

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION I - CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Published in 1999 for the first time, the OECD Corporate Governance Principles were reviewed in 2004 and 2015. The last review started in 2012, continuing in 2014 and 2015, and was approved by the OECD Council on July 8, 2015. The G20/OECD Corporate Governance Principles were approved in the G20 Finance Ministers and Central Bank Governors Meeting in Ankara on September 4-5, 2015 and in the G20 Leaders' Summit in Antalya on September 15-16, 2015. The Capital Markets Board's Corporate Governance Principles were published in Turkey upon decision no. 35/835 dated July 4, 2003 by the Capital Markets Board. To ensure harmonization with the OECD Corporate Governance Principles 2004, the Capital Markets Board updated its own principles. Then, taking international developments into consideration, the Capital Markets Board updated its Corporate Governance Principles again in 2005, 2010, and 2011. The CMB Communiqué Serial IV, No. 56 on the "Determination and Implementation of Corporate Governance Principles," entered into force by being published on the Official Gazette no. 28158 dated December 30, 2011, was amended five times in 2012 and 2013. Finally, the Communiqué on Corporate Governance (II-17.1) entered into force by being published on the Official Gazette no. 28871 dated January 3, 2014. Following the Capital Markets Board decision no. 2/35 dated January 27, 2014, the Board Bulletin no. 2014/2 announced the new format for the Corporate Governance Principles Compliance Report be attached to annual reports as from 2014. The Company's Corporate Governance Principles Compliance Report was presented in this new format for the fiscal year from January 1, 2015 to December 31, 2015. Following the recent review by the OECD in 2015, the Capital Markets Board has not updated its Principles yet.

Corporate Governance Compliance Rating

Doğuş REIT signed a contract on December 15, 2014 with Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. (which is officially authorized to perform rating procedures as per the Capital Markets Board's Communiqué Series VIII No. 51 on Principles Regarding Ratings and Rating Agencies in Capital Market) to prepare the Corporate Governance Compliance Rating Report.

The report for the validity period from July 7, 2015 to July 7, 2016 was published in July 7, 2015 and was announced on the Public Disclosure website at (www.kap.gov.tr).

Our first score for the Corporate Governance Compliance was 8.01.

	July 7, 2015
Shareholders	89.68
Public Disclosure and Transparency	78.54
Stakeholders	72.76
Board of Directors	77.43
Score	8.01

The Company's Corporate Governance Compliance Rating report is available on the corporate website (www.dogusgyo.com.tr), in the Investment Corner - Corporate Governance Rating Reports section.

Corporate Governance Compliance

As announced on the Capital Markets Board Bulletin no. 2015/01 dated January 13, 2015 as per Article 5-(2) c) in the Corporate Governance Communiqué II-17.1, Doğuş REIT was in the third group on the BIST National Market in 2015.

In all its activities from January 1, 2015 to December 31, 2015, the Company fully complied with all obligatory principles as specified in the Corporate Governance Communiqué II-17.1, entered into force by being published on the Official Gazette no. 28871 dated January 3, 2014, also endeavoring to comply with most of the non-obligatory principles.

Doğuş REIT continuously develops and improves its internal corporate governance system to ensure full compliance with Corporate Governance Principles.

The Corporate Governance Committee will continue to work on completing internal adjustments within prescribed times as per the Communiqué (II-17.1) on the Corporate Governance, entered into force by being published on the Official Gazette no. 28871 dated January 3, 2014, taking into consideration the Capital Markets Law no. 6362, related Communiqués by the Capital Markets Board, Turkish Commercial Code No. 6102, and other related regulations to ensure compliance with Corporate Governance Principles.

As per Section II, Article 9 of the Capital Markets Board Communiqué (II-14.1) on "Principles Regarding Financial Reporting in Capital Markets," entered into force by being published on the Official Gazette No. 28676 dated June 13, 2013, the Corporate Governance Committee announced on the Public Disclosure Platform the following on November 9, 2015: Statements of responsibility for financial reports and annual reports;

- a. Review of financial statements and annual report;
- b. To the best of their knowledge within the framework of their duties and responsibilities at the Company, the absence of any assertion in the financial statements and annual report that is untrue insofar as matters of material importance are concerned, or any omission that would lead to the conclusion that such assertions were misleading as of the date on which it was made;
- c. That, to the best of their knowledge within the framework of their duties and responsibilities at the Company, the financial statements - including consolidated ones, if any - prepared in accordance with the related Communiqué honestly reflect the realities of the Company's assets, liabilities, financial position, and profits and losses and that the annual report honestly reflects the development and performance of business, as well as the Company's financial position, risks of material importance, and uncertainties - including consolidated ones, if any;

Financial reports for the period from January 1, 2015 to March 31, 2015 was announced at the Public Disclosure Platform on May 11, 2015; Financial reports for the period from January 1, 2015 to June 30, 2015, on August 7, 2015; and Financial reports for the period from January 1, 2015 to September 30, 2015, on November 9, 2015.

Following the Board of Directors Resolution No. 2015/420 dated June 8, 2015 and as a part of the Company's reorganization, Murat İnan, who had officiated as CEO since May 25, 2009, was appointed as Board of Directors Advisor and Çağan Erkan was appointed as CEO. The appointment of CEO was announced on the Public Disclosure Platform on June 08, 2015 and following its registration on June 22, 2015, was published on the Turkish Trade Registry Gazette no. 8850 dated June 26, 2015. Çağan Erkan has the authorities specified in related articles in the Turkish Commercial Code No. 6102, Article 18 in the Communiqué II 48.1 on Principles regarding the Real Estate Investment Trusts, and Article 17 in the Articles of Association.

Committees that were established as per the Corporate Governance Principles from January 1, 2015 to December 31, 2015 maintained effectively their activities, complying with obligatory principles specified in the Communiqué (II-17.1) on the Corporate Governance. We declare that there is not any conflict of interest among the management, stakeholders, and shareholders because of noncompliance with any of the corporate governance principles and that annual report and periodic financial statements fully reflect the Company's financial position and the Company fully complies with the legislation.

We also declare that Doğuş REIT rigorously implements Corporate Governance Principles, Capital Markets Law, and any other related regulations in the management and execution; that the compliance with principles was further improved in 2015 in terms of operability of shareholders, stakeholders, Public Disclosure and Board of Directors; and that there was not any conflict of interest in relation with the Corporate Governance Principles.

We finally declare that the Corporate Governance Committee will rigorously continue to provide the Board of Directors with suggestions for improvement to make the Company's corporate governance

practices “best practices,” if appropriate; and that we will closely follow updates and amendments to regulations related to commercial life, in general, and Capital Markets Board, in particular.

Corporate Governance Committee

Mustafa Sabri Doğrusoy

President

Mustafa Ahmet Ünaydın

Member

Hasan Hüsnü Güzelöz

Member

SECTION II - SHAREHOLDERS

2.1. Investor Relations Department

2.1.1. Established for monitoring all the relations between the shareholders and the Company and for ensuring complete fulfillment of the shareholders' right to information in compliance with the Capital Markets Legislation and the Capital Markets Board (CMB) regulations, the "Shareholder Relations Unit" was restructured in accordance with Article 11 in the Communiqué No. II-17.1 on Corporate Governance, and the "Investor Relations Department" was established according to the resolution of the Board of Directors No. 2014/387 dated July 25, 2014 and was disclosed on the Public Disclosure Platform.

In compliance with the related article of the Communiqué, this division reports directly to the CEO. The objective of the Investor Relations Department is to inform all stakeholders in compliance with related regulations and to ensure transparent public disclosures.

The responsibility of the Investor Relations Department is to ensure stakeholders to obtain more efficient and extensive information. Hasan Hüsnü Güzelöz is the director of the Investor Relations Department and Nazlı YILMAZ is the division staff.

2.1.2. Investor Relations Department contact information;

Hasan Hüsnü Güzelöz - Division Director

Phone: +90 (212) 335 28 50

Fax: +90 (212) 335 28 99

Email address: Hguzeloz@dogusgrubu.com.tr

Nazlı Yılmaz - Division Staff

Phone: +90 (212) 335 28 50

Fax: +90 (212) 335 28 99

Email address: nazliyi@dogusgyo.com.tr

2.1.3. Investor Relations Department director Hasan Hüsnü Güzelöz possesses "Capital Market Activities Level 3" and "Corporate Governance Rating" licenses and works for the Company as full-time manager.

2.1.4 According to the Communiqué on Corporate Governance (II-17.1), which entered into force following its publication in Official Gazette no. 28871 of January 3, 2014, Investor Relations and Legislation Compliance Report 2015 was submitted to and approved by the Board of Directors.

2.1.5. From January 1, 2015 to December 31, 2015, the Investor Relations Department received and answered 47 information requests from shareholders by phone, electronic mail, or website. In addition, the website was regularly updated to enable investors to follow up-to-date information.

2.1.6. Stakeholders rights are exercised in compliance with the applicable laws, the articles of association and other internal regulations of our Company and all necessary precautions to ensure the proper exercising of these rights are taken.

2.1.7. The utmost attention is paid to the relevant legislation and Articles of Association when fulfilling the requests of shareholders. In 2015, to the best of our knowledge Doğuş REIT did not receive any verbal or written complaints on the use of shareholder rights nor there were no administrative or legal proceedings regarding this issue.

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2.1.8. The main duties of the Investor Relations Department include:

- Ensuring sound, secure and up-to-date recording of correspondence between investors and the Company, as well as other information and documents,
- Responding to written information requests from shareholders,
- Drawing up of General Meeting documents required to be submitted to shareholders for review and taking necessary measures for the conduct of General Meeting in compliance with related regulations, Articles of Association, and other internal regulations,
- Supervising and monitoring the fulfillment of any obligations under the Capital Market legislation, including corporate governance and public disclosure issues,
- Performing any duties related to shareholders in compliance with Capital Market Legislation and related communiqués, as well as any other laws and regulations used as a basis for activities,
- Performing all procedures in compliance with the Communiqué on Public Disclosure (VII-128.6), which entered into force on January 1, 2014 following its publication in the Official Gazette no. 28864 of December 27, 2013,
- Ensuring timely disclosure of activities in Public Disclosure Platform, Central Registry Agency, and corporate website in compliance with related regulations,
- In compliance with Article 4.5.10, Appendix 1 of the Communiqué on Corporate Governance (II-17.1), enabling the Corporate Governance Committee to perform its supervision duty,
- Reporting its activities in writing to the Board of Directors at least once a year,
- Ensuring the preparation and public disclosure of annual and interim reports in compliance with related legislation.
- Ensuring sound, secure and up-to-date recording of correspondence between investors and the Company, as well as other information and documents,
- Responding to written information requests from shareholders,
- Serving as a bridge and ensuring the flow of information between shareholders and the Company's senior management and Board of Directors,

- Drawing up of General Meeting documents required to be submitted to shareholders for review and taking necessary measures for the conduct of General Meeting in compliance with related regulations, Articles of Association, and other internal regulations,
- Supervising and monitoring the fulfillment of any obligations under the Capital Market Legislation, including corporate governance and public disclosure issues.

2.1.9. The Corporate Governance Committee performs sensitively its duty of supervising the activities of Investor Relations Department in compliance with Article 4.5.10, Appendix 1 of the Communiqué on Corporate Governance (11-17.1).

2.2. Exercising Shareholders' Right to Obtain Information

2.2.1. Information requests of shareholders have been clearly and plainly responded with the exception of those related to trade secrets or undisclosed information under the Turkish Commercial Code and the Capital Markets Legislation. Material event disclosures are primarily announced on the Public Disclosure Platform system and are published on the corporate website the same day. The Company respects each shareholder's right to demand information and to investigate and does not discriminate between shareholders.

2.2.2. The majority of information requests throughout the year were handled by way of phone or emails. Information requests received by the Shareholder Relations Unit generally covered the following matters:

- Information on financial statements,
- Information on potential investment decisions and present rent incomes of the Company,
- Information on portfolio tables,
- Information on material event disclosures,
- Information on capital structure,
- Information on the real estate units in the Company's portfolio,
- Questions regarding the price performance of Company's shares in the stock market,
- Questions regarding the potential impacts of group companies' projects on our Company.

2.2.3. No information requests were received from universities and public institutions during the period. The Company's website is regularly updated in order to provide accurate and actual information to all people and organizations who wish to have information on the activities and operations of the Company.

2.2.4. Appointment of a special auditor has not been stipulated in the Articles of Association of Doğuş REIT. Pursuant to Turkish Commercial Code Articles No. 438-443, each shareholder may request from the General Meeting the clarification of certain events with a special audit even if the issue is not on the agenda. There were no requests submitted by shareholders for a special audit in

January 1, 2015, December 31, 2015 period. The Company's activities are periodically audited by an Independent Auditor elected at the General Meeting

2.2.5. The Company acted in complete prudence in responding investor's requests to ensure full compliance with the regulations. There were no complaints filed with our Company regarding the exercise of shareholders' rights in January 1, 2015, December 31, 2015 period. To the best of our knowledge, there were also no administrative or legal proceedings regarding this subject.

2.3. General Meetings

2.3.1. General Meetings are held taking into account the Turkish Commercial Code (TCC), Capital Market Legislation and the Corporate Governance Principles, and are organized to provide adequate information to the shareholders.

2.3.2. An information document on agenda items is arranged and announced to the public prior to the General Meeting

2.3.3. Matters such as invitation to the General Meeting, participation, methods to be implemented in the meeting, and announcements of General Meeting resolutions are carried out under the principles set out in corporate governance principles' section entitled the right to participate in the general meeting, taking our Company's free float rate into consideration, and in order to increase the participation of stakeholders, to provide the utmost benefit to shareholders, and to ensure consistence in the efficiency of management and operation. The Company acts in compliance with the Corporate Governance Principles of the Capital Markets Board and other legislation in all announcements.

2.3.4. The Ordinary General Meeting gathers within three months of the end of the Company's operating period, and at least once every year, and decides on the matters of the agenda that is prepared by the Board of Directors pursuant to the relevant provisions of the Turkish Commercial Code. The Ordinary and Extraordinary General Shareholders' Meetings and quorums are subject to the provisions of the Turkish Commercial Code, Capital Markets Law, and relevant regulations.

2.3.5. The location, date, time, agenda and power of attorney sample of the 2014 Ordinary General Shareholders' Meeting were announced twenty-two (22) days prior to the meeting date in Turkish Trade Registry Gazette No. 8771 on March 4, 2015.

2.3.6. 2014 Ordinary General Shareholders' Meeting was held at the Company headquarters on March 26, 2015 and with a quorum of 216,270,548.217. Our General Meeting was held under the supervision of a Ministry of Customs and Trade representative, and was open to the public including stakeholders and media without granting the right to speak, however none other than the shareholders have participated.

2.3.7. The announcement of the 2014 Ordinary General Shareholders' Meeting and its Information document was announced to shareholders and public through Public Disclosure Platform on February 27, 2015. Notifications on the General Meeting was published at the Electronic General Meeting system of the Central Registry Agency, and the Company's website.

2.3.8. Prior to the 2014 Ordinary General Shareholders' Meeting, the "information document" regarding the annual report, financial statement and financial tables, and the agenda of the General Meeting, other documents that form the basis of the agenda items, and the latest version of Articles of Association were made available for review by the shareholders at the Company website, and participation to the General Meeting was thus facilitated.

2.3.9. The titles of the General Meeting agenda were stated clearly and without room for interpretation.

2.3.10. No written agenda item request from shareholders was received by the Investor Relations Department.

2.3.11. Minutes of the General Meeting and the attendance list regarding the Ordinary General Meeting dated March 26, 2015 was announced on the Public Disclosure Platform on March 26, 2015. The same document can also be found on our website www.dogusgyo.com.tr.

2.3.12. As per the Communiqué on Attendance to General Meetings of Joint Stock Companies by Electronic Means, published in the Official Gazette No. 28396 dated August 28, 2012, our General Meetings are held open to public and in E-General Meeting system. Shareholders are able to monitor the General Meeting and their questions are responded with due diligence.

2.3.13. The Board of Directors decides on General Meeting Invitation in accordance with Turkish Commercial Law No. 6102, Capital Markets Law No.6362, and the provisions of the Articles of Association. Upon the resolution, public is notified by announcing the decision on the E-Company and Public Disclosure Platform of Central Registry Agency. Invitation, agenda, power of attorney samples and further notifications regarding the General Meeting were published in Turkish Trade Registry Gazette, and at least one newspaper sold at Company headquarters' area in accordance with the times stated in Turkish Commercial Law, Corporate Governance Principles and Capital Market Regulations, and such document was also disclosed in the Company website at www.dogusgyo.com.tr address. Shareholders that are legal entities are sent a letter about the General Meeting.

2.3.14. Invitation to the General Meeting is announced using the methods prescribed by the legislation as well as employing other means enabling access to as many shareholders as possible including electronic communications, and at least twenty-one (21) days prior to the meeting, and is also published in Turkish Trade Registry Gazette.

The Company is obliged to act in compliance with the provisions of the Turkish Commercial Code, Capital Market Law, and relevant regulations regarding the times of invitations to the General Meetings.

Prior to the General Meeting, agenda items and necessary relevant documents are announced to the public within the legal times and in accordance with the regulations.

2.3.15. Pursuant to the agenda items of the General Meeting, the following documents are made available at the Company headquarters and website for the review of shareholders as of the date of announcement for the invitation to the General Meeting: year-end independent auditor's report and legal auditor's report, financial tables, annual report, Corporate Governance Principles Compliance

Report, profit distribution policy, amendment proposals involving the original and the amended versions of the Articles of Association if subject to amendment, pre-authorizations received from CMB and the Ministry of Customs and Trade, shareholder and partnership structure, changes of members of the Board of Directors and information regarding candidates pursuant to the relevant regulation, information regarding company transactions that are deemed significant according to the regulation and agenda item requests by CMB, if any.

2.3.16. Prior to the General Meeting, the Form for Voting by Proxy, and the Sample for Power of Attorney for Proxy Solicitation were presented to shareholders. Also prior to the General Meeting, information regarding independent candidates for the Board of Directors, and documents on whether or not a candidate is independent were made available for review of shareholders and public.

2.3.17. 2014 Ordinary General Shareholders' Meeting was held on March 26, 2015, and was open to the public including stake holders and media without granting the right to speak, however none other than the shareholders have participated.

2.3.18. The matters included in the agenda of 2014 General Meeting were briefed objectively and in detail with a clear and understandable method. Shareholders were given the right to express their opinions and ask questions under equal terms, providing a platform for healthy debate. No questions regarding the meeting agenda were received from shareholders who attended the meeting in person or by electronic means.

2.3.19. Two members of the Board of Directors, CEO, Deputy General Manager Financial Affairs, Investor Relations Department Manager, Legal Counselor, other people in charge of disclosure on significant matters of the agenda, individuals responsible for the preparation of the financial tables, and auditors were present at the 2014 General Meeting on March 26, 2015, to give required information and to respond questions.

2.3.20. A representative of the Independent Auditor has read out the Independent Auditor's Report concerning January 1, 2014 - December 31, 2014 period, in person, and informed the General Meeting.

2.3.21. As per Article 395 and 396 in the Turkish Commercial Code and Article 1.3.6 in the Capital Markets Board Communiqué No. 11-17.1 on Corporate Governance; It has been noted as a separate article in the agenda, notified in the General Meeting and recorded in the meeting minutes that the controlling shareholders, members of the Board of Directors, managers with administrative roles and responsibilities as well as their spouses and up to second degree blood relations and matrimonial relatives were not involved in any material transaction, which could potentially create a conflict of interest with the Company or any of its subsidiaries; and/or they were neither involved in a commercial business activity involving the operations of the Company and/or any of its subsidiaries, either on account of their own or any other third parties; nor did they join any other partnership involved in a similar line of commercial business as partners with unlimited liability.

2.3.22. As an agenda item of the 2014 Ordinary General Meeting, shareholders were briefed on the Donations and Grants of the Company granted with the purpose of social aid as per Board of Director's resolutions in 2014 which are, 20,000 (twenty thousand) Turkish lira to the Gebze Security,

Public Order and Traffic Services Support and Assistance Association, 25,000 (twenty-five thousand) Turkish lira to Sarıyer Sports Club Association.

2.3.23. Upon the proposal by the Company's Board of Directors and as per Article 19 of the Capital Markets Law, the General Meeting decided by a majority of shareholders to limit the total amount of Donations and Grants to 1,000,000 (one million) Turkish lira in 2015.

2.3.24. The resolutions of the General Meeting were registered on April 9, 2015, and published in the Turkish Trade Registry Gazette No. 8801 dated April 15, 2015, and announced on Public Disclosure Platform on April 9, 2015.

2.3.25. Extraordinary General Shareholders' Meeting was not held in the January 1, 2015 – December 31, 2015 period.

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2.3.26. Principles for General Meeting Participation;

Group A shares that hold 0.83 percent of the Company are registered shares, group B shares that hold 99.17 percent of the Company are bearer shares. Publicly Traded shares consist 83.74 percent of the total capital of the Company.

All shareholders included in the “**List of Individuals Eligible to Attend the General Meeting**” that will be prepared according to the “Chart of Shareholders” obtained from the Central Registry Agency (CRA) by the Board of Directors, may attend the General Meeting personally in physical environment or in electronic environment. Such shareholders may attend themselves in person and they are also allowed to participate in the meeting by means of their representatives.

To participate in the General Meeting, natural person shareholders are required to show their identity cards, representatives of legal person shareholders are required to present their identity cards and letters of authorization. Proxies of natural persons and legal persons are required to show their proxy letters. Shareholders, who participate in the General Meeting by proxy, must authorize their representatives by power of attorney prepared and certified by a notary, or a power of attorney prepared by the shareholder with a notarized signature circular of the shareholder. The participation in electronic environment, assigning delegates, offering suggestions and voting in the General Meetings of our listed Company whose shares are monitored in dematerialized form by CRA, will be handled over the **Electronic General Meeting System (E-GEM)** provided by CRA. Therefore, shareholders who will perform transactions in E-GEM must first register their contact information in the e-MKK Information Portal of the CRA and obtain a secure electronic signature. Shareholders or their representatives who want to attend the General Meeting by electronic means are required to notify their choice in E-GEM latest up to one day before the date of the General Meeting. Shareholders who are not able to participate in person, without prejudice to the rights and obligations of the shareholders who will participate electronically, are required to obtain a copy of the powers of attorney form from our Company Headquarters or from the corporate web site, and submit the Company their notarized proxy form by completing the requirements stipulated by Communiqué Serial II, No: 30.1 on Voting by Proxy and Proxy Solicitation published in Official Gazette No. 28861 dated December 24, 2013.

Participation in the General Meeting by proxy in electronic environment or in person, it is mandatory to register the identity information of the representative on E-GEM. Participation in the General Meeting by electronic means shall be possible with the electronic signatures of the shareholders or their representatives.

General Meetings are held at the Company headquarters.

The matters included in the agenda of General Meeting are briefed objectively and in detail with a clear and understandable method. Shareholders are given the right to express their opinions and ask questions under equal terms, providing a platform for healthy debate, and their suggestions are taken into consideration.

2.3.27. Meeting Minutes

The meeting minutes can be found on the corporate website on www.dogusgyo.com.tr address, and e-General Meeting part of the Electronic Information Portal of CRA. These minutes are also available for review of our shareholders in Company headquarters and are handed upon request.

2.3.28. Special Decisions

Pursuant to the Communiqué on Principles Regarding Real Estate Investment Companies (III-48.1);

Decisions of the board of directors pertaining to the transactions listed in this paragraph between the shares of which are offered to public on one side and the parties listed in this paragraph on the other side are required to be disclosed to public within the framework of regulations of the Board pertaining to public disclosure of material events, and in addition, if the decision is not taken in unanimity, it must be included in the agenda of the next meeting of the general meeting of shareholders, and the shareholders must be informed thereabout.

A- Parties

- a. Partners holding shares equal to or more than 20 percent of capital or holding voting rights of the same percentage in the REIT,
- b. Partners holding shares granting the privilege of nomination to the board of directors in the REIT,
- c. Other companies where partners mentioned in the preceding subparagraphs (a) and (b) hold more than 20 percent of capital shares or voting rights of this percentage,
- d. Subsidiaries of the REIT,
- e. Companies providing business administration services to the REIT,
- f. Companies providing portfolio management services to the REIT,
- g. Companies providing consultancy to the REIT,
- h. Contractor chosen to provide construction services to the REIT,
- i. Other partners of an ordinary partnership that is the subsidiary of the REIT,

i. Related parties of the REIT,

B- Special Decisions

- a. Decisions relating to purchase or leasing of assets for, or sale or leasing of assets from, portfolio of the REIT,
- b. Decisions relating to choice of companies for marketing of assets included in portfolio of the REIT,
- c. Decisions relating to establishment of credit relations,
- d. Decisions relating to determination of investment institutions giving purchasing commitments in public offering of shares of the REIT,
- e. Decisions relating to joint investments,
- f. Decisions relating to determination of natural persons or legal entities for provision of financial, legal or technical consulting and advice services to the REIT,
- g. Decisions relating to determination of natural persons or legal entities for provision of project development, supervision or contracting, business administration or portfolio management services to the REIT,
- h. Decisions relating to purchase of securities issued by legal entities listed in subparagraph (a) hereinabove for the portfolio of the REIT,
- a. Decisions relating to foundation of an ordinary partnership or termination of activities of an existing ordinary partnership
- j. Decisions relating to transactions based on trading of goods and services between the REIT and its related parties,
- k. Decisions which are not included in any one of the subparagraphs hereinabove, but which may give results in favor of any one of the parties listed in subparagraph (a).

The provisions of the corporate governance principles determined by the Board pertaining to transactions between REICs and their related parties are, however, reserved.

In wholesale of assets not exceeding 75 percent of total assets of REICs, the provisions of subparagraph (f) of second paragraph of Article 408 of TCC and of Article 23 of the Law are not applicable.

2.4. Voting Rights and Minority Rights

2.4.1. During General Meetings, votes are cast according to internal guidelines set by the Board of Directors in compliance with regulations by the Ministry of Customs and Trade. Shareholders who are not physically present at the meeting cast their votes in compliance with regulations on electronically held General Meetings.

2.4.2. The Company avoids any practices which may complicate the exercise of voting rights. Each shareholder is enabled to cast its voting right in the easiest and most appropriate manner. The Company shows ultimate attention to the exercise of minority rights. No criticism or complaints were received from minority shareholders from January 1, 2015 to December 31, 2015. The Company's shares are divided into two as Groups A and B. In the Articles of Association, Group (A) shares have the privilege to nominate Board of Directors members. The Company's shareholders have the right for one vote for each share they hold. Apart from this, the Company's shareholders do not have any other privilege. Non-preference shareholders with voting right may exercise this right either personally or through a third party which is not a shareholder. The Articles of Association do not include any provision preventing non-shareholding persons from voting by proxy as a representative. Candidates for Board of Directors are submitted to the General Meeting for review and are appointed by General Meeting resolution.

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2.4.3. There is no mutual participation relationship in the Company's capital.

2.4.4. Minority shares are not represented in the management and are not included in the Articles of Association.

2.4.5. Notwithstanding special provisions in the legislation and Articles of Association, voting is made electronically by open ballot and show of hands during the General Meeting.

2.5. Dividend Rights

2.5.1. Pursuant to the Corporate Governance Principles, Dividend Distribution Policy is provided at the corporate website for the information of shareholders. Dividend Distribution Policy is published on www.dogusgyo.com.tr address.

2.5.2. There are no privileges in dividend distribution among shares/shareholders. The Board of Directors sets the Dividend Distribution Policy, and submits it to the General Meeting for approval as per the Capital Market Regulations, Tax Legislation, and the provisions of the Articles of Association. The matters on whether, how and when the dividend will be distributed are discussed and decided in the General Meeting, all notifications are performed within legal times in accordance with the regulations. The company observes profit distribution and legal reserves regulations under the Turkish Commercial Code No. 6102 and Capital Market Legislation.

2.5.3. Net losses for the period and the previous year in Company's financial tables should be set off with appropriate equity items. However, previous year losses that were not set off due to the regulations or tax-related obligations, may be used regarding reductions in determining the distributable dividends.

2.5.4. The resolution of the Board of Directors No. 2015/409 dated February 27, 2015 on dividend distribution were announce on PDP on February 27, 2015. The resolution was submitted for approval in the Ordinary General Shareholders' Meeting on March 26, 2015, and was accepted by shareholders. The resolution is available on corporate website and the Annual Reports include the dividend distribution policy.

2.5.5. Upon suggestion by the Board of Directors regarding operating profits of 2014, it was unanimously accepted by shares with a nominal value of 216,270,548 (Two hundred and sixteen million, two hundred and seventy thousand, five hundred and forty-eight) Turkish lira, not to distribute and transfer the distributable net profit of the period of 27,657,767 (Twenty-seven million, six hundred and fifty-seven thousand, seven hundred and sixty-seven) Turkish lira to excess reserves account, in the General Meeting on March 26, 2015.

2.5.6. Upon the proposal of the Board of Directors, the dates and the distribution method of the annual profit to the shareholders are decided by the General Meeting in compliance with the provisions of the CMB. Profits distributed as such cannot be withdrawn.

2.5.7. The Company's dividends are paid within the legally-prescribed periods of time.

2.5.8. Dividend may be paid in equal or varying installments provided that it is decided in the General Meeting. The payment of dividends in installments is performed in accordance with the Capital Market Law.

2.5.9. Dividends are distributed equally to all existing shares on the date of the dividend distribution, notwithstanding the date of issue or acquisition. Rights on dividend privileges are reserved. According to Article 20 of the Capital Markets Law, the total dividend advance to be provided in an accounting period cannot exceed half of the profit of the previous year. No decision shall be taken regarding giving additional dividend advances or distributing dividends before offsetting the dividend advances paid during the previous period.

2.5.10. The proposal of the Board of Directors on dividend distribution, or the resolution of the Board of Directors on distribution of dividend advances are announced to public together with the dividend distribution table or the dividend advance distribution table of which the method and the content is decided by the Board, in accordance with the Board's regulatory guidelines on public disclosure of material events. It is mandatory to disclose the dividend distribution to public no later than the announcement date of the Ordinary General Meeting agenda.

Resolved in the General Meeting, the location and date of dividend distribution is announced to public via the corporate website and in a newspaper printed at the location area of the Company's headquarters, as well as through a material event disclosure on Public Disclosure Platform.

2.5.11. The amount of dividend resolved by the General Meeting to be distributed to non-shareholders is paid proportionally with the installments of shareholder dividend payments and pursuant to the same principles and procedures.

In the event of a request for amendment in dividend distribution policy, the resolution of the Board of Directors and the reason for such amendment are announced to public in accordance with the Board's regulatory guidelines on public disclosure of material events.

2.5.12. 2014 Dividend Distribution

Dividend Distribution Tables of the Company are provided in the "2014 Dividend Distribution Table" included in the General Meeting Information under "Investor's Corner" section on our website at www.dogusgyo.com.tr address.

It is decided in the Board of Directors meeting on February 27, 2015, not to distribute the net profit of the 2014 fiscal period and to transfer the amount to Excess Reserves account, in line with our Company's present investments and growth policies. The relevant resolution was accepted in the Ordinary General Shareholders' Meeting on March 26, 2015.

2.6. Transfer of Shares

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

SECTION III -PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and Its Content

3.1.1. The Company's website is published at (www.dogusgyo.com.tr) address in accordance with article No. 1524 of the Turkish Commercial Code No. 6102 and the regulations of CMB, and includes the matters stated in Corporate Governance Principles on public disclosure. Our website was registered on October 7, 2013 and was published in the Turkish Trade Registry Gazette No.8424 dated October 11, 2013.

3.1.2. The address of the corporate website address is provided on the company letterhead and printed documents. The procedures about the management and content of the website are included in the Company's "Disclosure Policy." The information on the corporate website is regularly updated and are consistent with regulatory disclosures. The website currently provides the following content: information that is mandatory to disclose as per the regulations, corporate information, strategic objectives and principles, material event disclosures, independent auditor's reports, information on the members of the board of directors and senior management, company organization and shareholding structure, trade registry information, material event disclosures on PDP system, information and graphics on shares and their performance, annual reports, disclosures and public offering circulars, the final form of the Company's articles of association, the agendas of the General Meeting, attendance tables and minutes, proxy voting form, dividend policy, corporate governance principles compliance report, codes of conduct, remuneration policy, corporate social responsibility policy, and legal announcements. The Company ensures the investors to reach their questions and information requests with the "Contact Us" section.

3.1.3. The corporate website includes up-to-date information on the shareholding and partnership structure of the Company and privileged shares. There is no real person ultimate controlling shareholder who holds more than 5 percent of the shares among the Company's partners.

3.1.4. The website content is prepared, updated and followed up by the Investor Relations Unit.

3.1.5. In addition, according to the "Regulation Regarding the Websites of Capital Companies," Article 1524/1 of the Turkish Commercial Code No. 6102, and the provision No.7 of the regulation that requires an area to be reserved for Information Society Services to make the legally required announcements at the website, the companies whose dematerialized shares are monitored get their Central Database Service Provider support from the Central Registry Agency (CRA), and the legally required announcements can be accessed over the e-Company: Companies Information Portal of CRA.

3.2. Annual Report

3.2.1. The Company's quarterly and Annual Reports are prepared in sufficient detail so as to ensure that the shareholders and the public have access to complete and accurate information regarding the company activities. The Company shows the utmost attention for the information on the Annual Report to comply with Communiqué on Corporate Governance Principles.

3.2.2. While preparing the Corporate Annual Report, utmost care is shown for compliance with:

- Communiqué on Corporate Governance (II-17.1), which entered into force following its publication in Official Gazette no. 28871 of January 3, 2014,
- The Capital Markets Board Communiqué Serial II, No: 14.1 on "Principles Regarding Financial Reporting in Capital Markets" entered into force by being published on the Official Gazette No. 28676 dated June 13, 2013,
- "The Regulation on Determination of the Minimum Content of Annual Reports of Companies," published by the Ministry of Customs and Commerce in the Official Gazette dated August 28, 2012 and issue no. 28395,
- The Turkish Commercial Code No.6102 dated January 13, 2011, that entered into force on July 1, 2012 after being published on the Official Gazette No. 27846 dated February 14, 2011,
- The Law amending the Law on the Turkish Commercial Code and Implementation Procedure of the Turkish Commercial Code No. 6335 dated June 26, 2012 that entered into force on July 1, 2012 after being published on the Official Gazette No. 28339 dated June 30, 2012, and the relevant regulations of Capital Markets.

3.2.3. The Annual Report includes;

3.2.3.1. Information on members of the Board of Directors and executives about the positions held outside the company and independence statements by the independent board members,

3.2.3.2. Of the committees established within the Board of Directors, information on members, periods of meeting, working principles including committee's activities, and the Board of Director's evaluation of committees' activities,

3.2.3.3. The number of Board of Director's meetings in that year and information on participation of the members,

3.2.3.4. Information on legislative amendments that may affect significantly company activities,

3.2.3.5. Information on litigation against the company and potential impact,

3.2.3.6. Information on the company's conflicts of interest with any company rendering investment consultancy, appraisal, and rating services and measures taken by the company to prevent such conflicts of interest,

3.2.3.7. Information on reciprocal shareholding of more than 5 percent,

3.2.3.8. Information on the social rights and occupational training of the employees, and corporate Corporate Social Responsibility activities with environmental impacts.

3.2.4. The Board of Directors have taken

Resolution No. 2015/418 dated May 1, 2015

for the quarterly report and financial statements of the period between January 1, 2015 and March 31, 2015,

Resolution No. 2015/422 dated August 7, 2015

for the activity reports and financial statements of the period between January 1, 2015 and June 30, 2015,

Resolution No. 2015/424 dated November 9, 2015

for the activity reports and financial statements of the period between January 1, 2015 and September 30, 2015.

SECTION IV - STAKEHOLDERS

4.1. Informing Stakeholders

4.1.1. The term stakeholder defines third party people in direct relationship with the Company. The Company shows the utmost care in its activities to protect the rights of its stakeholders that is protected by law and mutual arrangements and contracts and handles the proper notifications on such matters.

4.1.2. The stakeholders are notified on the corporate website about the Company policies and procedures on protecting their rights. The Company also notifies with the announcements on Public Display Platform.

4.1.3. The stakeholders are able to report illegal and unethical activities to the Corporate Governance Committee or the Audit Committee through Investor Relations Department.

4.1.4. There were no notifications reported by the stakeholders to the Investor Relations Division on illegal or unethical activities in the period of January 1, 2015 - December 31, 2015.

4.2. Stakeholders' Participation in the Company Management

4.2.1. Taking the 83.75 percent free float rate of the Company into consideration, the Company keeps channels open for the contribution to the administration of the company of stakeholders including the employees, in a manner that will not disturb the company activities, in a transparent, honest and accountable managing approach.

4.2.2. The Company works on developing models for the contribution of stakeholders including the employees, in a manner that will not disturb the company activities, to the administration of the Company.

4.2.3. The suggestions of shareholders are submitted for evaluation of senior management, and are used for developing solutions and policies. Weekly coordination meetings of department managers are organized under the presidency of the CEO. The opinions and suggestions of the employees are also reviewed in these meetings.

4.2.4. The requests and issues of the real and legal persons with whom the Company is related with due to lease contracts, are forwarded to the senior management by the relevant department, and are resolved with a solution-oriented approach.

4.3. Human Resources Policy

4.3.1. The Company has a “Human Resources and Training Policy” and “Personnel Succession Policy,” approved by the Company decision no. 2015/421 of July 20, 2015. In addition, related practices of Doğuş Group are followed. The Company has a Personnel Indemnification Policy, approved during the Board meeting no. 2014/400 of December 30, 2014. Related policies are updated when required.

4.3.2. Although the Company has a limited number of employees due to its definite field of activity;

4.3.2.1. Recruiting the candidate with qualifications and training necessary for the field forms the basis of the recruitment process.

4.3.2.2. The Company shows the utmost care to motivate and maintain the loyalty of the employees.

4.3.2.3. Training planning is carried out by researching training opportunities to develop the knowledge and skills of the employees. The Company creates required environment for training and self-development, treats all employees equally in terms of training and promotions, and ensures the participation of the employees in training programs to improve their knowledge, skills and abilities.

4.3.2.4. The Company provides all employees their rights in a fair manner, and places importance on training programs to improve their knowledge, and skills.

4.3.2.5. The careers of the employees are planned and developed in line with the needs of the organization.

4.3.2.6. The Company provides the employees their rights in a fair manner. The Company employs fair remuneration and rewarding policies.

4.3.2.7. The Company monitors, evaluates and honors the employee’s performances. Promotions of the employees are supported. Criticism is carried out with respect to personal rights.

4.3.2.8. The working environment is safe, comfortable, has state-of-the-art technological infrastructure, and is designed to ensure the highest efficiency.

4.3.2.9. The employees are notified on the Company's financial state, salary, career, training, health, and other matters that may concern them.

4.3.2.10. Our employees are protected from risks by health and life insurance.

4.3.2.11. The Company does not discriminate between the employees depending on their race, religion, language, and sex, and treats everyone equally. No criticism or complaints were received by the Company's management or Committees of the Board of Director on this matter in 2015.

4.3.2.12. The employees of the Company are not registered to a labor union due to their number, and thus the Company does not have any collective labor agreements. Right of association of employers is not restricted, provided that prior permission is obtained.

4.3.2.13. The Company carries out succession planning to determine the reassigned managers if a malfunction of administration is anticipated in the Company's management.

4.3.2.14. The Corporate Governance Committee carries out the duty of Remuneration Committee, acts sensibly when submits proposals for increasing the wages to the Board of Director, reviews the industry averages and Doğuş Group wage increase ratios, and takes into consideration situations such as reassignments and promotions.

4.3.2.15. The Company has a personnel succession policy.

4.4. Ethical Rules and Corporate Social Responsibility

4.4.1. The Company operates within the scope of codes of conduct stated in the corporate website. The Company is sensitive to its social responsibilities. The Company shows utmost attention in compliance with regulations on the environment, consumers, public health, and ethical rules. The Company also respects and supports the human rights.

The objective of the Company is to make the most of shareholders' investments. The Company works to minimize investment risks.

All shareholders are valued equally without respect to the amount of shares owned.

Shareholders are notified clearly and regularly on Company's financial status, present Company structure and amendments, commercial activities and performance.

The Company acts with due diligence to comply with the transparency principle in providing information to shareholders, stakeholders, and suppliers. The Company places importance in supporting the development of providing the accurate information in the shortest possible time.

With its employees and partners, the Company adopts the principles of transparency, honesty, and righteousness in operations.

The Company follows the legal rules of Turkey and all of the limitations of the relevant regulations, and respects the rights and freedom of all related people.

The Company provides all necessary basis for the employees to work in a safe, healthy and peaceful environment.

A common value is established for the employees to act in a team spirit and with a solidarity approach, and the objective is to maintain this order.

The aim is to create a structure in continuous development by considering the opinions of the employees.

The employees are expected to communicate honestly with shareholders, suppliers and clients. They are expected to avoid behavior that would bring the Company's name into disrepute.

4.4.2. The company's Code of Conduct is discussed and accepted by the Board at the Board of Director's Resolution No. 2012/326 dated March 7,2012. 4.4.3. The company's Code of Conduct is available on the corporate website (www.dogusgyo.com.tr.)

4.4.4. Corporate Social Responsibility: Doğuş REIT, aims to contribute to the social, cultural, artistic and economic development of the regions of its projects, and conducts Corporate Social Responsibility projects accordingly. The Company operates all activities with an awareness on Corporate Social Responsibility and shows the utmost care to comply with the regulations and environmental values. There were no significant lawsuits filed against the Company for damages on the environment in the period.

Doğuş REIT, aims to contribute to the social, cultural, artistic and economic development of the regions of its projects, and conducts Corporate Social Responsibility projects accordingly.

In addition, plastic and paper waste collected and separated in the Company are regularly sent to the Ayhan Şahenk Foundation to minimize the negative impact on ecology.

SECTION V - BOARD OF DIRECTORS

5.1. Structure and Establishment of the Board of Directors

5.1.1. The Board of Directors inform the public on the mission, vision, and strategic objectives of the Company through the corporate website and annual reports. The Company's Board of Directors consists of six members. The structure of the Board of Directors with six members is formed to enable rapid and rational decision making, formation of committees the establishment of which are required according to the Corporate Governance Principles, and efficient operation. Executive as well as non-executive members serve in the Board of Directors. The Board of Directors is made up of mostly non-executive members. One member of the Board of Directors is executive and five members are non-executive. Two of the non-executive members are independent members. The members of the Board of Directors are elected by the General Meeting for a maximum of three (3) years. Presidents and the members of the Board's committees are independent members. The members of the Board of Directors were elected for one (1) year in the Ordinary General Meeting on March 26, 2014.

Name, Surname	Title	Executive Status	Independent Member Status	Committee Duty
Hüsnü Akhan	Chairman	Non-executive		
Ekrem Nevzat Öztangut	Member	Non-executive		
Hayrullah Murat Aka	Member	Non-executive		
Hasan Hüsnü Güzelöz	Member	Executive		Member of Corporate Governance Committee Member of Committee for Early Detection of Risks
Mustafa Sabri Doğrusoy	Member	Non-executive	Independent member	President of Corporate Governance Committee President of Committee for Early Detection of Risks Member of Audit Committee
Mustafa Ahmet Ünaydın	Member	Non-executive	Independent member	President of Audit Committee; Member of Corporate Governance Committee Member of Committee for Early Detection of Risks

5.1.2. Two of the Board members are independent of any direct or indirect relationship from the standpoint of employment, capital, or commercial interests with Doğu Group and of any persons or entities from which our Company obtains service. Independent Members of the Board meet the independence criteria as per Appendix 1, Article 4.3.6 in the Capital Markets Board Communiqué No. 11-17.1 on Corporate Governance Principles. The candidates for the independent board membership submitted their written statements to the Nomination Committee at the time they were proposed as candidates, that they are independent within the framework of the law, articles of association and the principles. This document is present on corporate website and in our annual report. The independence statements of the independent members are announced on PDP on February 27, 2015, and were submitted to the General Meeting which elected them on March 26, 2015. During period of January 1, 2015 - December 31, 2015, no situations occurred that would impair their independence.

5.1.3. Assignment of Board Members at other institutions is restricted with the article 18 of the Company's Articles of Association. The Company complies with the restrictive provisions of the CMB on the qualifications of the members.

5.1.4. The members of the Board of Directors were elected in the General Meeting on March 26, 2015 to serve until the Ordinary General Meeting where the activities pertaining to the year 2015 will be discussed, and possess the powers stated in Articles No. 374 and 375 of TCC No. 6102. They are also compliant with the article 17 of the Communiqué on Principles Regarding Real Estate Investment Companies (III-48.1).

5.1.5. The Board of Directors gather to determine the duties of the Chairman and the members following the General Meeting of their elections. Board members whose tenures have finished can be elected again. If for any reason a vacancy on the board arises, a qualified person who meets the requirements stated in TCC and CML, is selected by the Board of Directors to temporarily fill the position and presented for the approval of the general meeting in the upcoming meeting. The member selected by this way fills the tenure of the old member. The duties of the Board of Directors were distributed in the Board Meeting No. 2015/414 dated April 9, 2015, and published in the Turkish Trade Registry Gazette No. 8817 dated May 11, 2015.

5.1.6. The Board members should comply with conditions determined by the Turkish Commercial Code, the Capital Markets Legislation, other relevant regulations. The Board members should act in accordance with the provisions of CMB Communiqué on Principles of Real Estate Investment Companies (No: III-48.1), and the independent members should comply with the conditions stated in article 4.3.6 of the Capital Markets Board Communiqué No. 11-17.1 on Corporate Governance Principles. This matter is stated in the Article 12 of the Articles of Association.

5.1.7. The Ordinary General Shareholders' Meeting of March 26, 2015 negotiated and approved by a majority vote of shareholders that controlling shareholders, Board of Directors members, top managers and their spouses and relatives of up to second degree consanguinity or affinity could perform, personally or on behalf of someone else, any significant transactions which might cause conflict of interests with the Company and its affiliates, in compliance with Article 1.3.6 of the Capital Markets Board's Communiqué on Corporate Governance (11-17.1) and Article 395 and 396 of the Turkish Commercial Code. No such transaction was performed by the board members or senior managers.

5.1.8. Furthermore, the Independent Members have also complied with the following criteria:

5.1.8.1. There has been no employment relation at manager level with important duties and responsibilities between themselves, their spouses, and their relatives with second degree of consanguinity and affinity and the Doğuş REIT's controlling shareholders or shareholders with management control or significant influence in the company or associates over which the company has significant influence for the last five years; They do not have, jointly or alone, more than 5 percent of capital or voting rights or preference shares; or they do not have any commercial relation of significance.

5.1.8.2. They have not worked as manager with significant duties and responsibilities and/or have not officiated as Board of Directors member at any companies from or to which Doğuş REIT has provided

significant services or products under a contract, including company audit (tax audit, legal audit, internal audit), rating and consultancy, while these products or services have been provided.

5.1.8.3. They have the professional education, knowledge and experience required to perform any duties they will perform.

5.1.8.4. They do not work full time in public agencies and institutes.

5.1.8.5. They reside in Turkey.

5.1.8.6. They have strong ethical standards, professional reputation and experience to make significant contributions to the Company's activities, to remain neutral in any conflict of interests between the Company and its shareholders, and to decide freely taking into consideration the rights of stakeholders.

Corporate Governance Principles Compliance Report

5.1.8.7. They can allocate enough time to the Company's affairs in order to be able to follow the course of Company's activities and to duly meet the requirements of duties they have assumed.

5.1.8.8. They have not been a member in the Doğuş REIT's Board of Directors more than six years within the last ten years.

5.1.8.9. They comply with the condition of not being independent member in the Board of Directors at more than three companies over which the Company or the controlling shareholders of the Company has/have management control. One of the independent members is also an independent member of a Doğuş Group company's Board of Directors.

5.1.8.10. They comply with the condition of not being an independent member of the board of directors at more than five publicly-traded companies in total.

5.1.9. The qualifications and tenures of the independent members are determined in accordance with the Corporate Governance Principles of the CMB and the Articles of Association. The independent Board member candidate handles a written statement on his/her independence within the framework of regulations, Articles of Association and required criteria.

5.1.10. If the independent member of the Board of Directors loses his independence before the end of his term or resigns for other reasons or becomes unable to fulfill his duties, the Board of Directors shall select new independent members to fill the vacancy, pursuant to the procedure stipulated in Capital Markets Board regulations to restore the minimum number of independent Board of Directors members.

5.1.11. During period of January 1, 2015 - December 31, 2015, no situations occurred that would impair the independence of our present independent Board members.

5.1.12. The Board members serve as managers and Board members in other companies, and provide consultancy services to other companies in a manner that will not cause conflict of interest. During the period of January 1, 2015 - December 31, 2015, a situation contrary to the Article 396 of TCC No.6102 on prohibition of competition did not occur. The duties of the Board members outside the Company are available in the information document submitted to the General Meeting, and their resumes in the annual reports and corporate website.

5.2. Operating Principles of the Board of Directors

5.2.1. The board formulates the most appropriate balance between growth and the issues of risk vs return in line with these objectives and, mindful of the Company's long-term interests, defines the strategic objectives of the Company, inspects the performance of the management, and administers and represents the Company considering compliance of Company's activities with the Articles of Association, internal regulations and policies.

5.2.2. The Board of Directors conducts its activities in line with the principles of transparency, accountability, fairness, and responsibility, taking the opinions of its internal committees into account, the Board devises internal control systems minimizing the adverse impact of risks, provides information on the effectiveness of the internal control system in the annual report, and ensures effective communication between the Company and its shareholder.

5.2.3. The operating principles of the Board of Directors are determined pursuant to the Turkish Commercial Code, the Capital Markets Law, and the regulations of the Capital Markets Board.

5.2.4. The Board of Directors shall when it is deemed necessary due to the company's affairs upon the call of the Chairman or the Vice Chairman, and its secretariat is performed by the Company. Any of the Board members may request a Board meeting by applying in writing to the Chairman or the Vice Chairman. If the Chairman or the Vice Chairman still does not call for a Board meeting, then the members shall have the right to call for a meeting. Each member of the Board of Directors holds an equal right to vote. The agenda of the Board meetings are determined by the Chairman or the Vice Chairman. The agenda of the Board meeting are prepared and provided for the review of the members prior to the meeting. The agenda can be amended with a resolution of the Board of Directors.

5.2.5. The Board of Directors conducts its activities in line with the Turkish Commercial Code and the provisions of the Articles of Association. During period of January 1, 2015 - December 31, 2015, the Board of Directors have held 19 meetings and have taken 26 resolutions.

5.2.6. The Board complies with Article 9 and 10 of the Capital Markets Board Communiqué No. 11-17.1 on Corporate Governance Principles and the relevant provision of the Articles of Association in activities, and common and continuous transactions between the Company and all kinds of related parties.

5.2.7. The minimum requirements of Board member candidates pertain to the Corporate Governance Principles of the CMB. The Chairman and the members of the Board of Directors possess

the powers determined in the relevant articles of TCC No.6102, Article 17 of the Communiqué on Principles Regarding Real Estate Investment Companies (III-48.1), and Articles 11 to 15 of the Articles of Association. According to the provisions, the Company is administered and represented by the Board of Directors. The Board of Directors duly performs its duties as assigned by TCC No.6102, Capital Markets Law No.6362 and other relevant regulations.

5.2.8. Approval of the General Meeting should be sought in order for the Chairman and the members of the Board of Directors, directly or indirectly, to engage in the transactions covered by the scope of activities of the Company and to become shareholders in companies performing such transactions as per Articles 395 and 396 of the TCC 395. No problem has been faced within the period of January 1, 2015 - December 31, 2015 in relation to permissions given to members of the Board of Directors in this regard. There are no other restrictions in terms of the members of the Board to engage in another duty or duties outside the Company. Such a restriction is not required particularly because to the contribution of the independent members' professional and industrial experience to the Board of Directors.

5.2.9. No loans were extended to any member of the Board or executive officer during the period January 1, 2015 - December 31, 2015, nor any personal loan, collateral or bill of guarantee was given on their behalf directly or through a third party.

5.2.10. Managers' authorities and responsibilities are defined in their power of signature statements, and announced in the Turkish Trade Registry Gazette No. 8817 dated May 11, 2015.

5.2.11. The Chairman of the Board of Directors determines the agendas of the Board meetings by corresponding with other members and the Chief Executive Officer/CEO. When the administration requests for a matter to be discussed in the Board meetings, the matter is consolidated and forwarded by the Chief Financial Officer to the CEO. The Chairman reviews the matters handled by the CEO, and introduces the matters he/she deems necessary to the agenda of the Board meeting.

5.2.12. Board members take great care to attend every Board meeting and express their opinions. The necessary facility for the Board meeting to be held in electronic environment is provided.

5.2.13. The Board of Directors meetings are held in accordance with the Article 13 of the Articles of Association. An assistant to the CEO is assigned for the notification and communication with the members of the Board. The Article 13 of the Articles of Association also includes the significant information on unanimously resolving the Board resolutions. It is mandatory to inform the CMB and the stock market if a resolution is not taken unanimously. No such incident that requires public disclosure has been experienced yet.

5.2.14. Differences of opinion and grounds for opposing votes and specific questions raised by members of the Board of Directors at Board meetings are recorded in the Resolution Book. However, during the period January 1, 2015 - December 31, 2015 no such public disclosure was made as no opinion was announced at the meetings against any resolution by the Board Members.

5.2.15. Information and documents on agenda topics are provided for the review of the Board members prior to the Board meetings on the grounds of equal information flow.

The opinions of absent members who submitted their input in writing shall be presented to the members that are present in the meeting. No such incident occurred during the period January 1, 2015 - December 31, 2015.

5.2.16. In accordance with the Corporate Governance Principles, Board members in relation with the related party did not attend the resolutions on related party transactions during the period January 1, 2015 - December 31, 2015.

Corporate Governance Principles Compliance Report

5.2.17. A quorum for the Board meetings is a simple majority of the total number of members and resolutions are passed by simple majority of attending members. Votes are cast in “in favor” or “against.” Abstention is considered as “against.” In the event of equal votes, the proposition is deemed rejected. The CMB’s mandatory Corporate Governance Principles are reserved in the resolution of the Board of Directors.

The Board members have not been granted weighted voting rights and/or veto rights in the Articles of Association. Each member is granted a single vote.

5.2.18. Members of the Board spare sufficient time for Company issues. The executive and non-executive members of the Board engaging in other companies as managers, members of the Board or provide them consultancy does not cause any conflict of interest.

5.2.19. The Company took out an insurance policy worth \$25 million in order to guarantee compensation for damage that may be caused by Board Members or senior management while performing their duties in accordance with article 4.2.8 of the Capital Markets Board Communiqué No. 11-17.1 on Corporate Governance Principles. This incident is announced on PDP on February 26, 2015.

5.2.20. According to article 20 of the Communiqué on Principles Regarding Real Estate Investment Companies (III - 48.1) that regulates our activities,

members of the board should notify the Board on such matters, when they are not independent from a party related to a resolution pertaining to Board’s criteria, and should have this matter recorded in the meeting minutes. Article 393 of the Turkish Commercial Code is reserved on such matters. Such matters are also covered in the Article 18 of the Articles of Association.

5.2.21. No incident about the Board members’ acting against the prohibition on doing business or competing with the Company was experienced during the period January 1, 2015 - December 31, 2015.

5.2.22. The Chairman and the CEO of the Company is not a single person as per Article 4.2.5 of Corporate Governance Principles, Communiqué No. 11-17.1 on Corporate Governance Principles.

5.2.23. The structure of the Board of Directors consists of members who complement each other. No disputes were experienced between the Board of Directors and executive administration of the Company during the period January 1, 2015 - December 31, 2015.

5.2.24. No agenda item requests were received from the independent Board members during the period January 1, 2015 - December 31, 2015.

5.2.25. In accordance with the statement, "Corporation shall determine a target rate provided that it is not less than 25 percent and a target time for membership of women in the board of directors and form a policy for this target. The Board of directors shall annually evaluate the progress in respect to achieving this target", in Article 4.3.9 of the Capital Markets Board Communiqué No. 11-17.1 on Corporate Governance Principles that entered into force by being published in the Official Gazette No.28871 dated January 3, 2014, the efforts on determining a target rate of 25 percent for membership of women in the Board of Directors, a target time and forming a policy has initiated.

5.3. Number, Structure and Independence of Committees under the Board of Directors

5.3.1. Audit Committee, Corporate Governance Committee, and Early Risk Detection Committee are established in the Company to enable the Board of Directors to duly perform its duties and responsibilities.

As the "Nomination Committee" and "Remuneration Committee" cannot be established separately because of the actual structure of the Board of Directors, the duties of such committees are performed by the Corporate Governance Committee. The Audit Committee is composed of two members while Corporate Governance Committee and Early Risk Detection Committee have three members each. The Board of Directors ensures coordination and supervision necessary for effective and efficient functioning of committees.

5.3.2. The sphere of activity, operating principles, and members of committees are specified and publicly announced by the Board of Directors.

5.3.3. All members of the Audit Committee are selected from among independent Board members while the president and most of members are from independent Board members in the Corporate Governance Committee and Early Risk Detection Committee.

5.3.4. The CEO cannot take part in committees.

5.3.5. The Audit Committee is composed of two members while Corporate Governance Committee and Early Risk Detection Committee have three members each.

5.3.6. The Board of Members had not made any negative remarks on the functioning of committees from January 1 to December 31, 2015.

5.3.7. The activities of our committees are systematically recorded.

5.3.8. Audit Committee

Mustafa Ahmet Ünaydın - President (Board Member - Independent)

Mustafa Sabri Doğrusoy (Board Member - Independent)

5.3.8.1. The Audit Committee is composed of at least two members selected from among the independent members of the Company's Board of Directors. The Committee President is selected from among the independent Board members. The CEO cannot take part in the committee.

5.3.8.2. The Committee performs duties as specified in the Capital Market Legislation for such committee. Within this purpose, the Committee is responsible for supervising the Company's accounting system, public disclosure of financial data, independent audit, and functioning and effectiveness of internal control and audit system. The Committee also supervises the selection of the independent audit company, preparation of the independent audit contract, initiation of the audit, and activities of the independent audit company in each audit phase.

5.3.8.3. The independent audit company and services to be received have been identified and submitted to the Board of Directors. According to the resolution of the committee meeting No. 2015/01 dated January 28, 2015, Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has been approved for submission to the Board as the independent auditor for the audit of the January 1, 2015 - December 31, 2015 period as per article 398 of the TCC No. 6102.

5.3.8.4. Audit Committee has submitted to the Board of Director's approval,

The independently audited financial tables and annual report for the period January 1, 2014-December 31, 2014,

With committee resolutions No. 2015/2 dated February 13, 2015 and No 2015/3 dated February 25, 2015,

The independently audited financial tables and activity report for the period January 1, 2015-March 31, 2015,

With the committee resolution No. 2015/4 dated May 11, 2015,

The independently audited financial tables and activity report for the period January 1, 2015-June 30, 2015,

With the committee resolution No. 2015/5 dated August 7, 2015,

The independently audited financial tables and activity report for the period January 1, 2015-September 30, 2015,

With the committee resolution No. 2015/6 dated November 9, 2015,

The independently audited financial tables for the January 1, 2015-December 31, 2015,

With the committee resolution No. 2016/2 dated February 12, 2016.

5.3.8.5. The Committee examines and resolves complaints about the company's accounting and internal control system, as well as independent audit, and identifies methods and criteria for the evaluation of company employees' notifications about the company's accounting and independent audit under the principle of confidentiality.

5.3.8.6. The Audit Committee consults with the company's related officers and independent auditors and submits in writing its own assessment about the accuracy and authenticity of annual and interim

financial statements, as well as their compliance with accounting principles, before they are publicly disclosed.

5.3.8.7. There were not any events requiring the Committee to submit suggestions or negative observations in writing to the Board of Directors in relation with its sphere of activity and responsibility from January 1, 2015 to December 31, 2015.

5.3.8.8. The Audit Committee convenes at least four times a year, and more often if required; it records the meeting minutes and submits them to the Board of Directors.

5.3.8.9. The independent auditor's report for January 1, 2015 - December 31, 2015, including the financial statements and the footnotes have been submitted for the approval of the Board of Directors.

5.3.8.10. The committee did not require the services of an independent consultant for its activities from January 1, 2015 to December 31, 2015.

5.3.8.11. The Audit Committee convened six (6) times from January 1, 2015 to December 31, 2015 in line with its duties and operating principles, recorded its meeting minutes in writing, and reported results of these meetings to the Board of Directors.

5.3.8.12. The Committee President and member were selected from among the independent Board members and were experienced in the Committee's sphere of activity.

5.3.9. Corporate Governance Committee

Mustafa Sabri Dođrusoy - President (Board Member - Independent)

Hasan Hüsnu Güzelöz - Board Member (Executive)

Mustafa Ahmet Ünaydın (Board Member - Independent)

5.3.9.1. The Corporate Governance Committee establishes whether corporate governance principles are respected and identifies reason(s) of any non-compliance and any resulting conflict of interest to suggest improvements in corporate governance practices to the Board of Directors. The Committee also supervise the activities of Investor Relations Department under the Capital Market legislation. As the "Nomination Committee" and "Remuneration Committee" cannot be established separately because of the actual structure of the Board of Directors, the duties of such committees are performed by the Corporate Governance Committee.

5.3.9.2. The Committee is composed of at least two members selected from among the members of the Company's Board of Directors. The CEO cannot take part in the Committee. If the Committee has two members, both should be non-executive Board members while in case of more than two members, the majority should comply with this rule. The president of the committee is an independent member of the Board.

5.3.9.3. The Committee convenes twice a year or more frequently, when necessary. The Corporate Governance Committee convened twice (2) from January 1, 2015 to December 31, 2015 in line with its duties and operating principles, recorded its meeting minutes in writing, and reported results of these meetings to the Board of Directors.

5.3.9.4. The Committee has taken the utmost care in performing its duty of monitoring the compliance of the Company with the Corporate Governance Principles, establishing whether these principles are respected and identifying reason(s) of any non-compliance and any resulting adverse effects. No significant deficiency was identified on this matter in 2015.

5.3.9.5. The Corporate Governance Committee plays a leading role in ensuring efficient communication between the Company and shareholders and settling any disagreement and monitors the activities of Investors Relations Division with this purpose.

5.3.9.6. The Committee supports the preparation of "Corporate Governance Principles Compliance Report" to be publicly disclosed in the annual report, checking whether information included in the annual report are correct and consistent with information possessed by the Committee.

5.3.9.7. As specified in the Communiqué on the Corporate Governance, assuming the duty of nomination committee, the Corporate Governance Committee meticulously assesses independent member nominations, including Management and stakeholders, to identify whether candidates meet independence criteria according to Capital Market legislation and submit the result of its assessment to the Board of Directors in a report. The committee receives a statement from the independent Board member candidate on his/her independence according to the criteria determined in relevant regulation, the Articles of Association, and the Communiqué on the Corporate Governance.

5.3.9.8. The committee received written statements from the candidates for the independent board membership at the time they were proposed as candidates by the Board, evaluated their independence, determined that they meet with the independence criteria specified in Article 4.3.6 of CMB's Corporate Governance Principles Communiqué No. 11-17.1 on Corporate Governance, and notified the Board of Directors on the matter.

5.3.9.9. Also assuming the duty of Remuneration Committee, the Corporate Governance Committee establishes and revises principles, criteria, and practices for the remuneration of Board members and managing directors in line with the Company's long-term objectives. In addition, the Committee reports suggestions from Board members and top managers on remuneration principles and criteria to the Board of Directors for approval.

5.3.9.10. The committee did not require the services of an independent consultant for its activities from January 1, 2015 to December 31, 2015.

5.3.10. Early Risk Detection Committee

Mustafa Sabri Dođrusoy - President (Board Member - Independent)

Mustafa Ahmet Ünaydın (Board Member - Independent)

Hasan Hüsnu Güzelöz - Board Member (Executive)

5.3.10.1. The Committee is responsible for early detection of any risks which may endanger the existence, development and continuance of the Company, implementation of necessary measures against detected risks, and carry out risk management activities.

5.3.10.2. The Early Risk Detection Committee is composed of at least two members selected by the Company's Board of Directors from among its own members. The Committee President is selected by the Board of Directors from among its independent members. The CEO cannot take part in the Committee.

The Committee members are re-elected annually in the first Board meeting following the Ordinary General Shareholders' Meeting. If a Committee member retires from office, a new member is appointed to complete the term of office of the retired member.

5.3.10.3. The Committee works on a meeting basis. The Committee convenes in the Company's head office as often as required for the efficiency of its activities. All activities of the committee, and the decisions taken at the Committee meetings are put in writing, signed by Committee members and archived. The Committee submits its evaluations and recommendations about its operations and field of duty and responsibility in a written report to the Board of Directors.

The Financial Affairs Department keeps the Early Risk Detection Committee's meeting minutes, archives them and actively provides information to the Committee members.

5.3.10.4. Upon each Board meeting subsequent to committee's meetings, the Committee President submits the meeting summary and a written report on the Committee's activities to the Board of Directors. The Committee may invite any manager to take his/her opinion, if deemed necessary. The Committee may benefit from independent expert opinion in any subject related to its activities, if deemed necessary. The Company will defray costs of any consultancy services required by the Committee.

5.3.10.5. The Early Risk Detection Committee reports directly to the Board of Directors. The Board of Directors provides any resources and support required by the Committee to perform its duties. Amendment in the operation principles of the Early Risk Detection Committee is only possible with approval of the Board of Directors. The committee members are determined in accordance with Capital Market Legislation and relevant Communiqués. The Early Risk Detection Committee performs all duties within the committee's responsibility as per the provisions of TCC and CMB's Corporate Governance Principles.

5.3.10.6. The Committee is established to strive for the early detection of any risks which may endanger the existence, development and continuance of the Company, the implementation of necessary measures against detected risks, and the risk management and to revise the Company's risk management systems at least once a year.

5.3.10.7. Main duties of the Committee include:

Setting and preparing the Company's risk management strategies and policies, submitting them to the Board of Directors for approval, monitoring their implementation,

Offering suggestions to the Board of Directors for the determination of baseline risk limits and checking the compliance with these limits,

Checking the risk detection, description, assessment and management procedures and providing necessary notifications,

Monitoring the accuracy and reliability of risk measurement methods and results,

Presenting opinions to the Board concerning the change of risk policies.

5.3.10.8. The Early Risk Detection Committee convened six (6) times from January 1, 2015 to December 31, 2015 in line with their duties and operating principles and reported the results of these meetings to the Board of Directors.

5.4. Risk Management and Internal Control Mechanisms

5.4.1. The main risks of the Company are monitored under the titles of financial risks (loan, foreign exchange, liquidity and capital risks), operational risks and legal risks.

The Company has not established an Internal Control Unit yet, therefore the function is performed under the control of Financial Affairs Directorate. The Company is periodically audited by Doğuş Group Internal Control Unit, and the findings are reported to the Board of Directors.

The Company aims to create a balance between leasable real estate units and development projects and thus have a consistent cash flow, along with benefiting from high development profits and growth potential of the development projects. The Company's portfolio is formed in line with efficiency and liquidity principles. The measures are taken to increase the incomes of inefficient real estate units in the portfolio, and possibility of selling is also considered if necessary. The liquidity is consistently maintained strong, the cash and securities portfolio is managed professionally. When investing, the Company always evaluates alternative investment opportunities and aims to gain an income over the source cost of the investment.

The periodical independent auditor's reports of the Company includes detailed information on Company's risks, and such information is disclosed to public and shared with the shareholders, and also published on the corporate website.

5.4.2. Loan Risk

Credit risk is defined as the counterparty's possibility of failing to fulfill its obligations on the terms set by the agreement partially or completely. Such risk is controlled by loan assessments and restricting the total risk from a single counterparty.

The Company has leased the majority of Doğuş Center Maslak real estate unit in its investment properties portfolio to its main shareholder and related companies. The Company has not encountered a major collection problem on its receivables. Included in Company's portfolio by partial division on December 26, 2013, the occupancy rate of Gebze Center Mall is 94.4 percent and there haven't been any major collection problems. Furthermore, the loan risk is restricted by receiving a letter of guarantee from the tenants.

5.4.3. Liquidity Risk

The liquidity risk refers to the risk of encountering difficulties in providing funds to fulfill the Company's liabilities regarding its financial loans.

The Company does not have any derivative financial liabilities as of December 31, 2015.

5.4.4. Market Risk

The market risk refers to the risk of variations in market prices such as interest rates, stock prices, foreign exchange rates, and credit expansions,

impacting the income of the Company or the values of its financial instruments.

The total risk management program of the Company focuses on the unpredictability of the markets, and aims to minimize its possible adverse effects on Company's financial performance.

5.4.5. Foreign Exchange Risk

The Company is subject to foreign exchange risk

due to fluctuations in the exchange rates when exchanging its foreign currency assets and liabilities to Turkish lira.

The Company is liable for the euro based loan of Gebze Center Mall as the real estate unit was taken over by partial division. However, the lease contracts of the relevant real estate unit are also euro based which lowers the foreign exchange risk.

The lease contracts of Doğu Center Maslak are US dollar based.

5.4.6. Interest Rate Risk

The Company is subject to interest rate risk due to the impact of changes in interest rate on its assets and liabilities

sensitive to interest.

Most of the Company's receivables and payables are short-term thus the Company is not subject to an interest rate risk.

The Company minimizes the risk of volatility in interest rates by using long-term and variable interest rate loans.

5.4.7. Capital Management

The Company strives to manage its capital by minimizing the investment risk through effective portfolio management. The Company's aim is to ensure the continuity of the Company as a profitable company, to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

5.5. The Strategic Objectives of the Company

Doğuş REIT aims to improve its portfolio value by achieving consistent growth, creating value for stakeholders through stock dividends and increases in market value while also ensuring the highest level of customer satisfaction with the projects it develops.

5.6. Financial Benefits

The financial benefits of the Board members are resolved in the General Meeting, and are announced to public in General Meeting minutes, financial table footnotes, and corporate website.

Only the independent members of the Board receive payments. Accordingly, at the Ordinary General Shareholders' Meeting on March 26, 2015, it was resolved to pay a monthly fee of 2,500(Two thousand five hundred) Turkish lira to the independent members of the Board of Directors. The Company has not been in any activities that may cause a conflict of interest such as lending money or giving loans to the members of the Board or to an executive.

The Company's senior management is composed of Board members, a CEO, and Deputy General Managers. The financial benefits include wage, premium, employer's contribution for social security, employer's unemployment contribution, private insurance (health, life, and manager liability) for senior management with administrative responsibility and attendance fee for Board members. From January 1, 2015 to December 31, 2015, the Company's independent Board members and top managers with administrative responsibility were provided with 3,329,132 (Three million, three hundred and twenty-nine thousand, one hundred and thirty-three) Turkish lira of financial benefits in total.