

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 net off against the related shareholders’ equity. Intercompany transactions and balances between the Company and its Subsidiaries are net off during the consolidation. The cost of, and the dividends arising from, shares held by the Group in its subsidiaries are net off from shareholders’ equity and comprehensive 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.

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.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

2.7 Summary of significant accounting policies (Continued)

Principles of consolidation (Continued)

Revenue recognition

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 Group recognizes revenue when specific criteria have been met for each of the Group's activities.

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.

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. The Group started to defer its revenue related to the discount coupons given to customers as part of its campaign activities and record deferred revenue in the balance sheet.

The associates and joint ventures accounted for using the equity method and the rates of effective ownership as of 31 December 2018 and 2017 are as follows:

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

Subsidiary	Country of registration	Nature of business	31 December 2018 Effective Ownership (%)	31 December 2017 Effective Ownership (%)
Christian Dior İstanbul Mağazacılık A.Ş. ("Christian Dior") (*)	Turkey	Commerce	-	49,00
Christian Louboutin Mağazacılık A.Ş. ("Christian Louboutin")	Turkey	Commerce	30,00	30,00

(*) The subsidiary contract between Beymen and Christian Dior has been ended as of 2 January 2018, the Group sold its shares of Christian Dior with the amount of EUR 900.000 which is TRY 4.063.950.

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 TFRS 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 2.8).

Sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer all the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods is only recognized if no significant possible return is expected. Return obligation is recognized based on the aggregated sales discounts paid to customers with respect to sales made until the end of the reporting period. Sales are made with the short term maturities without any financing component. The Group used accumulated experience to estimate provisions for sales returns and discounts and recognized related provisions in the consolidated financial statements.

Online sales

Revenue of online sales is recognized when the Group has transferred to the buyer all the significant risks and rewards of ownership of the goods, it is probable that the economic benefits associated with the transaction will flow to the entity, there is no continuing managerial involvement over the goods sold and the amount of revenue can be measured reliably. Transactions are performed via debit cards and credit cards. The discount is recognized by deducting from the revenue as soon as the revenue is recognized when a discount is probable and the amount can be measured reliably.

It is the Group's policy to sell its products to the customers with a right to return within the time limit. The Group accounted for return accrual based on historical experience in its consolidated financial statements.

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 net off from rent revenues as they are not rent incentives for acquisition of new contracts.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

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 include 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. The Group performed the impairment assessment of expected credit loss for cash and cash equivalents based on the past experience and future expectations of the Group.

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. In accordance with TFRS 9, if no provision provided to the trade receivables because of a specific events, Group measures expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications. Change in the provision for expected credit loss is recognized in other operating income/(expense).

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.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

Investment properties (Continued)

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, machinery 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.

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 revolution and re-measurement fund classified under equity is transferred to retained earnings when the assets carried at fair value are sold.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

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.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

Intangible assets (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 and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified, as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if no provision provided to the trade receivables because of a specific events, Group measures expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

Financial investments (Continued)

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and/or for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments consist of currency swaps.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. When the financial assets carried at fair value through other comprehensive income are sold fair value gain or loss classified in other comprehensive income is classified to retained earnings.

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.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

Financial investments (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.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

2.7 Summary of significant accounting policies (Continued)

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.

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.

Taxes (Continued)

Current and deferred tax (Continued)

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 e 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.

Unused vacation rights

Unused vacation rights accrued in the consolidated financial statements represents total provision for 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.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.7 Summary of significant accounting policies (Continued)

Store decoration support incomes and shopping center participation fees

The Group receives store decoration support income from lessors for the stores opened and shopping mall participation fees for opening stores in the shopping malls. The store decoration support income is recognized as deferred income on the day of collection and recognized as income during the rental period. The shopping center participation fees paid for opening the stores in the shopping malls are recognized as deferred income on the day of collection and recognized as other income on the day of the actual opening of the store.

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)

2.8 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 2.7, 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 2018 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 2.7, 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 8% growth projection and a discount rate of 24% 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 24%, 25% or 23%). the fair value as at 31 December 2018 would decrease by TRY 168 million and increase by TRY 191 million.

The Group has calculated the discounted cash flows based on the revenue plans for five years with 8% growth projection and a discount rate of 24% 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 24%, 25% or 23%), the fair value as at 31 December 2018 would decrease by TRY 163 million and increase by TRY 185 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 2018.

iii) Provision for net realizable value of inventories

As explained in Note 2.7, 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).

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.8 Significant accounting estimations (Continued)

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.

31 December 2018	Expert Report date	Valuation method	Discount rate	Capitalization ratio	Comparison of m² value (TRY)
Unkapanı Shop ^(a)	06.08.2013	Comparison	-	-	1.400
Istwest Shop ^(b)	28.01.2019	Comparison	-	-	-
31 December 2017					
Unkapanı Shop ^(a)	06.08.2013	Comparison	-	-	1.400
Istwest Shop ^(b)	29.12.2017	Comparison	-	-	-

- a) Shop located in İstanbul, Fatih with a floor space of 125 m2 is classified is investment property as of 31 December 2018 and 2017, 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) On 28 January 2018, Istwest stores were revalued by comparable method by Elit Gayrimenkul Değerleme A.Ş and the fair value of 10 re-valued stores was determined as TRY 28.285.000. As at 31 December 2018, TRY 2.070.000 of fair value change is accounted under other income from main operations in the income statement (Note 14 and 25).
- On 29 December 2017, Istwest stores were revalued by comparable method by Elit Gayrimenkul Değerleme A.Ş and the fair value of 14 re-valued stores was determined as TRY 34.090.000. As at 31 December 2017, TRY 1.270.000 of fair value change is accounted under other income from main operations in the income statement (Note 14 and 25).

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.8 Significant accounting estimations (Continued)

v) 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.

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 - GOODWILL

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. As of 31 December 2018 and 31 December 2017, the breakdown of goodwill is as follows:

	31 December 2018	31 December 2017
Beymen share purchase	452.982.078	452.982.078
BBM share purchase	343.147.354	343.147.354
İzkar share purchase	1.579.128	1.579.128
	797.708.560	797.708.560

As a result of goodwill impairment test by using the assumptions which had been explained Note 2.8 as of 31 December 2018, no impairment has been identified.

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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 2018 and 2017 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".

The segment analysis for the period ended 31 December 2018 is as follows

1 January - 31 December 2018	Retail Operations	Textile	Undistributed	Elimination	Total
Revenue	5.240.275.845	240.083.680	34.485.978	(114.246.686)	5.400.598.817
Gross profit	2.297.938.154	43.552.978	27.954.194	(29.343.619)	2.340.101.707
Investment expenditures (based on balance sheet)	108.485.441	4.465.584	15.038.081	-	127.989.106
Depreciation and amortization expenses	100.996.466	4.018.541	37.037.898	-	142.052.905
Net profit/(loss)	188.959.509	(48.056.825)	(779.876.022)	(32.685.963)	(671.659.301)

1 January - 31 December 2018	Retail Operations	Textile	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	4.218.644.234	304.574.468	2.126.895.654	(2.093.174.317)	4.556.940.039
Total assets	4.218.644.234	304.574.468	2.126.895.654	(2.093.174.317)	4.556.940.039
Segment liabilities	3.682.440.388	188.557.947	2.494.187.522	(1.552.982.667)	4.812.203.190
Total liabilities	3.682.440.388	188.557.947	2.494.187.522	(1.552.982.667)	4.812.203.190

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NOTE 4 - SEGMENT REPORTING (Continued)

The segment analysis for the period ended 31 December 2017 is as follows

1 January - 31 December 2017	Retail Operations	Textile	Undistributed	Elimination	Total
Revenue	4.083.919.766	203.397.938	46.188.543	(103.223.551)	4.230.282.696
Gross profit	1.708.116.517	30.870.012	31.803.381	(27.522.325)	1.743.267.585
Investment expenditures (based on balance sheet)	163.841.507	4.826.332	1.854.127	(24.973.461)	145.548.505
Depreciation and amortization expenses	88.009.361	4.372.808	41.467.072	-	133.849.241
Net profit/(loss)	107.413.402	(35.560.864)	(123.699.640)	(241.867.584)	(293.714.686)

1 January - 31 December 2017	Retail Operations	Textile	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	3.303.113.346	327.421.065	2.252.233.517	(1.316.274.785)	4.566.493.143
Total assets	3.303.113.346	327.421.065	2.252.233.517	(1.316.274.785)	4.566.493.143
Segment liabilities	2.950.014.064	158.394.552	2.217.429.003	(782.132.316)	4.543.705.303
Total liabilities	2.950.014.064	158.394.552	2.217.429.003	(782.132.316)	4.543.705.303

The reconciliation of EBITDA as of 31 December 2018 and 2017 is as follows:

	1 January - 31 December 2018	1 January - 31 December 2017
Revenue	5.400.598.817	4.230.282.696
Gross profit	2.340.101.707	1.743.267.585
EBITDA	552.151.762	325.613.701
Adjustments:		
Reclassification in accordance with the format recommended by CMB	82.210.383	26.347.325
Foreign currency gains	(61.044.304)	(30.968.203)
Rediscount income	(109.919.885)	(61.569.873)
Term difference income	(58.418.007)	(27.491.105)
Foreign currency losses	136.914.917	47.135.139
Term difference expenses	108.213.403	63.161.660
Rediscount expense	66.464.259	36.079.707
Non-recurring (income)/expenses, per Group Management, net (*)	27.233.426	35.309.838
Other non-recurring operational expenses	27.233.426	35.309.838
Adjusted EBITDA (*)	661.595.571	387.270.864

* 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 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Cash	6.129.828	10.973.283
Banks (*)	245.130.896	284.693.198
- Time deposit (**)	160.487.957	194.206.123
- Demand deposit	84.642.939	90.487.075
Credit card receivables (***)	34.431.920	54.783.401
Cheques given for collection	4.667.127	6.446.955
	290.359.771	356.896.837

(*) The Group has restricted cash amounting to TRY 81.929.844 as of 31 December 2018 (31 December 2017: TRY 93.880.520).
(**) The time deposits of the Group which consist of overnights, have interest rate of 21,72% in average as of 31 December 2018 (31 December 2017: 14,10%).
(***) As of 31 December 2018, there is no pledge on the credit card receivables of the Group (31 December 2017: TRY 18.630.158).

The total insurance coverage on cash and cash equivalents is amounting to TRY 75.400.000 as of 31 December 2018 (31 December 2017: TRY 75.400.000).

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 2018 and 2017 are as follows:

	31 December 2018		31 December 2017	
	Associates ratio (%)	Amount	Associates ratio (%)	Amount
Doğu Yatırım Holding A.Ş.	-	-	<1	104.891
Nile Bosphorus (*)	-	-	33,33	5.472.508
Impairment for financial assets (-) (*)		-		(5.472.508)
Total		-		104.891

(*) The Group made a provision for the investment since its fair value cannot be measured reliably and there are indicators of impairment related to this investment.

NOTE 6 - FINANCIAL ASSETS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

	31 December 2018		31 December 2017	
	Effective ownership ratio (%)	Amount	Effective ownership ratio (%)	Amount
Associates				
Accounted for using the equity method				
Christian Louboutin	30,00	2.073.336	30,00	2.001.302
		2.073.336		2.001.302

The movement of investments accounted for using the equity method during the period is as follows:

	2018	2017
Opening balance - 1 January	2.001.302	9.981.064
Amount recognized in the current year profit	72.034	24.716
Transfer (*)	-	(8.004.478)
Closing balance - 31 December	2.073.336	2.001.302

(*) The transfer represents the classification of Christian Dior as non-current asset held for sale.

NOTE 7 - FINANCIAL LIABILITIES

Short-term financial liabilities

	31 December 2018	31 December 2017
Short-term bank borrowings	80.142.157	162.455.889
	80.142.157	162.455.889

Short-term portion of long term financial liabilities

	31 December 2018	31 December 2017
Short-term portion of long-term financial liabilities	750.419.342	560.450.912
Financial lease liabilities	5.269.777	14.089.595
	755.689.119	574.540.507

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

Long term financial liabilities

	31 December 2018	31 December 2017
Long-term bank borrowings	1.309.533.625	1.591.629.705
Financial lease liabilities	1.147.476	3.489.401
	1.310.681.101	1.595.119.106

The details of short-term and long-term bank borrowings are as follows:

31 December 2018

Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY borrowings	2019-2022	15,85 - 35	297.828.494	307.127.408
USD borrowings	2019-2022	Libor+4,75 - Libor+4,95	424.514.677	770.640.691
EUR borrowings	2019-2022	Libor+4,90 - Libor+6,25	108.218.328	231.765.526
			830.561.499	1.309.533.625

31 December 2017

Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY borrowings	2018-2022	15,85 - TR Libor+6,25	327.273.062	483.770.424
USD borrowings	2018-2022	Libor+4,75 - Libor+4,95	369.066.636	859.493.084
EUR borrowings	2018-2022	Libor+4,90 - Libor+6,25	26.567.103	248.366.197
			722.906.801	1.591.629.705

The redemption schedule of the financial liabilities as of 31 December 2017 and 2016 are as follows:

	31 December 2018	31 December 2017
To be paid in 1 year	830.561.499	722.906.801
2019	-	565.555.566
2020	667.315.023	541.025.142
2021 and after	642.218.602	485.048.997
	2.140.095.124	2.314.536.506

In relation to the bank loans elaborated as of 31 December 2018 above, there are mortgages given amounting to TRY 42.901.783 on the real estates (31 December 2017: TRY 107.000.000). 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 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Total financial lease payments	7.390.753	19.359.947
Interest will be paid in upcoming years (-)	(973.500)	(1.780.951)
	6.417.253	17.578.996
Financial lease liabilities up to 1 year	5.269.777	14.089.595
Financial lease liabilities after 1 year	1.147.476	3.489.401
	6.417.253	17.578.996

As of 31 December 2018 and 2017, the summary of short-term financial lease liabilities in terms of foreign currency is as below:

	31 December 2018	31 December 2017
TRY	5.087.371	13.126.277
EUR	182.406	963.318
	5.269.777	14.089.595

The summary of long-term financial lease liabilities in terms of foreign currency is as below:

	31 December 2018	31 December 2017
TRY	1.147.476	3.352.763
Avro	-	136.638
	1.147.476	3.489.401

As of 31 December 2018, collateral bills amounting to EUR 30.458 and TRY 2.179.097 are given regarding to the financial leasing liabilities disclosed above (31 December 2017: EUR 222.607 and TRY 1.368.677).

NOTE 7 - FINANCIAL LIABILITIES (Continued)

The reconciliation of net financial liabilities as of 31 December 2018 and 2017 are as follows:

	2018	2017
Opening balance - Financial liabilities	2.335.988.743	2.411.746.594
Cash and cash equivalents	(356.896.837)	(187.633.837)
Derivative instruments	(212.308.973)	(129.243.033)
Opening balance - Net financial liabilities	1.766.782.933	2.094.869.724
Cash flows from operating activities	(773.090.389)	(260.438.607)
Cash flows from investing activities	116.760.292	141.138.912
Cash inflows from capital advances	(400.222.244)	(200.565.433)
Interest paid	546.089.286	396.575.038
Interest received	(20.000.808)	(29.391.740)
Changes in derivative instruments	(65.553.691)	(83.065.940)
Cash flows from other financing activities (*)	584.466.884	(292.339.021)
Closing balance - Net financial liabilities	1.755.232.263	1.766.782.933
Cash and cash equivalents	290.359.771	356.896.837
Derivative instruments	113.518.237	212.308.973
Closing balance - Financial liabilities	2.159.110.271	2.335.988.743
Opening balance - Financial liabilities	2.335.988.743	2.411.746.594
Cash inflows from financial liabilities	934.671.393	1.507.897.932
Cash outflows from debt payments	(1.534.783.062)	(1.708.855.851)
Other	423.233.197	125.200.068
Closing balance - Financial liabilities	2.159.110.271	2.335.988.743

(*) Most of the balance consists of unrealized foreign gain loss related to loans.

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2018	31 December 2017
Financial assets arising from swap transactions - short term (**)	28.839.051	52.226.406
Financial assets arising from swap transactions - long term (**)	84.679.186	160.082.567
	113.518.237	212.308.973

(**) 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 2018 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 31 December 2018, mentioned swap instruments are carried at their fair values through the consolidated statement of profit or loss. As of 31 December 2018, The Group has derivative financial instruments for the portion of the loans amounting to USD 220.255.292 and EUR 56.400.772 (TRY 1.498.724.918) (31 December 2017: USD 325.713.757 and EUR 60.886.568 (TRY 1.503.493.020)).

Movement of derivative instruments are as follows:

	2018	2017
Opening balance - 1 January	212.308.973	129.243.033
The amount recognized in financial expenses	65.553.691	83.065.940
Disposals (-) (*)	(164.344.427)	-
Closing balance - 31 December	113.518.237	212.308.973

(*) Disposals from derivative financial instruments are related to the cash inflows in 17 and 18 November 2016 from the sale of cross-currency swap transactions; and income amounting to TRY 164.344.427 is accounted under the financial expenses in the statement of income for the period ended 31 December 2018.

NOTE 9 - OTHER FINANCIAL LIABILITIES

Other financial liabilities of the Group are amounting to TRY 12.597.894 as of 31 December 2018 (31 December 2017: TRY 3.873.241). Other financial liabilities of the Group comprise of its receivables which are transferred to factoring companies as of 31 December 2018 and 2017. 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.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 December 2018	31 December 2017
Trade receivables	221.030.115	211.544.267
Notes receivables (*)	98.286.155	159.008.601
Less: Provision for doubtful receivables	(71.759.219)	(49.019.622)
Less: Rediscount expense	(8.851.198)	(9.478.474)
Total trade receivables from third parties	238.705.853	312.054.772
Trade receivables from related parties	78.373.073	56.268.093
Less: Rediscount expense	(4.045.711)	(2.065.258)
Total trade receivables from related parties (Note 31)	74.327.362	54.202.835
Total short-term trade receivables	313.033.215	366.257.607

(*) TRY 11.547894 of the notes receivables was transferred to the factoring institutions (31 December 2017: TRY 3.873.241). The factoring debts related to this transaction have been classified under other financial liabilities.

Long-term trade receivables

	31 December 2018	31 December 2017
Trade receivables from third parties	-	2.306.536
Notes receivables	3.533.300	5.627.867
Less: Rediscount expense	(1.063.532)	(1.422.882)
Total long-term trade receivables	2.469.768	6.511.521

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 company's sales is 161 days (31 December 2017: 195 days). The average collection period of trade receivables from retail companies sales is 54 days (31 December 2017: 54 days)).

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

Long-term trade receivables (Continued)

The movement of provision for doubtful receivables as of 31 December 2018 and 2017 is as follows:

	2018	2017
Opening balance - 1 January (According to TAS 39)	49.019.622	54.651.099
The impact of transition to TFRS 9 (Note 2.6)	1.261.176	-
Opening balance - 1 January (According to TFRS 9)	50.280.798	54.651.099
Provisions (Note 25)	23.568.404	2.171.200
Collection of receivables during the current period	(97.601)	(24.066)
Write-offs in the current period (*)	(1.992.382)	(7778.611)
Closing balance - 31 December	71.759.219	49.019.622

(*) The balance consists of doubtful receivables written off during the year as they were uncollectible.

Short term trade payables

	31 December 2018	31 December 2017
Trade payables	875.826.674	682.152.810
Notes payables (**)	1.096.241.067	728.211.391
Less: Rediscount income	(88.165.187)	(40.338.602)
Total trade payables from third parties	1.883.902.554	1.370.025.599
Trade payables from related parties	18.240.926	22.021.936
Less: Rediscount income	(715.626)	(726.388)
Total trade payables from related parties (Note 31)	17.525.300	21.295.548
Total trade payables	1.901.427.854	1.391.321.147

The average payment period of trade payables is 184 days for textile company (31 December 2017: 193 days). The average payment period of trade payables for retail companies' purchases is 156 days (31 December 2017: 146 days).

Long term trade payables

	31 December 2018	31 December 2017
Notes payable (**)	28.201.453	37.310.367
Total long term trade payables	28.201.453	37.310.367

(**) 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 30.310.402 (31 December 2017: TRY 20.533.450) and TRY 28.145.426 (31 December 2017: TRY 37.254.219) respectively.

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

Short term other receivables

	31 December 2018	31 December 2017
Receivables from malls	6.579.906	7302.709
Other receivables from customers	5.825.091	4.199.875
Due from personnel	307.826	228.153
Other	814.543	233.327
Total other receivables	13.527.366	11.964.064
Other receivables from related parties (Note 31)	500.000	4.057.556
Total other short term receivables	14.027.366	16.021.620

Long term other receivables

	31 December 2018	31 December 2017
Deposits and guarantees given to third parties	3.673.475	1.887.594
Total other long-term receivables	3.673.475	1.887.594

Other short term payables

	31 December 2018	31 December 2017
Payables to malls (financing)	1.697.747	4.854.971
Other	715.930	692.914
Total other payables	2.413.677	5.547.885
Other payables to related parties (Note 31)	11.614.500	700.000
Total other short term payables	14.028.177	6.247.885

Other long term payables

	31 December 2018	31 December 2017
Payables to malls (financing)	5.117.643	-
Deposits and guarantees received	205.081	187021
Other	1.506	21.506
Other long term payables	5.324.230	208.527
Other payables to related parties (Note 31)	-	175.000.000
Total other long term payables	5.324.230	175.208.527

NOTE 12 - INVENTORIES

The detail of inventories as of 31 December 2018 and 2017 is as follows:

	31 December 2018	31 December 2017
Raw materials and supplies	43.885.199	33.899.008
Semi-finished goods	32.631.525	26.074.960
Finished goods	49.273.402	35.810.575
Trade goods	1.351.542.935	1.162.664.156
Goods in transit	47.218.656	37.440.042
Auxiliary materials	7.578.835	7.282.248
Real estates	7152.248	12.424.646
	1.539.282.800	1.315.595.635
Less: Provision for impairment on inventories	(80.886.785)	(58.908.175)
	1.458.396.015	1.256.687.460

The total insurance coverage on inventories is amounting as TRY 1.975.953.085 as at 31 December 2018 (31 December 2017: TRY 1.790.124.601).

The movement of the impairment on inventories during the periods ended as of 31 December 2018 and 2017 is as follows:

	2018	2017
Opening balance - 1 January	58.908.175	43.334.645
Changes during the year	21.978.610	15.573.530
Closing balance - 31 December	80.886.785	58.908.175

NOTE 13 - PREPAID EXPENSES AND DEFERRED REVENUE

Deferred revenue - short term

	31 December 2018	31 December 2017
Advances received	62.891.659	74.077.869
Gift voucher	47.375.579	43.059.765
Unused certificates of return goods (*)	35.503.701	29.490.516
Income related to the mall contributions	19.905.771	20.553.505
Customer loyalty points	16.601.221	14.357.576
Other	13.127.983	8.008.110
	195.405.914	189.547.341

(*) 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.

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NOTE 13 - PREPAID EXPENSES AND DEFERRED REVENUE (Continued)

Deferred revenue - long term

As of 31 December 2018, the non-current deferred revenue amounting to TRY 30.845.128 (31 December 2017: TRY 27.455.102) consists of income related to mall contribution amounting to TRY 27.678.693 (31 December 2017: TRY 27.418.515).

Prepaid expenses - short term

	31 December 2018	31 December 2017
Advances given for rent expenses	25.970.579	14.606.887
Advances given for inventories	12.261.901	20.083.905
Prepaid insurance expenses	4.383.197	3.282.543
Prepaid service expenses (*)	3.555.450	3.555.450
Other	24.628.231	9.644.411
	70.799.358	51.173.196

Prepaid expenses - long term

	31 December 2018	31 December 2017
Prepaid service expenses (*)	7.999.763	11.555.213
Prepaid rent expenses	2.046.903	2.046.903
Other	6.639.450	1.795.565
	16.686.116	15.397.681

(*) Prepaid service expenses are related to prepaid consultancy expenses related to financing activities and the service period is 5 years.

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NOTE 14 - INVESTMENT PROPERTIES

	1 January 2018	Additions	Disposals (-)	Transfers	Change in fair value	31 December 2018
Fair value						
Store at Unkapanı	175.000	-	-	-	-	175.000
Istwest stores	34.090.000	-	(7.875.000)	-	2.070.000	28.285.000
	34.265.000	-	(7.875.000)	-	2.070.000	28.460.000

	1 January 2017	Additions	Disposals (-)	Transfers	Change in fair value	31 December 2017
Fair value						
Store at Unkapanı	175.000	-	-	-	-	175.000
Istwest stores	32.820.000	-	-	-	1.270.000	34.090.000
	32.995.000	-	-	-	1.270.000	34.265.000

The assumptions used in determining the fair value of investment properties are explained in Note 2.7.

31 December 2018

Name	Date of expertise report	Fair value (TRY)	Cost value (TRY)
Store at Unkapanı	6 August 2013	175.000	43.961
Istwest stores	28 January 2019	28.285.000	13.102.749

31 December 2017

Name	Date of expertise report	Fair value (TRY)	Cost value (TRY)
Store at Unkapanı	6 August 2013	175.000	43.961
Istwest stores	29 December 2017	34.090.000	17.531.359

As of 31 December 2018, rent income from investment properties is amounting to TRY 1.584.396 (31 December 2017: TRY 795.722).

NOTE 14 - INVESTMENT PROPERTIES (Continued)

The fair value of land and buildings

As of 31 December 2018 and 2017, 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 2018			
	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 Unkapani	-	175.000	-
Istwest stores	-	28.285.000	-
	-	28.460.000	-

31 December 2017			
	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 Unkapani	-	175.000	-
Istwest stores	-	34.090.000	-
	-	34.265.000	-

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 2018	Additions	Disposals (-) (*)	Transfers	31 December 2018
Cost					
Lands	48.883.306	-	-	-	48.883.306
Land improvements	481.736	-	-	-	481.736
Buildings	48.062.546	-	-	-	48.062.546
Plant, machinery and equipment	112.181.933	2.622.312	(496.620)	990.634	115.298.259
Furniture and fixtures	265.155.222	38.190.955	(1.226.563)	2.819.962	304.939.576
Motor vehicles	943.914	291.852	(461.002)	-	774.764
Leasehold improvements	321.231.931	47.568.389	(1.208.402)	2.379.620	369.971.538
Construction in progress	2.773.947	6.917.225	-	(6.374.942)	3.316.230
	799.714.535	95.590.733	(3.392.587)	(184.726)	891.727.955
Accumulated depreciation (-)					
Land	(16.070)	(24.087)	-	-	(40.157)
Buildings	(1.818.662)	(1.129.450)	-	-	(2.948.112)
Plant, machinery and equipment	(102.811.797)	(2.201.409)	496.567	-	(104.516.639)
Furniture and fixtures	(127.293.506)	(37.485.338)	1.219.751	-	(163.559.093)
Motor vehicles	(866.600)	(47.941)	408.682	-	(505.859)
Leasehold improvements	(156.655.485)	(40.672.481)	538.673	-	(196.789.293)
	(389.462.120)	(81.560.706)	2.663.673	-	(468.359.153)
Net book value	410.252.415				423.368.802

(*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 419.789 during the period 1 January - 31 December 2018.

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2017	Additions	Disposals (-) (**)	Transfers	31 December 2017
Cost					
Lands	48.883.306	-	-	-	48.883.306
Land improvements	214.432	-	-	267.304	481.736
Buildings	44.573.895	-	(608.399)	4.097.050	48.062.546
Plant, machinery and equipment	115.836.518	355.808	(4.211.002)	200.609	112.181.933
Furniture and fixtures	205.594.252	53.147.579	(3.074.774)	9.488.165	265.155.222
Motor vehicles	945.389	-	(1.475)	-	943.914
Leasehold improvements	264.660.591	55.759.900	(14.431.878)	15.243.318	321.231.931
Construction in progress	9.171.911	23.567.139	(505.770)	(29.459.333)	2.773.947
	689.880.294	132.830.426	(22.833.298)	(162.887)	799.714.535
Accumulated depreciation (-)					
Land	(893)	(15.177)	-	-	(16.070)
Buildings	(749.009)	(1.073.709)	4.056	-	(1.818.662)
Plant, machinery and equipment	(104.116.431)	(2.906.367)	4.211.001	-	(102.811.797)
Furniture and fixtures	(93.542.614)	(34.494.557)	743.666	-	(127.293.505)
Motor vehicles	(767.768)	(98.832)	-	-	(866.600)
Leasehold improvements	(123.323.832)	(36.201.322)	2.869.668	-	(156.655.486)
	(322.500.547)	(74.789.964)	7.828.391	-	(389.462.120)
Net book value	367.379.747				410.252.415

(**) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 10.711.286 during the period 1 January - 31 December 2017.

As of 31 December 2018, depreciation expense amounting to TRY 72.372.086 (2017: TRY 64.236.363) has been charged in market-ing expenses, TRY 3.458.674 (2017: TRY 4.069.789) has been charged in cost of sales, TRY 5.281.542 (2017: TRY 6.460.178) has been charged in general and administrative expenses, and TRY 217.085 (2017: TRY 23.634) has been charged in research and develop-ment expenses (Note 24). Capitalized research and development cost is amounting to TRY 231.319 (2017: None).

As of 31 December 2018 total amount of insurance coverage on tangible fixed assets is amounting to TRY 1.873.249.461 (31 December 2017: TRY 1.253.995.812).

NOTE 16 - INTANGIBLE ASSETS

	1 January 2018	Additions	Disposals (-)	Transfers	31 December 2018
Cost					
Rights	17.245.251	3.597.891	-	184.726	21.027.868
Brands	473.224.395	-	-	-	473.224.395
Favorable rent contracts	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Capitalized development cost	-	12.596.386	-	-	12.596.386
Computer licenses	40.420.452	16.204.096	-	-	56.624.548
	1.103.140.103	32.398.373	-	184.726	1.135.723.202
Accumulated amortization (-)					
Rights	(16.870.084)	(1.396.658)	-	-	(18.266.742)
Favorable rent contracts	(118.823.521)	(25.925.132)	-	-	(144.748.653)
Franchise agreements	(73.036.834)	(15.948.910)	-	-	(88.985.744)
Customer network	(23.444.360)	(5.115.133)	-	-	(28.559.493)
Computer licenses	(22.715.196)	(12.337.685)	-	-	(35.052.881)
	(254.889.995)	(60.723.518)	-	-	(315.613.513)
Net book value	848.250.108				820.109.689

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NOTE 16 - INTANGIBLE ASSETS (Continued)

	1 January 2017	Additions	Disposals (-)	Transfers	December 2017
Cost					
Rights	14.879.312	2.478.626	(117.180)	4.493	17.245.251
Brands	473.224.395	-	-	-	473.224.395
Favorable rent contracts	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	30.308.070	10.239.453	(285.465)	158.394	40.420.452
	1.090.661.782	12.718.079	(402.645)	162.887	1.103.140.103
Accumulated amortization (-)					
Rights	(14.430.575)	(2.446.041)	6.532	-	(16.870.084)
Favorable rent contracts	(92.898.389)	(25.925.132)	-	-	(118.823.521)
Franchise agreements	(570.879.24)	(15.948.910)	-	-	(73.036.834)
Customer network	(18.329.227)	(5.115.133)	-	-	(23.444.360)
Computer licenses	(13.207.153)	(9.624.061)	116.018	-	(22.715.196)
	(195.953.268)	(59.059.277)	122.550	-	(254.889.995)
Net book value	894.708.514				848.250.108

As of 31 December 2017, amortization expense amounting to TRY 41.350.938 (2017: TRY 43.493.512) has been charged in market-ing expenses, TRY 19.300.981 (2017: TRY 15.534.257 has been charged in general and administrative expenses, TRY 10.093 (2017: TRY 12.694) has been charged in cost of sales and TRY 61.506 (2017: TRY 18.814) 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. 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.

Brands impairment determination studies

As of 31 December 2018, 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 five years, cash flows have been determined with a growth rate of 8% and accordingly the cash flows calculated is discounted with a rate of 24%. 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 24%, 25% or 23%) the fair value as at 31 December 2018 would decrease by TRY 35,9 million and increase by TRY 40,8 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 five years, cash flows have been determined with a growth rate of 8% and accordingly the cash flows calculated is discounted with a rate of 24%. 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 24%, 25% or 23%) the fair value as at 31 December 2018 would decrease by TRY 34,9 million and increase by TRY 39.7 million and no impairment has been identified in sensitivity analysis performed with the rates.

T-box brand

While testing the value of T-box brand, revenue plans based on the financial budgets approved by the management covering five years, cash flows have been determined with a growth rate of 8% and accordingly the cash flows calculated is discounted with a rate of 24%. 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 24%, 25% or 23%) the fair value as at 31 December 2018 would decrease by TRY 1,2 million and increase by TRY 1,3 million and no impairment has been identified in sensitivity analysis performed with the rates.

Beymen Club and Beymen Business brands

In impairment tests, annual revenue growth has been estimated for Beymen Club; in the range of 18,9% to 36,6%; for Beymen Business in the range of 10% to 14% and royalty income is discounted by 24% by using the same method. For the following period after five years, cash flows have been determined with a growth rate of 8%. As of 31 December 2018, 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 24%, 25% or 23%) the fair value would de-crease by TRY 4,3 million for Beymen Club and TRY 2,2 million for Beymen business or increase by TRY 4,9 million for Beymen Club and by TRY 2,5 million for Beymen Business and no impairment has been identified in sensitivity analysis performed with these rates.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

As of 31 December 2018 short term provision for employee benefits amounting to TRY 33.394.407 (31 December 2017: TRY 22.510.807) mainly consists of provision for unused vacation rights and bonus provision.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other short term provisions

Other short term provision as of 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Provision for sales returns and price differences	24.743.418	22.539.046
Provision for litigations	12.913.131	11.024.480
Other (*)	23.224.083	17.588.597
	60.880.632	51.152.123

(*) As of 31 December 2018 and 2017, a significant portion of other provisions consists of USD denominated exit costs which will be paid to Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. for the closing of Wepublic store.

The movement of other short term provisions is as follows:

	1 January 2018	Additions	Paid provisions	31 December 2018
Provision for sales returns and price differences	22.539.046	22.733.240	(20.528.868)	24.743.418
Provision for litigations	11.024.480	4.516.826	(2.628.175)	12.913.131
Other	17.588.597	10.948.523	(5.313.037)	23.224.083
Total	51.152.123	38.198.589	(28.470.080)	60.880.632

	1 January 2017	Additions	Paid provisions	31 December 2017
Provision for sales returns and price differences	17,394,899	20,467,606	(15,323,459)	22,539,046
Provision for litigations	7,258,895	6,233,438	(2,467,853)	11,024,480
Other	176,021	17,412,576	-	17,588,597
Total	24,829,815	44,113,620	(17,791,312)	51,152,123

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 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
A. Total amount of GPMs which the Company provided on behalf of its own legal entity	95,819	115,100
B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation	392,434,706	363,203,616
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	-	-
	392,530,525	363,318,716

As of 31 December 2018 and 2017, there are not any other guarantees, pledges, and mortgages given by the Group.

	31 December 2018	31 December 2017
Guarantees given		
Bail bonds	345,117,259	336,244,063
Letters of credit	47,229,480	26,102,922
Letters of guarantee	95,819	115,100
Guarantee notes	87,967	856,631
	392,530,525	363,318,716

The details of GPM are given as of 31 December 2018 and 2017 are as follows:

	31 December 2018		31 December 2017	
Currency	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
TRY	258.992.746	258.992.746	289.207.480	289.207.480
EUR	9.314.742	56.149.264	8.999.581	40.637.608
USD	14.710.129	77.388.515	8.874.474	33.473.628
		392.530.525		363.318.716

NOTE 18 - COMMITMENTS

As of 31 December 2018 and 2017, 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 2018	31 December 2017
Payable within 1 year	6.068.115	3.934.597
Payable within 1 - 5 years	7.745.260	6.220.945
	13.813.375	10.155.542

Operating stores leasing commitments:	31 December 2018	31 December 2017
Payable within 1 year	307.766.746	219.799.247
Payable within 1 - 5 years	44.445.713	30.774.304
Longer than 5 years	6.672.901	4.944.581
	358.885.360	255.518.132

Operating office leasing commitments:	31 December 2018	31 December 2017
Payable within 1 year	3.590.503	3.426.871
	3.590.503	3.426.871

The commitments of the Group related to export operations as of 31 December 2018 amounting to USD 2.329.470 (31 December 2017: USD 375.576).

NOTE 19 - EMPLOYEE BENEFITS

Short term provision for employee benefits

Short term provision for employee benefits as of 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Payables to personnel	18.467.961	25.846.732
Social security premiums	14.635.654	26.981.480
	33.103.615	52.828.212

Long term provision for employee benefits	31 December 2018	31 December 2017
Provision for employee benefits	49.175.604	45.782.522
	49.175.604	45.782.522

NOTE 19 - 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 5.434,42 for each period of service as of 31 December 2018 (31 December 2017: TRY 4.732,48). The retirement pay provision ceiling is revised semi-annually, and TRY 6.017,60 which is effective from 1 January 2019, is taken into consideration in the calculation of provision for employee benefits (31 December 2017: TRY 5.001,76 which is effective from 1 January 2018). Liability of employee benefits is not subject to any funding as there is not 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 2018 and 2017 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 5,45% (31 December 2017: 4,67%) by assuming an annual inflation rate of 10% (31 December 2017: 7%) and an interest rate of 16% (31 December 2017: 12%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. The estimated rates of 31 December 2018 date for store personnel 84,49% (31 December 2017: 84,3%) and 92,37% for the management and other personnel (31 December 2017: 92,05%).

The provision for employee benefits in the statement of comprehensive income and balance sheet is as follows:

	2018	2017
Current period charge	9.737.488	8.942.758
Finance charge of employee benefits	4.911.337	3.806.104
	14.648.825	12.748.862

The movement of employee benefits is as follows:

	2018	2017
Opening balance - 1 January	45.782.522	36.627.258
Cost of service	9.737.488	8.942.758
Cost of interest	4.911.337	3.806.104
Actuarial losses	4.170.396	8.058.226
Payments (-)	(15.426.139)	(11.651.824)
Closing balance - 31 December	49.175.604	45.782.522

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NOTE 20 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2018	31 December 2017
Value added taxes carried forward	133.728.164	130.390.331
Other VAT receivables	11.356.893	10.907.437
Income accruals	8.440.365	1.560.268
Other	4.936.311	2.220.522
	158.461.733	145.078.558

Other non-current assets

Other non-current assets of the Group consist of long term VAT receivables amounting to TRY 3.763.470 (31 December 2017: TRY 4.452.894).

Other current liabilities

	31 December 2018	31 December 2017
Taxes, fees and other deduction payables	84.173.402	22.291.089
Other	7.164.623	3.601.008
	91.338.025	25.892.097

Other non-current liabilities

	31 December 2018	31 December 2017
Taxes, fees and other deduction payables	1.816.419	7.975.414
	1.816.419	7.975.414

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NOTE 21 - EQUITY

The shareholders and the shareholding structure of the Company as at 31 December 2018 and 2017 are as follows:

	31 December 2018		31 December 2017	
	Share	Amount (TRY)	Share	Amount (TRY)
Boyner Holding	42,80%	281.491.355	42,80%	110.293.940
Mayhoola (*)	53,95%	354.804.585	42,68%	109.975.820
Other shareholders and free float	3,25%	21.404.060	14,52%	37.430.240
Paid-in capital (**)	100,00%	657.700.000	100,00%	257.700.000
Inflation adjustment difference in share capital		56.061.369		56.061.369
Total adjusted capital		713.761.369		313.761.369

(*) İstanbul Portföy Yönetimi A.Ş., which acts for İstanbul Portföy Ark II Serbest Fon as seller, signed a share sale and purchase agreement with Mayhoola on 13 November 2018 and Mayhoola acquired the shares of the Company corresponding to a total nominal value of TRY 29.043.709 which is 11,27% of the capital on 15 November 2018. As a result of the transaction, share of the Company's shareholders other than Mayhoola and Boyner Holding decreased to 3,25%. As a result of this transaction, share of Mayhoola increased to 53.95%.

(**) The prospectus regarding the increase of the registered capital from TRY 57.700.000 to TRY 257.700.000 by 346.62% via rights issue within the authorized capital ceiling of TRY 500.000.000 has been approved by CMB on 7 July 2017. The newly issued shares representing the TRY 200.000.000 share capital increase provided cash inflows amounting to TRY 115.213.621. In the primary market, share premium calculated amounting to TRY 565.433 as share premium in equity.

The application was approved by the CMB dated 4 December 2018 and the Group's issued share capital is increased from TRY 257.700.000 by 155,22% to the amount of TRY 657.700.000 paid in cash which is within the limit of the registered equity ceiling TRY 1.000.000.000. The newly issued shares representing the TRY400.000.000 share capital increase provided cash inflows amounting to TRY 13.239.783. In the primary market, share premium calculated amounting to TRY 222.244 as share premium in equity. TRY 386.982.471 of the liability arising from the cash injection provided by Mayhoola and Boyner Holding related to capital increase is netted off in relation to their right of new share purchase.

As of 31 December 2018, the registered share capital of the Company is TRY 657.700.000 (31 December 2017: TRY 257.700.000) and the Company's share capital consists of 6.570.000.000 issued shares with TRY 0,01 nominal value each (31 December 2017: 2.570.000.000).

Capital reserves

- 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.

NOTE 21 - EQUITY (Continued)

Restricted reserves:

	31 December 2018	31 December 2017
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 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
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
	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	(69.286.817)	(66.489.043)
	5.594.968	8.392.742

The movement of revaluation funds as of 31 December 2018 and 2017 is as follows:

	2018	2017
Opening balance - 1 January	8.392.742	13.424.284
Transfers to accumulated losses (*)	(2.797.774)	(5.031.542)
	5.594.968	8.392.742

(*) Revenue is recognized when the risk and benefits of the real estate inventories are transferred to buyers. Revaluation fund associated with income recognized during the years ended 31 December 2018 and 2017 are transferred to accumulated loss.

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 2018 and 2017 is as follows:

	31 December 2018	31 December 2017
Impact of the acquisition of BBM	(48.574.625)	(48.574.625)
Impact of the acquisition of Beymen	(202.724.939)	(202.724.939)
Merge impact of BBA	7478.755	7478.755
Acquisition of AYTK shares from non-controlling interest	(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	(3.750.172)	(3.750.172)
	(316.555.195)	(316.555.195)

NOTE 22 - REVENUE AND COST OF SALES

Revenue

	1 January - 31 December 2018	1 January - 31 December 2017
Domestic sales	6.389.705.177	4.999.920.687
Export sales	65.704.649	52.071.685
Real estate sales	7.345.728	18.860.396
Other sales	11.699.785	14.215.216
Sales returns (-)	(793.434.718)	(570.169.691)
Sales discounts (-)	(280.421.804)	(284.615.597)
	5.400.598.817	4.230.282.696

Cost of sales

	1 January - 31 December 2018	1 January - 31 December 2017
Cost of trade goods sold	2.848.159.371	2.290.611.961
Cost of finished goods sold	207.065.341	181.194.072
Cost of services given and real estate sold	5.272.398	15.209.078
	3.060.497.110	2.487.015.111

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NOTE 23 - MARKETING, RESEARCH AND DEVELOPMENT AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2018	1 January - 31 December 2017
Marketing expenses	1.538.967.127	1.263.483.543
General administrative expenses	351.112.637	295.518.438
Research and development expenses	14.729.114	3.031.743
	1.904.808.878	1.562.033.724

Marketing expenses

	1 January - 31 December 2018	1 January - 31 December 2017
Personnel expenses	509.211.984	412.456.417
Rent expense	395.308.876	311.367.593
Franchise commission expenses (*)	123.274.197	98.829.669
Depreciation and amortization expenses (Notes 15 and 16)	113.723.024	107.729.875
Transportation, logistics and distribution expenses	83.071.023	67.489.320
Advertisement expenses	70.795.652	61.402.840
Common administrative expenses	58.506.738	53.264.140
Utility expenses	40.221.808	29.764.708
Sales material expenses	32.009.815	28.059.046
Other	112.844.010	93.119.935
	1.538.967.127	1.263.483.543

(*) It consists of marketing expenses paid to dealers.

General administrative expenses

	1 January - 31 December 2018	1 January - 31 December 2017
Personnel expenses	220.583.662	194.825.469
Outsourced consultancy services	34.236.092	25.538.038
Depreciation and amortization expenses (Notes 15 and 16)	24.582.523	21.994.435
Maintenance and repair expenses	17.009.085	6.915.933
Rent expense	14.406.204	13.166.620
Travel expense	8.948.948	6.673.185
Outsourced benefits and services	6.005.522	6.276.541
Other	25.340.601	20.128.217
	351.112.637	295.518.438

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NOTE 23 - MARKETING, RESEARCH AND DEVELOPMENT AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

Research and development expenses

	1 January - 31 December 2018	1 January - 31 December 2017
Personnel expenses	12.380.691	2.598.525
Rent expenses	1.043.929	17.963
Utility expenses	348.730	115.661
Depreciation and amortization expenses (Notes 15 and 16)	278.591	42.448
Other	677.173	257.146
	14.729.114	3.031.743

NOTE 24 - EXPENSE BY NATURE

Personnel expenses

	1 January - 31 December 2018	1 January - 31 December 2017
Marketing expenses	509.211.984	412.456.417
General administrative expenses	220.583.662	194.825.469
Cost of goods sold	52.876.749	47.937.783
Research and development expenses	12.380.691	2.598.525
	795.053.086	657.818.194

Depreciation and amortization expenses

	1 January - 31 December 2018	1 January - 31 December 2017
Marketing expenses	113.723.024	107.729.875
General administrative expenses	24.582.523	21.994.435
Cost of goods sold	3.468.767	4.082.483
Research and development expenses	278.591	42.448
	142.052.905	133.849.241

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NOTE 25 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	1 January - 31 December 2018	1 January - 31 December 2017
Rediscount income	109.919.885	61.569.873
Foreign exchange income	61.044.304	30.968.203
Term difference income from sales	58.418.007	27.491.105
Store investment contribution income (*)	49.222.504	39.908.377
Brand license incomes	13.912.812	10.614.970
Vendor participation income	3.987.663	5.428.223
Increase in fair value of investment properties (Note 14)	2.070.000	1.270.000
Other	31.371.651	21.018.160
	329.946.826	198.268.911

(*) Store investment contribution income consists of incentives paid by shopping malls for the opening of new stores and the decoration.

Other operating expense

	1 January - 31 December 2018	1 January - 31 December 2017
Foreign exchange losses	136.914.917	47.135.139
Term difference expense from sales	108.213.403	63.161.660
Rediscount expenses	66.464.259	36.079.707
Provision expense of doubtful receivables (Note 10)	23.568.404	2.171.200
Other (*)	14.755.850	39.290.756
	349.916.833	187.838.462

(*) As of 31 December 2017, TRY 14.152.666 of other consists of exit costs which will be paid to Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. for the closing of Wepublic store; TRY 8.141.844 of other consists of impairment provision for the closing of Wepublic store.

NOTE 26 - INCOME/ (EXPENSES) FROM INVESTING ACTIVITIES

Income from investing activities

	1 January - 31 December 2018	1 January - 31 December 2017
Gain on sales of tangible assets	1.932.273	1.034.443
Gain on sales of intangible assets	1.199.641	-
Other	386.735	-
	3.518.649	1.034.443

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NOTE 26 - INCOME/ (EXPENSES) FROM INVESTING ACTIVITIES (Continued)

Loss from investing activities

	1 January - 31 December 2018	1 January - 31 December 2017
Loss on sales of joint ventures	4.327.263	-
Loss on sales of investment properties	2.782.407	-
Loss on sales of tangible assets	1.600.087	959.009
Other	104.891	-
	8.814.648	959.009

NOTE 27 - FINANCIAL INCOME

Financial income

	1 January - 31 December 2018	1 January - 31 December 2017
Foreign exchange income	309.126.517	166.785.226
Interest income	20.000.808	29.391.740
Term difference income	3.036.167	4.043.221
	332.163.492	200.220.187

NOTE 28 - FINANCIAL EXPENSES

Financial expenses

	1 January - 31 December 2018	1 January - 31 December 2017
Foreign exchange losses	764.999.282	180.104.803
Interest expenses arising from bank borrowings	433.527.424	341.829.757
Credit card early collection interest	87.151.374	47.162.740
Term difference expenses	38.358.427	25.290.111
Factoring expenses	9.329.438	13.902.792
Interest expenses arising from bills and bonds	-	11.936.984
Other	46.199.654	38.567.952
	1.379.565.599	658.795.139

NOTE 29 - TAX ASSETS AND LIABILITIES

a) Corporate Tax

The Turkish corporation tax rate for 2018 is 22% (2017: 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 2018	31 December 2017
Corporate tax calculated	68.309.553	25.158.090
Prepaid taxes (-)	(3.514.377)	(22.897.018)
	64.795.176	2.261.072

Tax income and expenses stated in the statement of comprehensive income are as follows:

	1 January - 31 December 2018	1 January - 31 December 2017
Corporate tax expense	(68.309.553)	(26.004.519)
Deferred tax income/(expense)	33.953.502	(899.675)
Total tax expense	(34.356.051)	(26.904.194)

The reconciliation of the tax expense in the consolidated statement of comprehensive income is as follows:

	1 January - 31 December 2018	1 January - 31 December 2017
Corporate tax	140.206.715	53.362.098
Non-deductible expenses	(13.279.422)	(9.697.639)
Non-taxable income	2.527.274	470.087
Current period tax losses on which deferred tax is not calculated	(157.771.486)	(31.364.419)
Consolidation adjustments on which deferred tax is not calculated	(1.005.831)	(41.919.867)
Rate change effect	(1.730.869)	3.271.586
Other	(3.302.432)	(1.026.040)
Total tax expense	(34.356.051)	(26.904.194)

NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred tax assets and liabilities:

Within the scope of the “Law on the Amendment of Certain Tax Laws and Some Other Laws” numbered 7061, which was published in the Official Gazette dated 5 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Based on this law, deferred tax assets and liabilities are recognized in the consolidated financial statements as of 31 December 2018 at a rate of 22% for the portion of temporary differences that will realize in 2018, 2019 and 2020, and 20% ratio for temporary differences that will realize in or after 2021.

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities using principal tax rates are as follows:

	31 December 2018		31 December 2017	
	Temporary differences	Deferred tax asset / (liability)	Temporary differences	Deferred tax asset / (liability)
Tangible/intangible fixed asset	860.886.471	(172.177.294)	885.194.921	(177.038.983)
Rediscount on trade receivable and payable, net	68.977.198	(15.174.985)	23.020.911	(5.064.600)
Inventories	(133.748.586)	29.441.813	(97.505.368)	21.451.180
Provision for employee benefits	(49.175.604)	9.835.120	(45.782.520)	9.156.503
Provision for doubtful receivables	(46.517.197)	10.298.689	(27.408.153)	6.029.793
Provision for sales returns and price difference	(24.743.418)	5.443.552	(22.539.046)	4.958.590
Deferred revenue and customer loyalty programs	(38.493.286)	8.468.524	(35.538.193)	7.818.402
Carry forward losses	(106.982.372)	23.536.122	(127.712.949)	28.096.849
Fair value difference of real estate recognized in the income statement	13.146.187	(2.927.629)	14.960.285	(3.326.730)
Derivative instruments	88.964.743	(19.384.702)	189.162.443	(40.776.546)
Other	(88.657.305)	19.315.633	(44.536.925)	9.704.046
Deferred tax liability, net	543.656.831	(103.325.157)	711.315.406	(138.991.496)
Deferred tax asset		40.031.128		33.232.448
Deferred tax liability		(143.356.285)		(172.223.944)

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.

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NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred tax assets and liabilities: (Continued)

The movement of deferred tax assets/(liabilities) for the periods ended 31 December 2018 and 2017 are as follows:

	2018	2017
Opening balance - 1 January	(138.991.496)	(139.703.466)
Tax income/(loss) for the period	33.953.502	(899.675)
Tax recognized in equity	1.712.837	1.611.645
Actuarial (losses)/income	834.079	1.611.645
The impact of transition to TFRS (Note 2.6)	878.758	-

Closing balance - 31 December	(103.325.157)	(138.991.496)
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Short and long term portion of deferred tax assets and liabilities are as follows:

	2018	2017
- Deferred tax assets will be recovered in more than 12 months	(7.250.830)	(22.964.368)
- Deferred tax assets will be recovered in less than 12 months	47.281.958	56.196.816

Deferred tax assets	40.031.128	33.232.448
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	2018	2017
- Deferred tax liabilities will be recovered in use more than 12 months	(147.331.190)	(172.360.190)
- Deferred tax liabilities will be recovered in less than 12 months	3.974.905	136.246

Deferred tax liability	(143.356.285)	(172.223.944)
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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.

	2018	2017
Loss for the current period (TRY)	(673.554.788)	(294.651.883)
Weighted average number of shares (*)	263184.890	118.306.061
Loss per share of the Company (TRY)	(2,56)	(2,49)

(*) Per share of TRY 1 nominal value.

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NOTE 31 - RELATED PARTY DISCLOSURES

a) Trade receivables due from related parties as of 31 December 2018 and 2017 are as follows:

	31 December 2018		31 December 2017	
	Trade	Other	Trade	Other
Receivables from shareholders				
Boyner Holding	13.578	-	32.016	2.574.360
Receivables from joint ventures				
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	4.890	-
Christian Louboutin Mağazacılık A.Ş.	20.665	-	-	-
Receivables from other related parties				
BR Mağazacılık A.Ş.	7.642.845	-	13.705.820	-
BNR Teknoloji A.Ş.	85.014	-	264.706	-
Fırsat Elektronik A.Ş.	66.516.401	500.000	40.146.784	1.483.196
Alis Sigorta Acentalığı A.Ş.	-	-	8.260	-
Bassae Bireysel Ürünler Satış ve Pazarlama A.Ş.	48.859	-	40.359	-
	74.327.362	500.000	54.202.835	4.057.556

b) Trade payables due to related parties as of 31 December 2018 and 2017 are as follows:

	31 December 2018		31 December 2017	
	Trade	Other	Trade	Other
Payables from shareholders				
Boyner Holding (**)	2.647.869	11.614.500	2.338.000	175.000.000
Payables from joint ventures				
Christian Louboutin Mağazacılık A.Ş.	586.729	-	955.970	-
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	7.739	-
Payables from other related parties				
BNR Teknoloji A.Ş.	4.329.592	-	358.538	-
BR Mağazacılık A.Ş.	5.824.266	-	15.363.748	-
Alis Sigorta Acentalığı A.Ş.	4.075.310	-	2.245.218	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	58.025	-	19.276	-
Fırsat Elektronik A.Ş.	-	-	2.387	700.000
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	3.509	-	4.672	-
	17.525.300	11.614.500	21.295.548	175.700.000

(**) Due to the capital increase held in 2018, the %42,8 share of Boyner Holding (TRY 171.197.415) in the capital increase amounting to TRY 400.000.000 is netted off from the other payables.

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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 2018 and 2017 are as follows:

Purchases	31 December 2018			31 December 2017		
	Goods	Services	Interest/Other	Goods	Services	Interest/Other
Shareholders						
Boyner Holding	4.107	4.537.973	32.666.908	5.016	4.057.324	16.216.446
Associates						
Christian Louboutin Mağazacılık A.Ş.	774.010	-	-	476.571	-	-
Other related parties						
BR Mağazacılık A.Ş.	44.059.878	352.378	-	37.872.094	379.003	339.601
Fırsat Elektronik A.Ş.	-	1.158.636	-	-	412.433	729.220
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	264.638	-	-	290.840	-
Alsis Sigorta Acentalığı A.Ş.	-	14.348.421	-	-	11.888.288	-
BNR Teknoloji A.Ş.	-	21.555.003	-	-	12.349.711	-
	44.837.995	42.217.049	32.666.908	38.353.681	29.377.599	17.285.267

Sales	1 January - 31 December 2018			1 January - 31 December 2017		
	Goods	Services	Interest/Other	Goods	Services	Interest/Other
Shareholders						
Boyner Holding	8.111	168.000	5.790.891	1.229	144.136	14.250.786
Associates						
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	-	1.485	509.091	-
Christian Louboutin Mağazacılık A.Ş.	-	408.378	-	-	337.428	-
Other related parties						
BR Mağazacılık A.Ş.	23.491.889	228.615	11.466.752	25.198.968	330.986	9.100.897
Fırsat Elektronik A.Ş.	57.444.623	1.670.955	3.752.166	67.781.367	1.762.543	2.188.631
Alsis Sigorta Acentalığı A.Ş.	-	92.000	-	-	84.000	-
BNR Teknoloji A.Ş.	201	611.646	-	12.371	816.676	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	2.000	-	-	-	-	-
	80.946.824	3.179.594	21.009.809	92.995.420	3.984.860	25.540.314

d) The top management team comprises of board members, general manager and deputy general managers. As of 31 December 2018, the Group has provided remuneration amounting to TRY 66.059.697 to the top executives (2017: TRY 57.873.508). TRY 265.946 of this amount comprises of severance payments (2017: TRY 378.574). The Group has no post-employment benefits nor share-based payment for the top management.

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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 2018 and 2017 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 2018						
	Trade receivables		Other receivables				
	Related parties	Third parties	Related parties	Third parties	Deposits in banks	Derivative instruments	Other
Maximum credit risk incurred as of the reporting date (1)	74.327.362	241.175.621	500.000	17.200.841	245.130.896	113.518.237	45.228.875
- The part of maximum risk under guarantee with collaterals, etc.	-	25.162.292	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (2)	74.327.362	236.682.868	500.000	17.200.841	245.130.896	113.518.237	45.228.875
- The part under guarantee with collaterals, etc.	-	25.012.292	-	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	4.492.753	-	-	-	-	-
- The part under guarantee with collaterals, etc. (3)	-	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	71.759.219	-	-	-	-	-
- Impairment (-)	-	(71.759.219)	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	150.000	-	-	-	-	-
D. 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.

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i. Credit risk (Continued)

	31 December 2017						
	Trade receivables		Other receivables				Other
	Related parties	Third parties	Related parties	Third parties	Deposits in banks	Derivative instruments	
Maximum credit risk incurred as of the reporting date (1)	54.202.835	318.566.293	4.057.556	13.851.658	284.693.198	212.308.973	72.203.639
- The part of maximum risk under guarantee with collaterals, etc.	-	42.053.341	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (2)	54.202.835	310.731.292	4.057.556	13.851.658	284.693.198	212.308.973	72.203.639
- The part under guarantee with collaterals, etc.	-	37.652.719	-	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	7835.001	-	-	-	-	-
- The part under guarantee with collaterals, etc. (3)	-	4.250.622	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	49.019.622	-	-	-	-	-
- Impairment (-)	-	(49.019.622)	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	150.000	-	-	-	-	-
D. 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 4.250.622 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)

The trade receivables that are past due but not impaired are as follows:

Trade receivables	31 December 2018	31 December 2017
1 - 30 days overdue	1.497.459	2.528.304
1 - 3 months overdue	918.778	1.027.884
3 - 12 months overdue	2.076.516	248.426
Total	4.492.753	3.804.614
The part secured with guarantee	-	296.408

Expected credit loss

31 December 2018	Undue	0 - 30 days overdue	30 - 60 days overdue	60 - 90 days overdue	Overdue more than 90 days	Total
Total receivables	236.682.868	1.497.459	916.553	440.264	1.638.477	241.175.621
Expected credit loss	518.349	39.350	63.557	44.923	376.903	1.043.082
31 December 2017	Undue	0 - 30 days overdue	30 - 60 days overdue	60 - 90 days overdue	Overdue more than 90 days	Total
Total receivables	312.600.505	2.528.304	872.573	155.311	2.409.600	318.566.293
Expected credit loss	640.917	277.327	322.519	-	20.413	1.261.176

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.

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

ii. Liquidity risk (Continued)

As of 31 December 2018 and 2017, the liquidity risk arising from the Group’s financial liabilities consist of the following:

31 December 2018					
Maturities in accordance with agreements	Carrying value	Total cash flows in In accordance with contract	Less than 3 months	3-12 months	1-5 Years
Derivative financial assets					
Derivative assets	113.518.237	113.518.237	7.679.847	21.159.204	84.679.186
Non - derivative financial assets					
Trade and other receivables	333.203.824	349.255.853	256.471.062	86.195.011	6.589.780
Total	446.722.061	462.774.090	264.150.909	107.354.215	91.268.966

31 December 2017					
Maturities in accordance with agreements	Carrying value	Total cash flows in In accordance with contract	Less than 3 months	3-12 months	1-5 Years
Derivative financial assets					
Derivative assets	212.308.973	212.308.973	11.641.115	40.585.291	160.082.567
Non - derivative financial assets					
Trade and other receivables	390.678.342	488.969.110	206.763.069	193.234.280	88.971.761
Total	602.987.315	701.278.083	218.404.184	233.819.571	249.054.328

31 December 2018						
Maturities in accordance with agreements	Carrying value	Total cash outflows in accordance with contract	Less than 3 months	3-12 months	More than 1-5 Years	5 Years
Non-derivative financial Liabilities						
Financial liabilities	2.146.512.377	2.224.095.665	184.417.990	632.381.238	1.407.296.437	-
Trade payables	1.929.629.307	2.014.282.716	1.316.042.712	668.570.411	29.669.594	-
Other financial liabilities	12.597.894	13.104.033	12.426.033	678.000	-	-
Other payables (Note 11)	19.352.407	20.241.413	14.855.583	61.600	5.324.230	-
	4.108.091.985	4.271.723.827	1.527.742.318	1.301.691.248	1.442.290.261	-

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

ii. Liquidity risk (Continued)

31 December 2017

Maturities in accordance with agreements	Carrying value	Total cash outflows in accordance with contract	Less than 3 months	3-12 months	More than 1-5 Years	5 Years
Non-derivative financial Liabilities						
Financial liabilities	2.332.115.502	2.608.399.030	259.762.907	496.920.239	1.851.715.884	-
Trade payables	1.428.631.514	1.476.926.095	875.459.619	561.064.099	40.402.377	-
Other financial liabilities	3.873.241	4.055.900	3.274.900	781.000	-	-
Other payables (Note 11)	181.456.412	181.456.412	6.247.885	-	175.208.527	-
	3.946.076.669	4.270.837437	1.144.745.311	1.058.765.338	2.067.326.788	-

iii. Price risk

The Group monitors its price risk through sales for hedging purposes, cost, and profitability analyses and following up on changes in market conditions.

iv. Foreign currency risk

The Group carries foreign currency risk because of its foreign currency transactions. This risk arises from sales or purchases, borrowings and time/demand deposits with a functional currency different from the group’s presentation currency. Foreign currency risk is monitored by the Group, with the balance of net foreign currency position of asset and liabilities and derivative transactions.

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

iv. Foreign currency risk (Continued)

Foreign currency position as of 31 December 2018 and 2017 is set out in the table below:

	31 December 2018				31 December 2017			
	TRY Equivalent (Functional currency)	USD	EUR	GBP	TRY Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	10.702.558	1.093.743	801.510	17.584	-	3.294.114	1.488.977	18.728
2a. Monetary financial assets, (cash and banks account included)	36.895.952	5.674.367	1156.625	10.596	-	4.340.580	8.574.100	8.595
2b. Non-monetary financial assets	809.194	10.292	125.257	-	-	39.240	547.126	1.368
3. Other	49.789.602	6.380.089	2.647.455	39.943	-	5.050.709	2.956.226	57.495
4. Current assets (1+2+3)	98.197.306	13.158.691	4.730.847	68.123	-	12.724.643	13.566.429	85.885
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	421.960	-	70.000	-	-	-	70.000	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	218.823	35.723	5.124	-	-	34.723	5124	-
8. Non-current assets (5+6+7)	640.783	35.723	75.124	-	-	34.723	75.124	-
9. Total assets (4+8)	98.838.089	13.194.414	4.805.971	68.123	-	12.759.366	13.641.553	85.885
10. Trade payables	222.371.582	21.545.026	17.991.727	84.962	531	25.922.255	21.597.856	37.489
11. Financial liabilities	532.915.411	80.692.405	17.982.869	-	-	97.846.347	6.096.871	-
12a. Other monetary liabilities	29.699.664	3.785.158	1.617.493	5.423	-	44.15.666	178.837	-
12b. Other non-monetary liabilities	12.446.153	1.718.640	564.791	-	-	1.307.496	2.517.705	4.229
13. Current liabilities (10+11+12)	797.432.810	107.741.829	38.156.880	90.385	531	625.873.700	129.491.764	41.718
14. Trade payables	28.145.426	5.349.926	-	-	-	9.876.778	-	-
15. Financial liabilities	1.002.406.217	146.484.574	38.448.163	-	-	227.867.410	55.033.293	-
16a. Other non-monetary liabilities	518.241	228.000	649.993	-	112	-	-	-
16b. Other non-monetary liabilities	190.076	36.130	-	-	-	36.130	-	-
17. Non-current liabilities (14+15+16)	1.035.859.960	152.098.630	39.098.156	-	112	1.145.386.416	237.760.318	55.033.293
18. Total liabilities (13+17)	1.833.292.770	259.840.459	77.255.036	90.385	643	1.771.260.116	367.272.082	85.424.562
19. Net assets of off balance sheet derivative items (liability) position (19a-19b)-	-	-	-	-	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	(1.734.454.681)	(246.646.045)	(72.449.065)	(22.262)	(643)	(1.661.098.309)	(354.512.716)	(71.783.009)
21. Net foreign currency asset / (liability) / (position of monetary items (IFRS 7.82.3) (= 1+2a+3+5+6a-10-11-12a-14-15-16a)	(172.627.646)	(244.901.567)	(72.009.531)	(22.262)	(643)	(1.647.265.606)	(353.208.330)	(69.812.430)
22. Fair value of derivative instruments used in foreign currency hedge	113.518.237	1.883.526	17.887.989	-	-	212.308.973	114.271.72	-
23. Partial total amount of foreign currency assets hedged	-	-	-	-	-	-	-	-
24. Partial total amount of foreign currency liabilities hedged	1.498.724.918	220.255.292	56.400.772	-	-	1.503.493.020	325.713.758	60.886.568
25. Export	61.614.17	5.955.884	5.468.018	186.995	-	50.095.726	70.61.101	5.508.078
26. Import	864.018.957	278.344.17	129.782.704	1.449.350	37.969	652.382.138	31.314.516	1.402.942

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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 2018 and 2017, 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 2018			
	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	(129.758.020)	129.758.020	-	-
2- USD hedged from risks (-)	(13.670.625)	(122.419.072)	-	-
3- USD net effect (1+2)	(143.428.645)	7.338.948	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(43.672.295)	43.672.295	-	-
5- EUR hedged from risks (-)	-	(4.009.405)	-	-
6- EUR net effect (4+5)	(43.672.295)	39.662.890	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	(15.153)	15.153	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	(15.153)	15.153	-	-
TOTAL (3+6+9)	(187.116.093)	47.016.991	-	-

	31 December 2017			
	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	(133.718.651)	133.718.651	-	-
2- USD hedged from risks (-)	56.961.771	(115.103.182)	-	-
3- USD net effect (1+2)	(76.756.880)	18.615.469	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(32.413.618)	32.413.618	-	-
5- EUR hedged from risks (-)	28.569.589	(28.569.589)	-	-
6- EUR net effect (4+5)	(3.844.029)	3.844.029	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	22.438	(22.438)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	22.438	(22.438)	-	-
TOTAL (3+6+9)	(80.578.471)	22.437.060	-	-

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 2018	31 December 2017
Financial instruments with fixed interest		
Financial assets	160.487.957	194.206.123
Financial liabilities	565.439.216	1.117.914.346
Financial instruments with floating interest		
Financial assets	-	-
Financial liabilities (*)	1.581.073.161	1.214.201.156

(*) The Group entered swap contracts in order to hedge foreign exchange risk and interest risk for its financial liability and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions explained in Note 8.

If the interest on loans with variable interest denominated in TRY, USD and Euro on renewal dates were higher/lower by 50 basis points with all other variables remaining constant as of 31 December 2018, the current period profit before tax would be lower/higher by TRY 885.864 as a result of high/low interest expenses arising from loans with variable interest (31 December 2017: TRY 100.336).

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 2018 and 2017 This ratio is found by dividing the net total debts to total equity. The net total debt is calculated by deducting the cash and cash equivalents from the total financial debts:

	31 December 2018	31 December 2017
Financial liabilities	2.159.110.271	2.335.988.743
Less: Cash and cash equivalents	(290.359.771)	(356.896.837)
Less: Derivative instruments	(113.518.237)	(212.308.973)
Net financial liabilities	1.755.232.263	1.766.782.933
Total equity	(255.263.151)	22.787.840
Total equity/net financial liability ratio	(14,54%)	1,29%

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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 2018				
Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts (*)	-	113.518.237	-	113.518.237
Total Assets	-	113.518.237	-	113.518.237

31 December 2017				
Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts (*)	-	212.308.973	-	212.308.973
Total Assets	-	212.308.973	-	212.308.973

(*) The details of foreign currency exchange contracts are disclosed in Note 8.

NOTE 34 - SUBSEQUENT EVENTS

None.

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