

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with Corporate Governance Principles

Pursuant to the decisions adopted by the Capital Markets Board (CMB), the companies traded on the Istanbul Stock Exchange (ISE) are obliged to declare the conformity with the corporate governance principles and necessary clarifications for matters of non-conformity in the Corporate Governance Compliance Report.

To this end, the Company acted with due diligence and care for implementation of the principles set forth in the Corporate Governance Principles published by the Capital Markets Board and continues its efforts to eliminate shortcomings and to improve the level of compliance depending on the developing conditions in this regard.

PART I – SHAREHOLDERS

2. Investor Relations Unit

With the purpose to establish communication between the Company management and shareholders and to provide accurate, complete, prompt and efficient information to all stakeholders, in 2005 BİM set up an Investor Relations Unit under the Chief Financial Officer. The manager of this Unit is responsible for fulfilment of requirements of the capital market legislation and coordinating the corporate governance practices and holds a Capital Market Activities Advanced Level Licence and Corporate Governance Rating Specialist Licence.

Personnel responsible for investor relations are as below.

Executive Committee Member and CFO

Haluk Dortluoğlu
Phone: 0 216 564 03 46

Reporting and Investor Relations Manager

Serkan Savaş
Phone: 0 216 564 03 46
E-mail: serkan.savas@bim.com.tr

Main activities of the Unit are:

- To ensure that shareholder records are kept in an orderly manner and that the shareholders inquiries regarding the Company are responded as immediate as possible, excluding publicly undisclosed data and trade secrets, via all available communication channels,
- to ensure that the General Assembly Meetings are held in accordance with the applicable legislation and to prepare the documents to be presented to shareholders at the General Assembly Meeting,
- to observe the public announcement of the Company's activities,
- to execute preparatory work for financial results and annual reports,
- to manage communications with regulatory institutions and to follow up relevant legal regulations.

During the period, the Unit attended five brokerage conferences and provided information to investors and shareholders in such conferences as well as in around 150 meetings held at the Company headquarters.

The "Investor Relations" section in the Company's website (www.bim.com.tr) includes the contact data of both the shareholders and the Investor Relations Unit and the applications and inquiries forwarded to the Unit via available communication channels were meticulously answered.

3. The Use of Shareholders' Rights to Obtain Information

All shareholders' requests for information are met, excluding the trade secrets and publicly undisclosed data. Those requests were mostly related to information on the General Assembly, dividend payments, and inquiry on financial data, overseas investments and Company's future targets. All announcements of material disclosures and publicly disclosed information are available and accessible to shareholders on the Investor Relations section in the Company's website (www.bim.com.tr). Furthermore, requests for information of institutional shareholders analysts of brokerage firms were satisfied via various communication channels such as teleconferences and one on one interview. Teleconferences were organised on the day following the disclosure of financial data on quarterly basis in order to inform the shareholders and analysts and to respond to their inquiries. Totally four teleconferences were organised during the year. The details of teleconferences are announced to individuals included in the Company's database via e-mail.

The request for nominating of a private auditor has not been set down in the Company's Articles of Incorporation as an individual right, and no such request was made during the year.

4. Information on General Shareholders' Meetings

The Ordinary General Shareholders Meeting of BİM Birleşik Mağazalar Anonim Şirketi for the operating year 2010 convened on Wednesday, April 27, 2011 at 10:00 a.m. at the registered office of the Company at Abdurrahmangazi Mahallesi Ebubekir Caddesi No: 73, Samandıra, Istanbul under the supervision of the Commissary of the Ministry, Hüseyin Çakmak, appointed in accordance with the communiqué dated April 26, 2011 no 24969, issued by the Ministry of Industry and Commerce, Istanbul Provincial Directorate of Industry and Commerce.

In the meeting, 40,467,792 shares were represented in person and 9,992,926 shares by proxy, for a total of 50,460,718 shares from among totally 151,800,000 shares corresponding to the Company's total capital of TL 151,800,000.

The Minutes of the General Shareholders' Meeting were announced in the Turkish Trade Gazette issue no 7810, dated May 6, 2011.

Announcement for the general shareholders was made by way of invitation letters and an announcement in the newspaper. Additionally, prior to the meeting date, the meeting agenda was made public by an announcement of material disclosure and published also on the Company's website. The minutes of the general shareholders' meetings were posted in "Investors Relations" section on the Company's website, both in Turkish and English languages, and made available to all shareholders at the Company's Headquarters for examination purposes. The questions asked by shareholders were answered in detail orally and no suggestion was offered by shareholders during the meeting. The meeting was held without any media participation.

In the Ordinary General Shareholders' Meeting for the operating year 2010, no provision requiring important resolutions related to division, the purchase, sale and lease of significant amounts of assets and similar having to be taken by the General Shareholders' Meeting was added to the Company's Articles of Association and it was envisaged to put this issued on the agenda of the by the General Shareholders' Meeting for 2011, pursuant to the CMB's Corporate Governance Principles Compliance Communiqué Series: IV No: 56.

5. Voting Rights and Minority Rights

All Company shares are bearer's shares. Shares do not entitle any holder to have voting privileges. Company shareholders and their proxies are entitled to one vote for each share they hold at ordinary and extraordinary General Meetings. Shareholders may appoint one proxy to vote on behalf of the shareholder at Meetings. Voting by proxy shall be subject to the regulations of the Capital Market Board. The Company's Articles of Association do not include any provisions on cumulative voting and minority shares are not represented by management.

6. Dividend Payment Policy and Timing

The Company dividend payment policy, as determined by the General Assembly, is to distribute a minimum of at least 30% of the distributable profit gained in related years. This policy was made public in 2007 through a material disclosure announcement and has not been changed to date. Any possible change in this policy will be made public through a material disclosure announcement.

There are no privileged voting rights as well as no dividend privilege rights in shares, pursuant to the Company's Articles of Association. The timeline for distribution of dividend is determined at the General Assembly upon the proposal of the Board of Directors, in accordance with the provisions of the Turkish Commercial Code and Capital Market legislation. Distribution of 2010 profit was realised in legal terms as TL 182,160,000.

7. Transfer of Shares

Shares are transferred according to the provisions of the Turkish Commercial Code and other applicable legislation. There are no provisions in the Articles of Association on the limitation of share transfer.

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Disclosure Policy

The Company's Information Disclosure Policy was approved by the Board and put into force on April 9, 2009 and aims to give information to beneficiaries in compliance with regulations of the Capital Market Board (CMB) and Istanbul Stock Exchange (ISE).

According to the policy determined, all developments that may cause a significant change in the Company's financial situation and/or operations and information regarding all other subjects, required as per the CMB legislation, are announced to the public immediately.

BİM management can arrange meetings with media members, from time to time, to share information open to the public and to answer questions. A copy of actual statements published in the print media and the material event disclosures are announced in the Company's website (www.bim.com.tr). Information requests from the media are gathered by the Company's press consultants, evaluated and answered within the Company under the information disclosure policy.

Information disclosure policy has been published on the Company website and the names and contact information of employees responsible for the implementation of the disclosure policy are provided in Article 2 of the Report.

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9. Disclosure of Material Events

Nine material event disclosures were issued in the calendar year of 2011. The Capital Market Board requested further clarification for the material event disclosure, made on January 19, 2011, on the MoU signed to carry on its operations business in the Saudi Arabia market and the clarification was announced to the public on January 20, 2011.

The announcements are also available on the website (www.bim.com.tr).

10. Company's Website and its Contents

The Company's website is www.bim.com.tr and is used actively for public disclosure purposes. The Investors Relations section in the Company's website is available also in English to serve foreign investors.

Feasible subjects from among those listed under Article 2.2.2 of the Corporate Governance Principles are posted in the Investor Relations Unit of website under the following headings:

- Investor Relations
- Trade Registry Information
- Shareholders
- Corporate Governance
- Financial Reports
- Financial Calendar
- General Assembly Information
- Material Event Disclosures
- Announcements
- Investor Relations Contact

11. Disclosure of the Company's Ultimate Controlling Shareholder/Shareholders

The shareholding structure of the Company is as given hereinbelow and has been publicly disclosed on the Company's website and in periodical financial reports. All shares are held by real persons, except those that are publicly traded.

Shareholders	Number of shares	Participating rate %
Mustafa Latif Topbaş	26,466,496	17.43
Ahmet Afif Topbaş	13,571,000	8.94
A. A. El Khereji	10,626,000	7.00
Firdevs Çizmeçi	1,799,990	1.18
Ömer Hulusi Topbaş	180,000	0.12
İbrahim Halit Çizmeçi	10	0.00
Other (open to public)	99,156,504	65.33
Total	151,800,000	100.00

12. Disclosure on insiders

The list of the Company's Board of Directors, auditors and senior management together with the persons in a position of receiving insider information is given below and also announced on the Company's website.

Board of Directors

Mustafa Latif Topbaş
Chairman

Ekrem Pakdemirli
Vice-Chairman

Mahmut P. Merali
Member

Ömer Hulusi Topbaş
Member

Zeki Ziya Sözen
Member

Yalçın Öner
Member

Jos Simons
Member

Auditors

Prof. Dr. Selahattin Tuncer
Auditor

Prof. Dr. Arif Ateş Vuran
Auditor

Senior Management

Mustafa Latif Topbaş
Chairman of the Executive Committee

Galip Aykaç
Member of the Executive
Committee and COO

Haluk Dortluoğlu
Member of the Executive
Committee and CFO

Muharrem Arslantürk
Member of the Operation Committee

Ürfet Naçar
Member of the Operation Committee

Bülent Pehlivan
Member of the Operation Committee

İlkay Zengin
Member of the Operation Committee

Ünsal Çetinkaya
Member of the Operation Committee

Murat Namı
General Manager of Purchasing

Other Company employees who may have access to insider information:

Arif Tuna
Betül Ölçücü
Dilek Kırılmaz
Ekrem Cezayirli
Fatih Uzun
Merve Duman
Merve Pehlivan
Murat Şener
Nebahat Cengiz
Özkan Ölmez
Serkan Savaş

Independent Auditors

Ethem Kutucular
Galip Ayköse
Emre Terzi
İhsan Akar
Can Sözer

PART III – STAKEHOLDERS

13. Informing Stakeholders

Stakeholders are regularly informed about matters concerning them, excluding trade secrets, pursuant to the applicable legislation, by appropriate ways of communication.

The mail addresses and phone numbers of all stakeholders are available on the Company's website. Stakeholders who wish to gather information or make inquiries can directly contact the relevant unit manager using these communication means. Inquiries and requests for information are answered in timely manner.

Company shareholders or investors who intend to become Company shareholders can directly communicate with the Investor Relations Unit through the contact data announced on the website and receive responses without any delay.

14. Participation of Stakeholders in the Management

Although the Company has not defined any model regarding the participation of stakeholders in management, The Company strives to attain high level participation of its employees, as stakeholders, in the decision-making process.

For this purpose, meetings are held with the employees to increase efficiency and to achieve improvements and the proposals are evaluated by senior management. Furthermore, employees are encouraged to freely communicate their complaints, criticisms and suggestions to the relevant manager regarding the working methods of the unit they are employed in.

15. Human Resources Policy

As clearly stated with the BİM Organisation Objectives, the Company can attain its objectives only through the efforts of its employees. BİM Personnel Regulations provide guidelines for maintaining proper working order in line with objectives, personnel rights and regulation of general principles of working conditions. Personnel and administrative affairs units in 33 regional warehouses and in the headquarters are managing the employee relations.

The priorities of the Company's human resources policy are to provide its employees a pleasant and peaceful atmosphere offering employees the opportunity to develop in a professional as well as a personal sense and to take initiatives. Besides, employees are encouraged to freely communicate their complaints and criticisms to relevant units and, the units make an effort to immediately provide solutions.

The Company utilizes both internal and external resources to meet personnel training needs.

16. Information on Relations with the Clients and Suppliers

The Company's business model is based on the principle of mutual trust, thus maximum attention is paid to relations with both customer and suppliers. With its no-question-asked return policy, the Company offers its customers the opportunity to return any product without time limitations and without stating any reason. For years now, the Company has implemented a policy to return any savings gained from operational costs as discounts on the selling prices of products. As result of these policies and their effective implementation, the Company has been able to maximise customers' trust.

Additionally, each store is furnished with strategically placed phones enabling the customers to file complaints or requests which receive prompt responses from personnel working at 33 regional offices, as well as at the headquarters.

Pursuant to the Company policy, the performance of suppliers who are regarded as business partners, are periodically reviewed and the Company endeavours to sustain long and strong relations.

17. Social Responsibility

In 2011, BİM sponsored the "Education Enables (Eğitim Her Engeli Aşar)" campaign organised in tandem with Beyazay Association Turkey and under auspices of the President of the Turkish Republic. Started for the purpose to allow disabled citizens to become self-confident and well-educated individuals equipped for a better future, the "Education Enables" campaign is fully aware that lack of education is the greatest hindrance to disabled citizens. As part of the above campaign which is based on this awareness and which is to continue for three years, several projects of particular concern to disabled citizens will be initiated.

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Furthermore, the Company provided financial support to the aid campaign concerned with the situation in Somali, which was organised by the Turkish Prime Ministry, by donating of TL 1 million as well as a donation its employees' donation of TL 200,000.

Contributions of approximately TL 200,000 were provided to the local community in Van who suffered effects from an earthquake that hit the region.

The Company is not involved in production activities. All nylon and cardboard waste is forwarded to licensed firms for recycling purposes.

As of 2010, biologically degradable (oxo-bio) bags are used at all stores in order to minimise the environmental damages resulting from bags offered to customers.

For the purpose of inspection of quality control of its product range, BİM works in coordination with the Quality System Laboratory, Observatory Laboratory, Eurolab and TÜBİTAK Research Institute. TÜBİTAK carries out chemical and biological tests on products sold at BİM stores and performs strict quality controls at the production facilities.

Apart from these, quality tests are made at the Istanbul headquarters of the Company and regional offices through sampling method. Before offering a new product for sale, quality and taste tests are performed. Similar tests are carried out on equivalent and competitive products in order to compare the results.

The Company attaches great importance to food safety. BİM A.Ş. guarantees all products comply, at a minimum, with the official standards set forth in relevant legislation and assumes all responsibility in this respect.

The Company adopted the policy to provide safe products that completely and continuously meet the customers' needs in the most affordable and timely manner and to improve the products on continuous basis.

PART IV - BOARD OF DIRECTORS

18. Structure and Composition of the Board of Directors and Independent Members

The management and representation of the Company is performed by the Board of Directors, consisting of 7 (seven) members elected during the General Meeting, in accordance with the provisions of the Turkish Commercial Code. Two of the members are independent Members.

Upon retirement of the Company CEO on January 1, 2010, an Executive Committee was formed to take over the powers and responsibilities of the CEO. The Company's Chairman of the Board of Directors serves also as the Chairman of the Executive Committee. The reason underlying the choice of one and same individual for both positions is enabling the Company move faster and more effectively during the decision-making process and attaining a dynamic organisation structure. The other 6 (six) members of the Committee do not hold executive positions.

Article 19 of the Company's Articles of Association restricts Board members from actions as listed under Articles 334 and 335 of the Turkish Commercial Code without the authorisation by the General Meeting and in the Ordinary General Shareholders' Meeting held on April 22, 2010 Board members were allowed to conduct transactions according to the relevant provisions of the Turkish Commercial Code.

The members of the Board of Directors are allowed to take on other duties outside of the Company.

Names of current Board members are listed under Article 12 of the Report. Ekrem Pakdemirli and Mahmut P. K. Merali are independent Board members.

19. Qualifications of Board Members

Members of the Board of Directors are appointed from among knowledgeable and experienced individuals who have the qualifications set forth in the CMB Corporate Governance Principles. There are no regulations in the Company's Articles of Association specifying basic qualifications to be fulfilled by the Board members. There is no training and compliance programs organised for Board members.

Resumes of the Board Members are included in the Annual Report.

20. Mission, Vision and Strategic Goals of the Company

The Company's objective is to attain high efficiency in the discount food retail sector and to expand into other countries where this concept will be implemented to offer its services to more customers. Other goals of the Company contain offering quality products at all times, increasing operational efficiency, price reduction, increasing the share of hard-discount products among the product portfolio and decreasing costs by improving suppliers' efficiency.

The Board of Directors approves the yearly budget and analyses financial data, on monthly basis, to verify the extent that the objectives are met. Besides yearly objectives, the management prepares strategic plans for five years on both domestic and overseas operations, upon request by the Board of Directors, and submits it to Board of Directors for review.

21. Risk Management and Internal Control Mechanisms

Within the scope of risk management and internal control mechanisms, BİM has developed "policies" and "procedures", taking into consideration the risks being exposed and relevant preventive measures, in line with its business processes, performed functional task distribution within the organisation, included the approval and authorisation mechanisms into the system and regulated the methods for protection and settlement of the Company's tangible assets. Furthermore, efficient reporting and management – surveillance practices have been established.

The Company has set up an Internal Auditing Unit that reviews the efficiency of risk management, internal control and corporate governance process in a systematic and disciplined way to ensure to improve the efficiency and the achievement of Company's goals. The Internal Auditing Unit reports to the Audit Committee whose members are selected amongst the Board Members. The Unit reviews all Company procedures in terms of risk management, reports the measures to be taken in dealing with risks to relevant management unit while presenting the actions taken and their results to senior management and the Audit Committee.

All operations of the Company are included within the responsibilities of the Internal Auditing Unit and are audited according to annual plans prepared according to the results of risk evaluation process. Standards for all stages of internal control process and the principles and methods related with the internal audit within the Company are based on the internal control regulation and the internal audit standards documentation.

Review of the consolidated financial tables, prepared quarterly in accordance with the Capital Market Legislation, for compliance with auditing principles and reporting their compliance status to the Audit Committee are among the tasks of the Internal Auditing Unit.

22. Authority and Responsibilities of the Members of the Board of Members and Executives

The authorities and responsibilities of the Board Members and executive management have been set out in the Company's Articles of Association. The Board of Directors performs the duties as stipulated by law and by the Company's Articles of Association. The management and representation of the Company is performed by the Board of Directors. The Board is authorised to carry out all transactions and legal, financial and technical work on behalf of the Company and to use the trade name of the Company.

The Corporate Governance Principles, the Company's internally used document for specifying the duties and responsibilities of the Board of Directors, Members of Board, senior management and internal auditing units, was approved and placed into effect in 2008. The duties and responsibilities of executives other than Board Members are not set forth in the Articles of Association, but stated in detail with the relevant Corporate Principles.

23. Operating Principles of the Board of Directors

As provided in the Company's Articles of Association, the Board of Directors shall convene when deemed necessary for the Company's business and transactions upon the call by the Chairman. However, it is compulsory that the Board will convene every three months. The Chairman will call the Board to the meeting upon the

request of any Board member. If the Chairman fails to convene the meeting within ten business days following the request, the Vice Chairman is required to call the Board for meeting. The invitation for and agenda of the meeting shall be sent to each member by registered mail, hand-delivered or via facsimile or telex at least 15 days before the scheduled meeting date. The meeting may be held at the Company's headquarters or any other location in Turkey or abroad subject to the Board of Directors' unanimous resolution. The Board of Directors may adopt resolutions without convening, in accordance with the Article 330/2 of the Turkish Commercial Code. The Board Members are entitled to equal voting rights but not to exercise a veto. Different justifications expressed by independent members on any issue are not announced publicly. The agenda of the Board Meeting shall be prepared according to the emerging requirements. The Secretary of the Board of Directors shall inform and communicate with the Board Members.

In 2011, the Board of Directors physically convened seven times and adopted 22 resolutions without meeting, by obtaining the consent of its members according to the Article 330/2 of the Turkish Commercial Code. No member opposed decisions taken.

24. Prohibition of Carrying Out Transactions with the Company and Competing with the Company

The members of the Board of Directors are not allowed to engage in any activities listed under Articles 334 and 335 of the Turkish Commercial Code, without obtaining the permission of the General Assembly.

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25. Ethical Rules

The Company's expectations of its employees, managers and suppliers are specified in the organisational objectives document supplied to all employees and the expectations and rules are not disclosed to the public. Additionally, the Company's code of conduct and related procedures are carefully applied and updated whenever necessary.

26. Number, Structure and Independency of Committees established by the Board of Directors

An Affiliated Companies and Related Parties Committee and an Audit and Remuneration Committee have been formed within the Board of Directors. These Committees are established to ensure that the Board of Directors fulfils its duties and responsibilities in duly manner, in accordance with the requirements and conditions of the Company and present their reports prepared on a quarterly basis to the Board of Directors. Both members of the Audit and Remuneration Committee and one of two of the members of the Affiliated Companies and Related Parties Committee are independent board members. One of the independent board members serves in both committees. Chairmen of both committees are independent members and committee members do not hold any executive position in the Company. The Company has not yet established the Corporate Governance Committee.

Apart from these, the Company established an Overseas Investments Committee, reporting to the Board of Directors, to research and monitor the investments made and to be made and to conduct necessary operations in this respect. The Committee consists of three members, two of whom are independent Board members and one being the CFO of the Company. The Committee is chaired by the Independent Member of the Board of Directors.

Pursuant the CMB's Corporate Governance Principles Compliance Communiqué Series: IV No: 56, the Company plans to form the Corporate Governance Committee during 2012.

27. Financial Benefits to the Board of Directors

The Members of the Board of Directors are paid an honorarium in line with resolutions of the General Assembly. The Company does not lend any amounts nor extends any loans and other benefits to the Board Members or to its executives. The Board members are not granted performance based premiums.