

2021 Corporate Governance Principles Compliance Report

PART I – Declaration of Compliance with Corporate Governance Principles

All activities of our company are carried out by adopting the concepts of *Equality, Transparency, Accountability and Responsibility*, which are the four main elements of the "Corporate Governance Principles" regulated by the Legal Regulations and the Capital Markets Board, and by observing the compliance with these principles. Our company pays utmost attention to the "Corporate Governance Principles" published by the Capital Markets Board (CMB) and the implementation of the regulations on corporate governance in the Turkish Commercial Code.

Our company applies all of the corporate governance principles that are required to be applied and carry out the necessary works meticulously to apply the principles that are not required to be applied. Some principles that are exceptions that cannot be applied do not cause any conflict of interest. There is no conflict of interest arising from the non-application of non-mandatory principles during the year.

A corporate governance committee has been established in our company, which shows the necessary sensitivity in terms of compliance with corporate governance principles, and the main task of the committee is to monitor compliance with corporate governance principles, to carry out improvement studies in this regard and to offer suggestions to the Board of Directors.

As a result of the study conducted by JCR Avrasya Derecelendirme A.Ş. (JCR) in 2021, our corporate governance rating score was determined as 9.22 within the scope of the evaluation of our company's level of compliance with corporate governance principles. Our company's grades from 4 main sections are as follows: Shareholders 91,18, Public Disclosure and Transparency 95,50, Stakeholders 93,93, Board of Directors 89,73. The rating report prepared by JCR is available under the title of "Rating Notes" in the "Investor Relations" section of the Company's website.

In accordance with the decision of the Capital Markets Board dated 10.01.2019 and numbered 2/49; Corporate Governance Compliance Reporting II-17.1 will be made using the templates of Corporate Compliance Report (URF) and Corporate Governance Information Form (KYBF) through the KAP platform. The relevant reports are available at <https://www.kap.org.tr/sirket-bilgileri/ozet/1701-halk-gayrimenkul-yatirim-ortakligi-a-s> The relevant reports are also available under the title of "Corporate Governance" in the "Investor Relations" section of the Company's website.

Descriptive information about the reporting made through templates is detailed below.

PART II - SHAREHOLDERS

2- Investor Relations Unit

As of February 22, 2013, Halk GYO, which has started trading 28% of its shares in Borsa İstanbul, has been operating in accordance with the principles in the corporate governance principles published by the CMB since that date.

Our company has established the Investor Relations Department within the Directorate of Corporate Communication and Investor Relations, which operates under the General Manager, in order to ensure the regular and effective management of public disclosure and information activities, especially the general assembly and capital increase transactions. The department manager is Uğur Güney, Corporate Communication, and Investor Relations Manager. Uğur Güney, who is also a member of the Corporate Governance Committee, has the licenses stipulated by the CMB legislation.

The contact information of the persons working in the Investor Relations Department is as follows.

Name and Surname	Title	Phone	E-mail	License Information
Uğur GÜNEY	Manager	216 600 10 25	ugur.guney@halkgyo.com.tr	Advanced / Corporate Governance Rating / Real Estate Valuation/ Credit Rating Licenses
Serpil YÖRÜK	Director	216 600 10 33	serpil.yoruk@halkgyo.com.tr	Advanced / Corporate Governance Rating / Real Estate Valuation / Derivative Instruments Licenses
M. Erhan ÇELEBİ	Experts Assist.	216 600 10 06	mustafaerhan.celebi@halkgyo.com.tr	Advanced / Corporate Governance Rating Licenses

Investor Relations Department essentially conducts studies on fulfilling their duties regarding the following:

- ✓ Ensures that the records of the shareholders are kept in a healthy, safe and up-to-date manner,
- ✓ Responds to the written information requests of the shareholders about the company, except for the information that is not disclosed to the public, confidential and/or trade secret,
- ✓ Ensures that the general assembly meeting is held in accordance with the applicable legislation, articles of association and other internal regulations, to prepare the documents to be benefited by the shareholders, to keep a record of the voting results and to ensure that the reports related to the results are shared with the shareholders through the relevant channels,
- ✓ Observes and monitors all kinds of issues related to public disclosure, including legislation and the company's information policy
- ✓ Contributes to the promotion and positive evaluation of the Company by organizing meetings with domestic and international investors and analysts,
- ✓ Monitors developments related to the GYO sector and competitor company performances, inform senior management,

- ✓ Follows the news about the sector, economic developments, rival companies and Halk GYO in the press daily,
- ✓ Participates in domestic and international promotional organizations (roadshow)

Investor Relations, which plays an active role in ensuring the communication between the shareholders and the Company, participated in all the meetings of the Corporate Governance Committee during the year and informed the Committee about the department activities, important developments that took place during the period, and legislative changes concerning investor relations activities. He also took an active role in the improvement of corporate governance practices and the rating process.

3-Exercise of Shareholders' Right to Information

Halk GYO Information Policy is based on transparency and equality, and the shareholders' requests for information about transactions that are not in the public's knowledge at the time are also evaluated in accordance with this policy and principles and are treated equally to all shareholders in all kinds of transactions related to public disclosure.

Shareholders can request information directly by contacting the employees of the Investor Relations Department or through the e-mail address of the Department (ir@halkgyo.com.tr).

Information requests and questions from investors and analysts during the period were answered by considering all kinds of issues related to public disclosure, especially the legislation and the Company's Information Policy.

Required records of written and verbal information requests and responses are regularly kept by the Investor Relations Department. In addition to the information requests received by the Company, the reports prepared by the intermediary institutions about the Company and the sector are also regularly monitored.

The Company's website is used effectively to facilitate the use of public disclosure and shareholding rights. Investor presentations and financial reports are prepared every quarter and rating reports, valuation reports, and special case statements made through the Public Disclosure Platform (KAP) are published on the website in Turkish and English. In addition, the parts of the Company's website that are open to update, especially the information that may affect the use of shareholding rights, are updated regularly within the framework of current developments. Thus, it is ensured that all persons or organizations that need information about the Company and its activities, especially investors and analysts, obtain accurate and up-to-date information.

Investors are connected to the MKK's portal through the "Information Society Services" section organized by the Ministry of Customs and Trade within the scope of the "Regulation" published on the websites of capital companies and they can access the basic information about the Company through the link in question.

Care is taken to publish the announcements to be included in the press regarding the activities of the company in the national press. In addition, all documents required to be included in accordance with the legislation regarding the ordinary and extraordinary general assembly meetings are published on the Company's website.

The management of the company, within the scope of the shareholders' rights to information and examination, refrained from taking actions that make it difficult to carry out special audits, but the request for the appointment of a special auditor in the company's articles of association has not been regulated as an individual right. On the other hand, no request for the appointment of a special auditor for the Company has been received during the period.

4-General Assembly Meetings

The General Assembly meeting procedure is held in a way to ensure the participation of the shareholders at the highest level and it is also ensured that the minutes of the meeting are always accessible in writing or electronically. At least twenty-one days before the General Assembly, general assembly information documents and financial reports are kept available at the company headquarters, on the company website and in places easily accessible by our shareholders. The shareholders' right to ask questions at the General Assembly, to submit suggestions on agenda items, and to make speeches on their suggestions are duly provided by the meeting chairmanship. There is no provision in the articles of association for the General Assembly to take important decisions such as division, sale, purchase and lease of a significant amount of assets. These issues are decided by the Board of Directors elected and authorized by the General Assembly in accordance with the provisions of the articles of association. The minutes of the General Assembly are published in the Trade Registry Gazette and are kept open to shareholders at the headquarters and are also available on the website.

The 2020 Ordinary General Assembly meeting held on March 31, 2021, was held at the headquarters of the Company with 79.44 percent participation. Apart from the shareholders, the Chairman and Members of the Board of Directors, the officials of the independent audit firm and the General Manager of the Company and other senior officials participated in the meeting to provide information about the Company's financial statements and the period in which the audit was conducted.

In the articles of association of the company, there was no preventive regulation regarding the participation of the media in the general assembly meeting, but there was no media participation in the general assembly meeting of 2020.

Within the scope of the relevant regulations of the Turkish Commercial Code and the Ministry of Customs and Trade, the General Assembly Meeting of our Company for 2020 was held simultaneously through the Electronic General Assembly System provided by the Central Registry Agency, and the shareholders who had the right to participate in the General Assembly meeting were allowed to participate in the meeting electronically, to appoint representatives, to make suggestions, to express opinions and to vote through the said system.

The general assembly process was carried out within the framework of the provisions of the Corporate Governance Principles and the Turkish Commercial Code; as foreseen in the invitation, law and articles of association for the meeting, the agenda of the meeting was published in the Public Disclosure Platform (PAP), the Company's website, the Electronic General Assembly System (EECS), the Trade Registry Gazette, including the important activities within the accounting period and the amendments to the articles of association, if any, and the invitation letter was also sent to the registered shareholders whose shares were not traded on the stock exchange. In addition, "General Assembly Information Document" has been prepared for investors to be informed in advance about the issues to be discussed in the general assembly and a power of attorney sample and the profit distribution proposal of the Board of Directors have been added to the Company's website with the invitation text. The 2020 Board of Directors Activity Report was submitted to the investors' review twenty-one days before the date of the meeting, to be obtained from the Company's headquarters, on the website and at www.kap.gov.tr.

All the documents prepared for the General Assembly have also been uploaded to the Electronic General Assembly System of the CCC.

Before the meeting started, in accordance with the Corporate Governance Principles, the partners were informed about the total number of votes that can be used in the general assembly meeting, the privileges they have and the voting procedure.

At each stage of the meeting, the shareholders were allowed to ask and make suggestions and all questions were answered and the suggestions were taken into consideration. Questions and suggestions from the shareholders who participated in the meeting were recorded in the meeting minutes. On the other hand, before and after the general assembly meeting, all written and verbal information requests of the shareholders about the Company have been answered within the framework of the Company's Information Policy.

After the General Assembly meeting, the minutes of the meeting were uploaded to the CIS, the minutes and the list of attendance were announced to the public through the KAP, and they were put under the title of "Corporate Governance-General Assembly Information" in the "Investor Relations" section of the Company's website and presented to the shareholders.

The Board of Directors' changes in duty, capital increase, and cash dividend distribution amounts and dates were also agreed upon at the same meeting.

The General Assembly did not convene extraordinarily during the period.

5- Voting Rights and Minority Rights

1,020,000,000 total shares with a nominal value of 1 TRY, representing the Company's issued capital within the registered capital ceiling of TRY 2,500,000,000, consists of 16,501,643,133 Group A and 1.003,498,356.87 Group B shares.

Group A shares of the company have the privileges to nominate candidates in the election of the members of the Board of Directors. The number of members to constitute more than half of the Board of Directors will be selected by the General Assembly from among the nominations of the Group A shareholders and the remaining members will be selected from among the nominations of Group A and B shareholders.

In our Company's Articles of Association, "any securities that grant concessions other than shares that grant concessions to nominate candidates in the election of the Board Members will not be issued. No concession can be created, including the concession to nominate a candidate to the board of directors. "

The principles regarding voting in general assemblies are regulated in the "Internal Directive of the General Assembly on Working Principles and Procedures" submitted to the approval of the General Assembly and announced to the public.

Each share is entitled to a single vote at Ordinary or Extraordinary General Meetings. Shareholders may attend the General Assemblies by proxy given to other shareholders or non-shareholders. Proxy holders who have shares have the right to vote for each share of the shares they represent, except for their votes.

The controlling shareholder of the company votes at the General Assembly Meeting. Although there is no provision in the Articles of Association for granting minority rights to shareholders who have a rate lower than one-twentieth of the capital, care is taken to use minority rights within the scope of TTK and SPK regulations.

No company has a mutual participation relationship.

6- Right to Dividend

The company's profit distribution policy is determined by the Board of Directors taking into account the equity structure and cyclical changes and submitted to the approval of the General Assembly. The profit distribution policy approved by the General Assembly will be made public. The relevant policy is included in the company's website and activity report. There is no concession for participation in the company's profit and dividend distribution.

The Company has adopted the principle of distributing dividends to shareholders as a cash dividend or bonus share of at least 50% of the net distributable profit for each fiscal year, except for the fact that it invests large amounts for its growth in the long term and the extraordinary situations that arise in the economic framework.

The procedures and principles of the Company regarding profit distribution are included in Article 30 of the Articles of Association. The dividend decided to be distributed is distributed to the shareholders within the legal periods stipulated in the legislation.

At the Ordinary General Assembly meeting of the 2020 accounting period, the proposal of the Board of Directors regarding the 2020 profit distribution was approved and the cash amount of the profit distribution, 5.000.000 TL has been made to our shareholders on 07 April 2021.

In line with the decision of the Board of Directors dated 31 March 2021, it was decided to apply to the Capital Markets Board for bonus-free profit distribution transactions amounting to TRY 50.000.000 and a capital increase application was made to the Capital Markets Board on April 27, 2021. The application for amendment of Article 8 of the Articles of Association, which will be revised as a result of the capital increase and the increase, was approved by the Board decision dated May 20, 2021, and the free capital increase transactions started as of June 01, 2021.

7- Transfer of Shares

There is no provision restricting the transfer of shares in the Articles of Association.

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

8- Company Information Policy

Our Company's "Disclosure Policy" is to disclose to the shareholders and stakeholders in a timely, complete, understandable and easily accessible manner, in line with the transparency and equality principles of corporate management, in a manner that also takes into account the rights and interests of the Company, trade secrets or information that does not hinder the Company's competitiveness.

The Information Policy, which was determined by our company in 2010 and revised in 2013 within the framework of the "Communiqué on Special Situations" published by the Capital Markets Board, was submitted to the information and approval of the partners at the 2013 Ordinary General Assembly Meeting. The approved policy has been announced to the public and is included in the company's activity report. The Information Policy can be accessed from the "Corporate Policies" section of the "Corporate Governance" section under the title of "Investor Relations" on the website.

The Board of Directors is responsible for the follow-up, supervision and development of the Information Policy. Investor Relations are obliged to observe and follow the Information Policy.

9- Company Website and Content

The company's website serves at www.halkgyo.com.tr. All information and documents specified in principles 2.1.1 and 2.1.2 of the CMB Corporate Governance Principles in the Public Disclosure and Transparency section and other relevant laws and legislation are available on the website.

Care is taken to actively use the website and to keep it constantly up-to-date. Necessary measures have been taken to protect the accuracy of the information published on our website and to prevent changes. The information on our website is also included in English.

Within the framework of the data of the Central Registry Agency published through the Public Disclosure Platform, the Company's partnership structure is updated by means of the Continuous Information Form as of quarterly periods in a manner that it will show the natural and legal persons having 5% or more share or voting right in the capital directly, and the financial statements and footnotes disclosed to the public in accordance with the capital market legislation are published on the website in both Turkish and English with their public disclosure.

The Company website contains the matters specified in the Corporate Governance Principles and the information on the Company website is reviewed regularly and the compliance of the website with the relevant regulations in terms of form and content is also observed.

The company website includes the "Information Society Services" section within the scope of the Regulation published on the websites of the capital companies of the Ministry of Customs and Trade. Investors can connect to the MKK's portal through the Information Society Services section and they can access the basic information about the Company through the link in question.

In 2014, our company created its mobile site where tablets and smartphones can easily access in Turkish and English. The mobile site contains all the information on the website in the same way and all updates are made simultaneously on the mobile site.

10- Activity Report

The Company's activity report is prepared within the scope of the Corporate Governance Principles, other relevant Capital Market regulations and the relevant Regulation of the Ministry of Customs and Trade, in order to provide the public with full and accurate information about the Company's activities.

In addition to the basic information about the activities of the company, detailed information about the members of the Board of Directors and the committees are also taken care of to be included in the activity report. In this context, the CVs of the members of the Board of Directors, their powers and responsibilities within the Company and their duties outside the Company, whether the Company has made any transactions with the Company's legal entity in its main field of activity or on the Company's capital market instruments, whether there is any debt relationship with the company, the financial rights provided to the members and the independence declarations of the independent members, information about the working principles of the Board of Directors, the number of meetings held during the year, the participation status in the meetings, the number of decisions taken and the way decisions are taken, the structure of the committees of the Board of Directors, their working principles, information on the activities carried out during the year, the number of meetings and decisions, and the evaluation of the Board of Directors regarding the effectiveness of the committees are included in the annual report.

In addition, the legislative changes that significantly affect the activities of the Company, the measures taken to prevent conflicts of interest between the Company and the institutions it receives services such as investment consultancy and rating, the information on the possible consequences of significant lawsuits filed against the Company during the year, the information on mutual participations in which the direct participation rate exceeds 5%, the information on the social rights

and vocational training of the employees and the sustainability studies of the Company are included in the activity report.

The evaluation of the Board of Directors about the activities carried out by the company during the period and its future goals are also presented to the investors in the annual activity reports.

Our activity reports are disclosed to the public quarterly after the approval of the Board of Directors. It is published on our website and sent to partners upon request.

CHAPTER IV - STAKEHOLDERS

11- Informing Stakeholders

Our company pays maximum attention to protecting the rights of all stakeholders regulated by legislation and mutual agreements in its transactions and activities, and the rights of all stakeholders are observed within the framework of our Company's "Ethical Principles".

The stakeholders are fully and timely informed by the Company through special case statements made to the public, press releases, financial reports, website, and internal announcements.

Apart from being like trade secrets and/or information not disclosed to the public, the requests and questions of the stakeholders about the company activities are sent to the Investor Relations Department within the contact information on the website. At the same time, the stakeholders can convey their questions about the transactions that they consider contrary to the legislation and ethical rules to the Corporate Governance Committee of our Company or the Audit Committee.

12- Participation of Stakeholders in Management

The protection of shareholders' rights to participate in management is provided within the framework of relevant laws, legislation, and Articles of Association. The expectations and desires of all stakeholders that the company has a relationship with are evaluated within the framework of the Code of Ethics.

13- Human Resources Policy

Issues such as recruitment conditions, career orientation and promotion conditions, financial regulations and social benefits are presented to employees in detail and clearly in the Company Human Resources Regulation. All decisions and communication taken regarding the employees are carried out within the framework of the said regulation.

Each of the employees' rights recognized by law is protected within the framework of the Labor Law and Code of Ethics and all kinds of grounds are prepared for them to work in a safe and healthy environment.

There are no complaints from employees about discrimination during the period.

Our Company's Human Resources Policy has been determined within the following principles and shared with our employees.

- To carry out the activities to be carried out by the Company in order to realize its objectives with an ideal number of personnel,
- To carry out the selection and assignment of personnel with the competence appropriate to the nature of the work,
- To provide all personnel with the environment and conditions in which they can use and develop their abilities, professional development and skills,
- To provide sufficient wages and other additional facilities for the personnel in accordance with the market and the conditions of the day,
- To give importance to the personality of the personnel, to respect them, to observe the protection of their material and moral rights,
- To have personnel who adopt the company culture and corporate values and comply with Ethical Principles,
- To ensure that the personnel work in a cost-conscious manner in accordance with the principles of efficiency and profitability

14- Ethical Principles and Social Responsibility

The Ethical Principles, which were created in 2010 and approved by the Board of Directors, were published on the Company's website and announced to the public. In 2016, our Company implemented the Ethical Principles of its main partner Türkiye Halk Bankası A.Ş. and published them under the title of "Ethical Principles" in the "Corporate" section of the Company's website. "Ethical Principles" includes detailed explanations under the main headings of conflicts of interest, rules regulating the flow of information, relations with customers, suppliers and human resources and the principles and regulations regarding the working order of the employees of Halk GYO in the performance of their duties. The purpose of these principles is to prevent any conflict and conflict of interest that may arise between employees, shareholders, customers and the institution. Attitudes and behaviors contrary to these rules are evaluated in accordance with the Disciplinary Directive and employees are expected to act in accordance with the rules of common sense and good faith in situations and conditions not covered by these rules.

Our company carries out its relations with all stakeholders that it has a relationship with within the framework of ethical rules.

There is no lawsuit filed against the Company for damages to the environment during the period.

In our company's vision, it is important to evaluate its investments in the best way, as well as to provide benefits in the field of modern urbanization, to build environmentally friendly structures and to take part in studies to support the sector and to be a pioneer.

Our company real estate projects are produced with environmentally compatible, carbon-free materials and are LEED-certified. In addition, our company has continued to support the development of the sector by sponsoring many sectoral organizations and conferences.

PART V - BOARD OF DIRECTORS

15- Structure, Formation and Independent Members of the Board of Directors

The powers and responsibilities of the members of the Board of Management are regulated in the Company's Articles of Association. The company is managed by the Board of Directors and represented externally. The Board of Directors performs the duties assigned to it by the General Assembly in accordance with the Turkish Commercial Code, the Capital Market Law and other relevant legislation. All Board Members have the minimum qualifications required in the selection of Board Members included in the CMB Corporate Governance Principles. The Board of Directors consists of a total of 6 members, 5 of which are non-executive, 1 of which is executive and 2 of which are independent. In 2021, no situation eliminated the independence of the Independent Board Members. As of the date of the report, there are no female members in our Board of Directors. Although our company does not have a policy that determines the target rate and time in the Board of Directors, provided that the rate of female members is not less than twenty-five percent, it does not have any regulation that prevents the election of female members to the Board of Directors.

BOARD OF DIRECTORS								
NAME AND SURNAME	TITLE	OCCUPATION	DUTIES ASSUMED IN PARTNERSHIP IN THE LAST 5 YEARS	DUTIES TAKEN OUTSIDE THE PARTNERSHIP AS OF THE FINAL SITUATION	OWNERSHIP INTEREST IN THE PARTNERSHIP (%)	SHARE GROUP REPRESENTED	DATE OF APPOINTMENT/	STATUS
ERGIN KAYA	CHAIRMAN OF THE BOARD	BANKER	-	T. HALK BANKASI AS DEPUTY GENERAL MANAGER OF OPERATIONAL TRANSACTIONS AND SUPPORT SERVICES, CHAIRMAN OF THE BOARD OF BİLESİM A.Ş., CHAIRMAN OF THE BOARD OF SAFİR ÇARŞI YÖNETİMİ HİZMETLERİ A.Ş.	-	-	JUNE 2020	NON-EXECUTIVE MEMBER/ NOT AN INDEPENDENT MEMBER
MEHMET TANRIVERDİ	CHAIRMAN OF THE BOARD DEPUTY	BANKER	Membership of the Board	CHAIRMAN OF THE CONSTRUCTION APPRAISAL AND REAL ESTATE MANAGEMENT DEPARTMENT OF T. HALK BANKASI A.Ş., MEMBER OF THE BOARD OF SAFİR ÇARŞI YÖNETİMİ HİZMETLERİ A.Ş.	-	-	JUNE 2020	NON-EXECUTIVE MEMBER/ NOT AN INDEPENDENT MEMBER
MEHMET HAKAN TERCAN	MEMBER OF THE BOARD	BANKER	-	T. HALK BANKASI AS HEAD OF DEPARTMENT OF INFRASTRUCTURE OPERATION AND MANAGEMENT	-	-	JUNE 2020	NON-EXECUTIVE MEMBER/ NOT AN INDEPENDENT MEMBER
RACİ KAPTAN KOLAYLI	MEMBER OF THE BOARD	ENGINEER	-	-	-	-	JUNE 2020	NON-EXECUTIVE MEMBER/ INDEPENDENT MEMBER
FUAT GEDİK	MEMBER OF THE BOARD	BANKER	-	-	-	-	MAY 2021	NON-EXECUTIVE MEMBER/

BOARD OF DIRECTORS								
NAME AND SURNAME	TITLE	OCCUPATION	DUTIES ASSUMED IN PARTNERSHIP IN THE LAST 5 YEARS	DUTIES TAKEN OUTSIDE THE PARTNERSHIP AS OF THE FINAL SITUATION	OWNERSHIP INTEREST IN THE PARTNERSHIP (%)	SHARE GROUP REPRESENTED	DATE OF APPOINTMENT/	STATUS
								INDEPENDENT MEMBER
BÜLENT KARAN	GENERAL DIRECTOR / BOARD MEMBER	ENGINEER	-	-	-	-	AUGUST 2020	NOT AN EXECUTIVE MEMBER / AN INDEPENDENT MEMBER

Within the framework of the Corporate Governance Principles, the Nomination Committee has not been established in the Company and the Corporate Governance Committee also fulfills the duties of the said committee. The Corporate Governance Committee submits its reports on whether the candidates meet the independence criteria to the Board of Directors.

Independence declarations of independent members are included in the 2021 year-end annual report.

The members of the Board of Directors are not restricted from taking on other duties or duties outside the company and the provisions of the Turkish Commercial Code regarding the prohibition of competition are complied with. During 2020, there was no violation of the prohibition of trading and competition with the Company in relation to the Members of the Board of Directors.

The CV information of the Members of the Board of Directors of our Company is included in the activity report and on the corporate website of the Company.

16- Operating Principles of the Board of Directors

The Board of Directors convenes at times deemed necessary for the Company's business by the call of the Chairman or the Deputy Chairman. Each of the members of the Board of Directors may apply to the Chairman or Deputy Chairman in writing and request that the board is called to the meeting. If the Chairman or the Deputy Chairman still does not call the Board to the meeting, the members will have the authority to call the Board ex officio.

If none of the members request a meeting, decisions of the Board of Directors may be taken by receiving written approval of at least the majority of shareholders for the proposal written as the decision on any certain subject by one of the board members. The fact that the same proposal was made to all members of the Board of Directors is the validity condition of the decision to be taken in this way. It is not necessary for the approvals to be on the same paper, but it is necessary for all the papers with the approval signatures to be affixed to the resolution book of the board of directors or to be converted into a resolution containing the signatures of those who accept it and put into the resolution book for the validity of the decision.

Each member has one vote in the meetings. The right to vote is exercised in person. Unless one of the members requests a meeting, the proposal made by a member can also be decided by notifying the other members in writing.

The meeting agenda of the Board of Directors is determined by the Chairman of the Board of Directors. Changes can be made to the agenda with the decision of the Board of Directors. The meeting place is the head office of the company. However, the Board of Directors may also convene elsewhere provided that a decision is taken.

The board of directors meets by simple majority and takes its decisions by simple majority of those who attend the meeting. Votes in the board of directors are used as acceptance or rejection. The person who votes against signs the decision by writing the reason for rejection under the decision. The decisions of the Board of Directors on the issues covered by the relevant communiqués and legislation are shared with the public and published on the company website.

Members who do not attend the meeting may not vote in writing or otherwise unless based on a legitimate excuse. Members of the Board of Directors who have not attended three consecutive meetings without the permission of the Board of Directors for any reason or necessity, or who have not attended half of the meetings held within an accounting period, even if intermittent, will be deemed to have resigned.

Board of Directors meetings can be held in a physical and/or electronic environment.

Those who have the right to attend the company's board meeting may also attend these meetings electronically, in accordance with Article 1527 of the Turkish Commercial Code. The Company may install an Electronic Meeting System which allows those who are entitled to join and cast votes in such meetings on electronic media as per the provisions of the Communiqué Concerning the Meetings to Be Held on Electronic Media Other than the General Assembly Meeting of Joint-Stock Companies or purchase services from such systems established for this purpose. In the meetings to be held, it is ensured that the beneficiaries can exercise their rights specified in the relevant legislation within the framework specified in the Communiqué, through the system established in accordance with this provision of the Articles of Association or through the system from which support services will be received.

Investor Relations Department works in organizing board meetings, preparing and recording the necessary reports and documentation and board decisions, providing information flow and coordination among members and similar issues.

The Board of Directors of the Company convened 53 times during the period and took 102 decisions in these meetings. Care was taken to determine the date of the meeting in such a way as to ensure the participation of all members. All decisions of the Board of Directors were taken unanimously. None of the decisions taken at the meetings were put into opposition. In addition, since there are no votes against the decisions taken, there is no issue recorded in the decision.

The members of the Board of Directors have not been given the right to vote and/or to veto negatively.

During the year, the decisions of the board of directors regarding the significantly related party transactions submitted for the approval of the members of the independent board of directors were taken unanimously with the affirmative vote of the members of the independent board of directors.

During the period, the necessary insurance has been taken out for the defects of the members of the Board of Directors during their duties and the compensation of the damage they will cause in the Company, and no CONTAINER statement has been made by our Company regarding the insurance transaction in question.

17- Number, Structure and Independence of Committees Established in the Board of Directors

Within the framework of the Corporate Governance Principles of the Capital Markets Board and the Working Principles of the Company's Board of Directors, the Audit Committee, the Corporate Governance Committee, the Early Risk Detection Committee and the Remuneration Committee have been established. The Remuneration Committee from the Committees will meet at least annually and the other committees at least quarterly and will submit a report to the Board of Directors on its matters.

Working principles for each of the committees have been established and made public. Committees operate within the framework of these principles. During the year, in accordance with the Corporate Governance Communiqué of the Capital Markets Board; following the general assembly meeting, the distribution of duties and committee elections within the board of directors were carried out and announced to the public.

When selecting the committee members, they are acting within the framework of corporate governance principles.

Presidents and members of the committees are given below.

Committee	Chairperson	Independence Status	Member	Independence Status
Audit Committee	Raci Kaptan Kolaylı	Independent	Fuat Gedik	Independent
Corporate Governance Committee	Raci Kaptan Kolaylı	Independent	Mehmet Hakan Tercan Uğur Güney	Non-independent Non-independent - Executor
Pricing Committee	Raci Kaptan Kolaylı	Independent	Mehmet Tanrıverdi	Non-independent
Early Risk Detection Committee	Raci Kaptan Kolaylı	Independent	Fuat Gedik	Independent
Sustainability Committee	Fuat Gedik	Independent	Raci Kaptan Kolaylı Bülent Karan Erdal Bekin Yasar Göktas Uğur Güney	Independent Executive Executive Executive Executive

The Company's Board of Directors consists of a total of 6 members, 1 of which is executive and 5 of which are non-executive, and 2 of which are independent members of the board of directors. Due to the requirement of having at least one independent member in the committees in accordance with the relevant legislation, one member of the board of directors has been appointed to more than one committee in the current structure.

Within the Board of Directors, the Nomination Committee has not been created separately. The duties of the said committee are carried out by the Corporate Governance Committee.

The Corporate Governance Committee was established in accordance with the regulations of the Capital Markets Board on corporate governance in order to fulfill its duties and responsibilities in the Corporate Governance Principles. The Committee regularly reviews and works to improve the Company's corporate governance practices. The Committee, which attaches importance to relations with investors as well as corporate management, reviews the Company's relations activities with shareholders and strategies on the subject over certain periods and ensures that the Board of Directors is informed about the activities regularly. In addition to its tasks in question, the Committee is also active in ensuring coordination between other committees and providing support for their work when necessary. The committee convened 4 times during the period and took 4 decisions.

In parallel with its duties in the working principles, the Audit Committee is actively working on the public disclosure of the Company's financial information, the conduct of independent audits, the effective operation of the partnership's internal control system and the selection of an independent audit institution and the monitoring of its work at every stage during the year in accordance with the principles in the Capital Market Legislation and other relevant regulations. The committee convened 8 times during the period and took 4 decisions.

The Early Detection of Risk Committee was established in accordance with the regulations of the Capital Markets Board on corporate governance in order to carry out studies and to review the risk management systems in accordance with Article 378 of the Turkish Commercial Code in order to determine the risks that may endanger the existence, development and continuation of the Company, to implement the necessary measures related to the identified risks and to manage the risk. The committee convened 6 times during the period and took 6 decisions.

The Remuneration Committee determines the principles, criteria and practices to be used in the remuneration of the members of the Board of Directors and the managers with administrative responsibility, taking into account the long-term objectives of the company and supervising them. Taking into account the degree to which the criteria used in remuneration are reached, the Board of Directors submits its suggestions regarding the remuneration to be given to the board members and managers with administrative responsibility. The committee convened 6 times during the year and took 6 decisions.

The Evaluation Report of the Board of Directors regarding the work of the committees during the period is included under title 1 of the 2021 year-end activity report.

18- Risk Management and Internal Control Mechanism

In the company, risk management, internal audit and internal control systems are structured in accordance with international practices, principles and organizations. Risk management and internal control activities are carried out by the "*Directorate of Internal Audit, Risk and Compliance*". Internal control systems including risk management, information systems and processes that may minimize the effects of risks that may affect the stakeholders of the company, especially the shareholders, have been established by the Board of Directors in line with the opinions of the relevant committees. The effectiveness of risk management and internal control systems is reviewed at least once a year. Internal audit activities are carried out within the framework of the "Annual Audit Plan" approved by the Audit Committee during the year. It has been established to examine, control, monitor, evaluate the compliance, adequacy and effectiveness of the Company's activities and the controls related to these activities and to report the results to the relevant units.

Information is also given in the activity report about the existence, operation and effectiveness of internal controls and internal audits. Periodic evaluation report, compliance with portfolio limitations and follow-up table, monthly liquidity ratio notification schedule is prepared by the Directorate of Internal Audit, Risk and Compliance and submitted simultaneously to the Audit Committee, the Corporate Governance Committee, the Early Risk Detection Committee, the Company's senior management and the Board of Directors. Thus, it is aimed to take the necessary measures by the senior management of the Company and the Board of Directors and to develop the control systems in relation to the management of these risks.

As an investment strategy, Halk GYO tries to minimize the risk for its investors by creating a wide portfolio diversity in the real estate sector and by turning to real estate where it will obtain regular rental income in the selection of real estate. The real estate in the company portfolio is insured against all kinds of damages.

19- Strategic Objectives of the Company

The strategic objective of the company is to develop its real estate portfolio with a focus on commercial properties that can generate high rental income and offer high returns to its shareholders with an equity-weighted financing model.

The Board of Directors approves the annual budget work in which the goals and strategies are determined, including its own amendments and suggestions. All strategic changes and deviations in estimates as a result of the performance evaluation of the company and the decisions taken during the year are made by the Board of Directors during the evaluation of the financial statements in quarterly periods, except in extraordinary cases. Short and long-term investment and funding plans are repositioned by changing them when necessary in parallel with new developments.

20-Financial Rights

All kinds of rights, benefits and fees provided to the Board of Directors and senior executives of the Company and the criteria and remuneration principles used in determining them have been determined by the Company's Remuneration Policy and the relevant policy has been shared with the public on the website.

The fees to be paid to the members of the Board of Directors are determined by the decision of the General Assembly in line with the proposal of the Remuneration Committee. The members of the Board of Directors have not been granted any rights to provide financial benefits such as daily allowance, premiums and bonuses other than the fees agreed in the general assembly. In determining the wage levels of the independent board members, care is taken to ensure that the wage is at a level that will protect the independence of the member and stock options or payment plans based on the performance of the company are not used within the framework of the Corporate Governance Principles.

Social rights are provided to senior managers regularly and periodically within the scope of legal legislation and no different compensation policy is applied except for legal compensations stipulated by laws and regulations. The fees of the senior managers are determined by the decision of the Board of Directors in line with the proposal of the Remuneration Committee.

The Company has not lent to any member of the Board of Directors and senior executives during the period, has not provided loans, has not provided loans under the name of a personal loan through a third party, or has not provided guarantees such as bail, and there has been no conflict of interest arising from this issue.

In accordance with Article 4.6.6 of the Corporate Governance Principles, the fees given to the members of the Board of Directors and the top managers and all other benefits provided are disclosed to the public through quarterly activity reports and financial reports. However, the statement made is not based on the person. The total amount of financial rights provided by the Company to the board of directors and senior executives as of the period is 2.371.433.TRY.