

**2021**

**BOARD OF DIRECTORS  
ANNUAL REPORT**



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This report has been prepared within the framework of the Communiqués of the Capital Markets Board **Serial II No:14-1, Serial III No: 48-1, and Serial II No:17-1** and the **Regulation** dated **August 28, 2012**.

## MESSAGE FROM THE CHAIRMAN

Dear Business Partners,

We have completed a year in which it has been established that real estate will never lose its appeal. In 2021, when loan interest levels and exchange rate mobility were on the agenda throughout the year, housing sales, one of the decisive indicators, were realized as 1 million 491 thousand 856 units. Sales, which almost reached the previous year in numbers, show that demand for housing remains strong.

The real estate sector, which was trying to find direction within the economic and social impact of the global pandemic, was mobilized with the contribution of eligible conditional campaigns led by public banks in the second half of the year in 2020, and the housing stock was widely melted down. After this momentum, although a stagnant course was observed in the early periods of 2021, the vitality especially in the second-hand and non-residential real estate areas continued. Non-residential real estate sales such as land, field and workplace, office, industrial sites across Turkey broke the record in 2021. The interest in rural areas and the desire to invest in different assets during the pandemic process increased the momentum in this direction. Looking at the year in general, a year has passed in which the vitality in the sector continues and records have been reached in housing sales to foreigners.

As Halk Gayrimenkul Yatırım Ortaklığı A.Ş., we continued to support economic diversity with new and pioneering projects that will add value to the development of Turkey and set an example for the real estate sector with an active size of 4.58 billion TRY.

With the power we received from Halkbank, our main shareholder, I would like to express my gratitude to all our stakeholders who contributed to and supported the results obtained in 2021, when we completed many of our projects and started new projects, especially our employees.

Sincerely,

***Ergin Kaya***  
***Chairman***

## **MESSAGE FROM THE GENERAL MANAGER**

Dear Stakeholders,

The whole world spent 2021 as a period in which the economic and social effects caused by the global pandemic were tried to be overcome and recovered. Countries focused on accelerating their growth performance with policies to keep markets alive. Strong growth steps have been exhibited throughout the year in terms of investment, production, employment, and export with the measures implemented with determination in our country.

The reflection of growth breakthroughs in the real estate sector has turned into impressive figures. In 2021, the number of title deed sales transactions increased by nearly 300,000 compared to the previous year and reached more than 3 million units. The real estate, with its charm that it created beyond the phenomenon of being a necessity, stood in the way of many other investment instruments as an investment tool and reminded that it would never lose its value.

In this process, as Halk GYO, we continued our stable growth throughout the year thanks to our balanced investment portfolio and stepped into new projects that will set an example for the real estate sector with the trust and reputation we received from our main shareholder Halkbank.

In order to create an industrial site in Kocaeli Dilovası, we signed a revenue-sharing agreement between our affiliate Halk Yapı Projeleri Gelistirme A.Ş. and Marmara Metal Mamulleri Ticaret A.Ş. with the title of "Dilovası Industrial Center Project" with a 50-50 percent revenue share. Dilovası is becoming an attraction that will stand out in terms of industry in the coming period with the presence of transportation opportunities such as highways, ports, airports and trains and its proximity to the Osmangazi Bridge. As Halk GYO, we will be a part of regular and planned growth focusing on our industry in this region.

We will carry out another project in Sakarya. In the project, we signed a cooperation protocol with the contractor and third parties who own the land and started to work to realize a project in an area of approximately 60 acres in Adapazarı. With this pioneering project, we will continue our support to the real estate sector and country development.

As we are stepping into new projects, we continued our work on our existing projects. While focusing on the sales of commercial units in the Bizimtepe Aydos project, where we completed the housing sales, we continued the construction of the Halk Ofis Kuleleri and Evora İzmir projects within the scope of the İstanbul International Finance Center. They will become an important element of urban aesthetics in İstanbul and İzmir, when our

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projects are completed.

As a result of these studies, we increased our asset size by 30.25 percent to TRY 4.58 billion at the end of 2021 compared to last year. While our shareholders' equity reached the level of 3.3 billion TRY, our company's net profit for the period was 378.5 million TRY.

We always consider keeping our sustainability approach at the forefront in our activities and projects as an extension of our understanding of doing business. While reflecting the planned resource use and our energy and environmental awareness embodied with LEED certificates to our works and stakeholders, we will continue to focus on projects with aesthetic understanding, in accordance with consumer trends and high quality.

I would like to express my gratitude to our dedicated employees, our founder and main partner Halkbank, our investors who trust us and all our stakeholders for the successful results we have achieved.

Sincerely,

***Bülent Karan***  
***General Manager and Member of the Board***

## COMPANY PROFILE

### 1- About the Company

Established in 2010 as a subsidiary of Türkiye Halk Bankası A.Ş., with a total capital of 477 million TRY, 466 million TRY of which is in kind, Halk Gayrimenkul Yatırım Ortaklığı A.Ş. (Halk GYO) is a company that invests in real estate, real estate projects, real estate-based rights and capital market instruments.

Our company observes the regulations of the Capital Markets Board and the relevant legislation in its activities, portfolio investment policies and management limitations.

<b>Head Office Address</b>	Serifali Çiftliği Tatlısu Mahallesi Ertugrulgazi Sokak No:1 34774 Yukari Dudullu Ümraniye/İSTANBUL
<b>Telephone Number</b>	216 600 10 00
<b>Fax Number</b>	216 594 53 72
<b>Internet Address</b>	<a href="http://www.halkgyo.com.tr">www.halkgyo.com.tr</a>
<b>Trade Registry No</b>	İstanbul / 751122
<b>Mersis (Central Registration System) No:</b>	0456046607600015

#### VISION

Being one of the leading institutions in the GYO sector, protecting the rights of its stakeholders by creating a transparent management structure, always preferred by investors...

#### MISSION

Creating continuous added value for all stakeholders, contributing to the development of the GYO sector and becoming a globally respected institution...

#### STRATEGY

Developing its real estate portfolio with a focus on commercial properties that can generate high rental income, and offering high returns to its shareholders with an equity-weighted financing model...

## Brief History

### 2010-2011

#### October 2010

Foundation

#### April 2011

Adding the Beyoğlu building to the portfolio, developing it and selling it with a profit of 18.5 Million TRY in September 2011

#### September 2011

Adding Bakırköy land to the portfolio

#### December 2011

Purchase of Halkbank Finance Tower building at its project stage

*\* Making a net profit of 30 million TRY in the first fiscal year (2011) with the contribution of real estate sales to profitability...*

### 2012

#### January 2012

Adding Eskişehir land to the portfolio

#### February 2012

Tender of Bakırköy land with minimum 90.5 million TRY net guarantee income

#### April 2012

The signing of the 10-year lease agreement for the Levent hotel building with Dedeman Group

#### September 2012

Adding Kocaeli Şekerpınar land to the portfolio

#### September 2012

### 2013

#### January 2013

Starting the Levent Hotel project

#### January 2013

Start of excavation and shoring works of IUFM project tendered to Akdeniz Insaat by Emlak Konut GYO in November 2012

#### February 2013

*Completion of public offering transactions and obtaining 250 million TRY revenue from the public offering*

#### April 2013

Starting the Eskişehir Panorama Plus residential project

#### August 2013

Obtaining the building permit license of Şekerpınar Bankacılık Merkezi and starting its construction

#### December 2013

Making a profit of approximately 9 million TRY from the sales process by selling our Karsiyaka building with a value of 18 million TRY

### 2014

#### January 2014

Starting the title deed transfer procedures to the buyers in the reference Bakırköy project

#### March 2014

Obtaining the construction license for Halk Ofis Şekerpınar

#### September 2014

Establishing an ordinary partnership with Vakif GYO to

#### October 2014

Purchase of land for 110 million TRY in the name of ordinary partnership within the scope of the planned residential project

#### December 2014

Taking the EIA decision for IUFM Halk Ofis Kuleleri project

### 2015

#### March 2015

Converting Salıpazarı Building into a hotel project and renting it for 20 years

#### June 2015

Receiving construction permit licenses of IUFM Halk Ofis Kuleleri project

#### July 2015

Completion of Levent Hotel project and delivery to Dedeman Group, the start of service of the hotel

#### September 2015

Starting the title deed transfer procedures to the buyers in the Panorama Plus project

#### November 2015

Starting the construction and sales of Bizimtepe Aydos Konut Project realized with the partnership of Vakif REIC

#### December 2015

Rental of Şekerpınar Bankacılık Merkezi to Halkbank

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Moving the General Directorate of our Company to the Sharifali region

develop a residential project in Sancaktepe, İstanbul

**2016**

**April 2016**

Adding Erzurum land to the portfolio and establishing an ordinary partnership with Er Konut A.Ş. to develop a housing project

**May 2016**

Starting the construction and sales of the Şehristan Konutları project jointly realized with Er Konut A.S

**June 2016**

Starting the tender process for the selection of the main contractor in the IUFM Halk Ofis Kuleleri project

**November 2016**

Selection of the main contractor for the Caddebostan Building, which has entered the urban transformation process

**December 2016**

Initiation of the rental/sales process for Halk Ofis Şekerpınar

**December 2016**

*Completion of main contractor selection process of IUFM Halk Ofis Kuleleri project, signing of the contract with YDA Insaat Sanayi ve Ticaret A.Ş. and commencement of project construction*

**2017**

**January 2017**

Obtaining the renovation license for Salıpazarı Hotel Project

**May 2017**

Selection of consultant company for the marketing process of Halk Ofis Şekerpınar building

**July 2017**

*Our company is in the category of "investable" as it has been graded as the Long Term National Grade; Determination of (TR) AA-, Short-Term National Grade (TR) AI+*

**August 2017**

Establishment of Ordinary Partnership with Teknik Yapı for İzmir Evora Project

**October 2017**

First issue of 100 million TRY financing bond

**November 2017**

*Our company's inclusion in the BIST Dividend Index with 9.24 corporate management notes*

**December 2017**

*Realization of "Turkey's first GYO Sukuk export"*

**2018**

**March 2018**

Signing a contract with Buga Otis Asansör Sanayi ve Ticaret A.Ş. within the scope of vertical transportation works (elevator and escalator) service procurement of IUFM Halk Ofis Kuleleri project

**June 2018**

Opening of Salıpazarı Hotel Building to service

**July 2018**

*Confirmation of our company's Long-Term National Grade (TR) AA-, Short-Term National Grade (TR) AI+ by being graded in the category of "investable"*

**September 2018**

Obtaining the building license for the first 451 independent units of the Evora İzmir project and starting pre-sale

**September 2018**

Obtaining the building license for 321 more independent units of Evora İzmir project

**November 2018**

*Increasing the Corporate Governance Rating of our company, which is determined as 9.24, to 9.27 with the review*



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**2019**

**February 2019**

Rental of Bahçelievler 2 Building in our portfolio to Ipekyol Giyim A.Ş.

**July 2019**

*Confirmation of our company's Long-Term National Grade (TR) AA-, Short-Term National Grade (TR) A1+ by being graded in the category of "investable"*

**September 2019**

Signing a contract for the transfer of Şehristan Konutları Project and the purchase of land for 29 million TRY in return

**November 2019**

*Increasing the Corporate Governance Rating of our company, which is determined as 9.27, to 9.31 with the review*

**2020**

**July 2020**

*Confirmation of our company's Long-Term National Grade (TR) AA-, Short-Term National Grade (TR) A1+ by being graded in the category of "investable"*

**October 2020**

Rental of Beyoğlu Building in our portfolio to Taksim Yatirim Gayrimenkul A.Ş.

**November 2020**

*Updating the Corporate Governance Rating of our company, which is determined as 9.31, to 9.29*

**December 2020**

15.000.000 with the title of Halk Yapı Projeleri Geliştirme A.Ş. to operate in the field of real estate development. - Establishment of a company with TRY capital

**December 2020**

Sale of the Nisantasi Building in our company's portfolio to our company's subsidiary Halk Yapı Gelistirme A.Ş.

**2021**

**February 2021**

*Determining the Corporate Governance Rating of our company as 9.22*

**February 2021**

The signing of revenue sharing agreement for "Dilovası Industrial Project" between Halk Yapı Projeleri Geliştirme A.Ş., which is 100% subsidiary of our company, and Marmara Metal Mamulleri Ticaret A.Ş.

**April 2021**

*By rating our company in the category of "investable"; Determination of the Long-Term National Grade as "AA+ (Trk)/Stable" and the Short-Term National Grade as "A-1+ (Trk)/Stable"*

**October 2021**

Establishment of the Sustainability Committee of our company

**December 2021**

Our company has signed a "Cooperation Protocol" with a minimum revenue of 30 million TRY for the "Adapazarı Project"

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## 2- Board & Senior Management

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. The Board of Directors consists of a total of 6 members, 2 of which are independent. Of the members, 1 is the executive member and 5 is the non-executive member.

The Members of the Board of Directors of our Company are as follows:

<b>Name and Surname</b>	<b>Title</b>	<b>Membership Start Date</b>	<b>Last Duty Election Date</b>
Ergin KAYA	Chairman	24.06.2020	31.03.2021
Mehmet TANRIVERDİ	Vice Chairman	06.09.2018	31.03.2021
Mehmet Hakan TERCAN	Member	16.04.2020	31.03.2021
Raci Kaptan KOLAYLI	Independent Member	24.06.2020	31.03.2021
Fuat GEDİK	Independent Member	27.05.2021	27.05.2021
Bülent KARAN	Member/General Manager	04.08.2020	31.03.2021



**Ergin KAYA**  
**Chairman of the Board**

He was born in Artvin in 1970. He graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration. Having worked as Deputy Inspector, Inspector, Department Manager, Head of Department, Deputy General Manager responsible for Banking Operation and Information Technology at Türkiye Halk Bankası AŞ, Mr. KAYA has been serving as the Deputy General Manager of Banking Operations and Support Services since 31.05.2019. He is elected as the Chairman of the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on 24.06.2020.



**Mehmet TANRIVERDİ**  
**Vice Chairman**

He was born in 1960 in Giresun. He graduated from İstanbul University, Faculty of Political Sciences, Department of Finance. He started his career as an Assistant Inspector at Türkiye Halk Bankası A.Ş. In 2004. He worked as an Inspector, Senior Inspector and Department Manager at the same bank. He has been working as the Head of Construction Appraisal and Real Estate Management Department at T. Halk Bankası A.Ş. since September 2017. He was elected as a Member of the Board of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on 6 September 2018.

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**Mehmet Hakan TERCAN**  
**Board Member**

Mr. Mehmet Hakan TERCAN was born in Çorum in 1969. He graduated from İhsan Doğramacı Bilkent University Engineering Faculty Electrical and Electronics Engineering Department (English) in 1992. He started his career in 1992 as a Network Engineer at Turkish Airlines Electronic Computing Department. He worked as System Engineer and Information Security Specialist respectively at Pamukbank as of 1996. He continued his duty after the Pamukbank-Halkbank merger. He became Information Security Processes Manager in 2011 and Information Security Department Manager on January 04, 2017. Mr. TERCAN, who has been serving as the Head of Infrastructure Operation and Management Department in Türkiye Halk Bankası A.Ş. Information Technologies Group Directorate since October 2, 2019, is appointed as member of the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on April 16, 2020.



**Raci Kaptan KOLAYLI**  
**Independent Board Member**

He was born in Trabzon in 1965. He graduated from Istanbul Technical University, Faculty of Civil Engineering, Department of Civil Engineering in 1990. He started to work as Civil Engineer at Entes İnşaat in the same year. Mr. Kolaylı worked at Çapkınoğlu İnşaat ve Northern Sea Area Command in 1991 and 1992 respectively, and worked as Construction Site Manager at Türkiye İş Bankası between 1993-2008. After working as Project Manager at Falezboru JV Company in 2009, he worked as Coordinator in the office building construction project in Megateknikbud company in Kiev, the capital of Ukraine, in 2010. Mr. Kolaylı, who worked as Project Manager in various companies such as Akgün Mühendislik, Uzunlar İnşaat, Sera Yapı, Bicon Yapı, Kavan Yapı, Palace MMC respectively between 2011-2018, was elected as member of the Board of Directors of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on 24 June 2020.



**Fuat GEDİK**  
**Independent Board Member**

Fuat GEDİK was born in Erzurum in 1956. He completed his primary and secondary education in Istanbul. He graduated from Eskişehir Economic and Commercial Sciences in 1978. Between 1979-1991, he worked as Inspector and Branch Manager at Türkiye Halk Bankası A.Ş. Between 1991-1999, he worked as branch manager in Albarakaturk and Türkiye Finans Katılım Bankaları. Between 1999 and 2014, he served as Deputy General Manager and Member of the Board of Directors at İstanbul Deniz Otobüsleri. GEDİK, who was appointed as the Chairman of the Board of Directors of İller Bankası at 2014, simultaneously served as Board Member of Bursa Water and Sewerage Administration, Sakarya Water and Sewerage Administration and the subsidiary companies of Savings Deposit Insurance Fund and between 2015-2021. As of May 27, 2021, GEDİK has been assigned as Independent Board Member of Halk GYO A.Ş. He has the title of Certified Public Accountant and Independent Auditor.



**Bülent KARAN**  
**General Manager and Board Member**

Bülent KARAN was born in Giresun in 1969. He graduated from Kadıköy Anatolian High School in 1987 and from Istanbul Technical University Mining Faculty, Petroleum Engineering Department in 1991. Mr. KARAN completed his MBA in business administration at Sakarya University Institute of Social Sciences. Bülent KARAN started his career at Aladdin Middle East Ltd. Şti. in 1991. Afterwards, he worked as an executive in the media, advertising, construction and food sectors. Bülent KARAN, who started working as Marketing Group Manager at Halk Sigorta A.Ş. in April 2006, was appointed as Deputy General Manager between 2007 and 2016 and as General Manager between 2016 and 2020, and afterwards he was appointed as member of the Board of Directors and General Manager of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. on 04.08.2020.

### **Authority and Limit of Members of the Board**

The Chairman and Members of the Board of Directors have the powers specified in the relevant articles of the Turkish Commercial Code and the Company's Articles of Association. 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 the accounting period of January-December 2021, there was no violation of the prohibition of trading and competition with the Company in relation to the Members of the Board of Directors.

### **Board Meetings**

The Board of Directors convened 53 times in the accounting period of January-December 2021 and took 102 decisions in these meetings. The resolutions of the Board of Directors were taken unanimously by the attendees of the meetings.

## **Independence Statements of the Members of the Board**

### **INDEPENDENCE STATEMENTS BY THE BOARD OF DIRECTORS TO THE CAPITAL MARKET BOARD**

I hereby declare that I do not have any employment relation in executive position to take upon the important duties and responsibilities between Halk Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (Halk GYO A.Ş.), companies on which Halk GYO A.Ş. hold control of management or significant effect and shareholders who hold control of management of Halk GYO A.Ş. or have significant effect in Halk GYO A.Ş. and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree, that I do not have more than %5 of capital or voting rights or privileged shares either jointly or solely and that I have not established significant commercial relationship,

In the last five years, I have not worked as a partner (5% and more), at a manager position to undertake significant duties and responsibilities or as a board member, particularly for control (including tax audit, statutory audit, internal audit), rating and consulting of Halk GYO A.Ş., in the companies that Halk GYO A.Ş. has sold or purchased significant amount of goods or services in the framework of the investigations, in the selling or purchasing goods or services period,

I have the professional education, information and experience for conduct of the duties that I will assume as an independent board member,

I am located in Turkey in accordance with the Income Tax Law (I.T.L) dated 31/12/1960 and numbered 193,

I have strong ethical standards, professional reputation and experience to contribute positively to Halk GYO A.Ş. operations, to maintain my objectivity on the conflicts of interest between Halk GYO A.Ş. and its shareholders, to decide freely considering the rights of the stakeholders,

I will allocate time for Halk GYO A.Ş. business in order to follow up the activities of the Halk GYO A.Ş. and duly fulfill the allocated duties,

I did not serve as a board member more than six years in the Board of Directors of the Halk GYO A.Ş., in the last ten years,

I did not serve as an independent member of the board of directors in more than three of the companies as such; Halk GYO A.Ş. or the controlling shareholders of Halk GYO A.Ş. who hold the control of management corporations and in more than five corporations in total.

24.06.2020  
Raci Kaptan KOLAYLI  
Signature

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**TO THE CAPITAL MARKET BOARD**

I hereby declare that, in the last five years I do not have any employment relation in executive position to take upon the important duties and responsibilities between Halk Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (Halk GYO A.Ş.), companies on which Halk GYO A.Ş. hold control of management or significant effect and shareholders who hold control of management of Halk GYO A.Ş. or have significant effect in Halk GYO A.Ş. and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree, that I do not have more than % 5 of capital or voting rights or privileged shares either jointly or solely and that I have not established significant commercial relationship,

In the last five years, I have not worked as a partner (5% and more), at a manager position to undertake significant duties and responsibilities or as a board member, particularly for control (including tax audit, statutory audit, internal audit), rating and consulting of Halk GYO A.Ş., in the companies that Halk GYO A.Ş. has sold or purchased significant amount of goods or services in the framework of the investigations, in the selling or purchasing goods or services period,

I have the professional education, information and experience for conduct of the duties that I will assume as an independent board member,

I will not work as a full-time employee at public authorities and institutions after being elected as an independent member,

I am located in Turkey in accordance with the Income Tax Law (I.T.L) dated 31/12/1960 and numbered 193,

I have strong ethical standards, professional reputation and experience to contribute positively to Halk GYO A.Ş. operations, to maintain my objectivity on the conflicts of interest between Halk GYO A.Ş. and its shareholders, to decide freely considering the rights of the stakeholders,

I will allocate time for Halk GYO A.Ş. business in order to follow up the activities of the Halk GYO A.Ş. and duly fulfill the allocated duties,

I did not serve as a board member more than six years in the Board of Directors of the Halk GYO A.Ş., in the last ten years,

I did not serve as an independent member of the board of directors in more than three of the companies as such; Halk GYO A.Ş. or the controlling shareholders of Halk GYO A.Ş. who hold the control of management corporations and in more than five corporations in total,

27.05.2021  
Fuat GEDİK  
Signature

## Committees

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 Corporate Governance Committee, the Audit Committee, the Early Detection of Risk Committee, the Remuneration Committee and the Sustainability Committee have been established. The Remuneration Committee will meet at least annually and the other committees at least quarterly. The working principles of the committees can be found at <http://www.halkgyo.com.tr/yatirimci-iliskileri/kurumsal-yonetim/komiteler>. During the period, the Corporate Governance Committee, the Audit Committee, the Early Detection of Risk Committee and the Remuneration Committee have carried out their work effectively and efficiently in accordance with the legislation and working principles.

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 1 times during the period and took 1 decisions.

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The committees of the Board of Directors of our Company and their distribution of duties are as follows:

**Audit Committee**

<b>Name and Surname</b>	<b>Title</b>
Raci Kaptan KOLAYLI	President -Independent Board Member
Fuat GEDİK	Member - Independent Board Member

**Corporate Governance Committee**

<b>Name and Surname</b>	<b>Title</b>
Raci Kaptan KOLAYLI	President - Independent Board Member
Mehmet Hakan TERCAN	Member - Board Member
Uğur GÜNEY	Member - Head, Corporate Communications and Investor Relations

**Early Detection of Risk Committee Members**

<b>Name and Surname</b>	<b>Title</b>
Raci Kaptan KOLAYLI	President - Independent Board Member
Fuat GEDİK	Member - Independent Board Member

**Remuneration Committee**

<b>Name and Surname</b>	<b>Title</b>
Raci Kaptan KOLAYLI	President - Independent Board Member
Mehmet TANRIVERDİ	Member - Vice Chairman

**Sustainability Committee**

<b>Name and Surname</b>	<b>Title</b>
Fuat GEDİK	President - Independent Board Member
Raci Kaptan KOLAYLI	Member - Independent Board Member
Bülent KARAN	Member - General Manager / Board Member
Erdal BEKİN	Member - Deputy General Manager, Project Development and Execution
Yasar GÖKTAŞ	Member - Deputy General Manager, Financial Management and Planning
Uğur GÜNEY	Member - Head, Corporate Communications and Investor Relations



**Evaluation of the Board of Directors regarding the Effectiveness of Committees**

The committees of the Capital Markets Board established within the framework of the Corporate Governance Principles and the working principles of the Board of Directors have met at least annually and the other committees at least quarterly and have regularly informed the Board of Directors of the issues falling within the current working principles.

In this context;

The *Corporate Governance Committee* has worked to regularly review and improve the Company's corporate governance practices throughout the Term. The Committee held the necessary meetings on the issues that should be included in the agenda of the Board of Directors in order to evaluate the Company's annual activity report, the Investor Relations department's activity report and the Company's work in terms of compliance with the Corporate Governance Principles during the period after each quarterly financial period, and submitted its reports and opinions to the Board of Directors. The committee convened 4 times during the year and prepared 4 reports on the related issues to be submitted to the Board of Directors.

The *Audit Committee* has held the necessary meetings on the issues that should be included in the agenda of the Board of Directors, especially the effective operation of the Company's internal control system, the selection of the independent audit institution and the monitoring of the work of the relevant institution, the conduct of the independent audit and the public disclosure of the financial information of the Company, and has submitted its reports and opinions to the Board of Directors. The committee convened 8 times during the year within the scope of the mentioned topics and prepared 4 reports to be submitted to the Board of Directors at the end of the meeting.

During the year, the *Early Detection of Risk Committee* held meetings on the topics of credit risk related to the Company's activities, the magnitudes of interest risks, the liquidity ratio reporting schedule, the Company's legal and operational risks, and the practice of occupational health and safety in the Company's ongoing projects and presented the reports prepared after the meeting to the Board of Directors. The committee convened 6 times during the year and prepared 6 reports to be submitted to the Board of Directors on the issues on the agenda of the meeting.

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 1 times during the period and took 1 decisions.

Best regards,  
**Halk Gayrimenkul Yatırım Ortaklığı A.Ş.**  
**Board of Directors**

### **Managing Staff**

<b>Name - Surname</b>	<b>Title</b>
Bülent KARAN	General Manager and Board Member
Erdal BEKİN	Deputy General Manager of Project Development and Execution
Yaşar GÖKTAŞ	Deputy General Manager of Financial Management and Planning
Uğur GÜNEY	Head of Corporate Communications and Investor Relations

### **Payments to the Board of Directors and Senior Management**

The senior management staff of the Company consists of Board Members, General Manager and Deputy General Managers. Benefits provided to top executives include benefits such as wages, premiums, health insurance and transportation. The total amount of benefits provided to senior executives during the period is 2,371,433.-TL (January 1 – December 31, 2020: 2,071,198.-TL)

### **Changes in the Board of Directors and Senior Management**

Mr. Ergin Kaya, Mr. Mehmet TANRIVERDİ, Mr. Raci Kaptan Kolaylı, Mr. Memduh Yılmazlar, Mr. Mehmet Hakan Tercan, Mr. Mehmet Hakan Şeker and Mr. Bülent Karan were elected as the members of the Board of Directors at the 2020 Ordinary General Assembly Meeting held on March 31, 2021. In the meeting held by the elected Board Members on the same day, it was decided to appoint Mr. Ergin Kaya as Chairman of the Board and Mr. Mehmet Tanrıverdi as Vice Chairman. Mr. Mehmet Hakan Şeker, who was elected to the Independent Board of Directors, resigned on April 05, 2021, and Mr. Memduh Yılmazlar resigned on April 30, 2021. At the meeting of our Company's Board of Directors on May 27, 2021, it was decided to appoint Fuat Gedik as an Independent Member of the Board of Directors, which was vacated by Şeker's resignation, to be submitted to the approval of the first General Assembly to be held pursuant to Article 363 of the TCC. At the meeting dated July 06, 2021, It has been decided to appoint Ms. Remzi Kaya which was vacated by Memduh Yılmazlar; to be submitted to the approval of the first General Assembly to be held pursuant to Article 363 of the TCC. Mr. Remzi Kaya passed away on September 02, 2021.

### 3- Company Capital and Ownership Structure

The capital information and ownership structure of our company are as follows.

#### Capital Information

**Issued Capital**  
1.020.000.000.-TRY

**Registered Capital**  
2.500.000.000. -TRY

	31.12.2021			31.12.2020	
	Group	Share Rate %	Share Amount TRY	Share Rate %	Share Amount TRY
Türkiye Halk Bankası A.Ş.	A	1,58	16.116.736,156	1,58	15.326.700,037
Türkiye Halk Bankası A.Ş.	B	70,38	717.898.619,943	70,38	682.707.470,564
Halk Yatırım A.Ş.	A	0,04	384.905,443	0,04	366.037,562
Halk Finansal Kiralama A.Ş.	A	<0,01	1,534	<0,01	1,459
Publicly Held Portion*	B	28,00	285.599.736,924	28,00	271.599.790,378
<b>Paid-in Capital</b>		<b>100,00</b>	<b>1.020.000.000.000</b>	<b>100,00</b>	<b>970.000.000.000</b>

\* As of December 31, 2021, Türkiye Halk Bankası A.Ş. has 75,116,568.891 nominal shares in the public sector; Halk GYO A.Ş. has 28,756,004,307 nominal shares.

The issuance of Group B shares with a nominal value of 185,500,000 TRY, to be offered to the public in order to increase the Company's issued capital from TRY 477,000,000 to TRY 662,500,000, was approved by the CMB on February 1, 2013. As a result of the public offering, 28 percent of the company's shares started to be traded in the BIST with the code "HLGYO" as of 22 February 2013, following the public offering process held on 13-14-15 February 2013.

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The information on dividend distribution and the capital increases of the Company during and after the public offering is as follows:

CAPITAL INCREASES						NET PROFIT (DIVIDEND) PAYMENTS
No	Completion Date	Source	Ratio	Former Capital	New Capital	
1	22.02.2013	Public Offering	38.888%	477.000.000 TRY	662.500.000 TRY	-
2	25.06.2013	Bonus Shares from 2012 - year profit	1.6813%	662.500.000 TRY	673.638.704 TRY	-
3	09.06.2014	Bonus Shares from 2013 - year profit	3.6015%	673.638.704 TRY	697.900.000 TRY	3,0 million TRY
4	15.06.2015	Bonus Shares from 2014 - year profit	6.4622%	697.900.000 TRY	743.000.000 TRY	5,9 million TRY
5	27.05.2016	Bonus Shares from 2015 - year profit	6.3257%	743.000.000 TRY	790.000.000 TRY	5,4 million TRY
6	18.08.2017	Bonus Shares from 2016 - year profit	3.7975%	790.000.000 TRY	820.000.000 TRY	3,0 million TRY
7	22.06.2018	Bonus Shares from 2017 - year profit	4.6341%	820.000.000 TRY	858.000.000 TRY	3,8 million TRY
8	24.06.2019	Bonus Shares from 2018 - year profit	8.1585%	858.000.000 TRY	928.000.000 TRY	5,0 million TRY
9	31.08.2020	Bonus Shares from 2019 - year profit	4.5258%	928.000.000 TRY	970.000.000 TRY	4,4 million TRY
10	03.06.2021	Bonus Shares from 2020 - year profit	5.1546%	970.000.000 TRY	1.020.000.000 TRY	5,0 million TRY

Each of them consists of 1.020.000.000 shares with a nominal value of 1 TRY, 16.501.643,133 shares are A and 1.003.498.356,867 shares are B group shares.

Group A shares of the company have the privileges to nominate candidates in the election of the members of the Board of Directors.

On August 29, 2014, 263,358.46 Group A shares of Halk Sigorta A.Ş. and Halk Hayat ve Emeklilik A.Ş., shareholders of our Company, with TRY nominal value and non-public and registered shares, together with all their rights and interests on the shares, were transferred to the main shareholder of our Company, Türkiye Halk Bankası A.Ş., at the closing price of the stock market on the date of signing the share purchase/sale agreement.

### **Shareholders with more than 5% of the capital**

As of December 31, 2021, the partner with more than 5 percent of the capital is as follows:

<b>Shareholder</b>	<b>Share</b>
<b>Türkiye Halk Bankası A.Ş.</b>	<b>79.33%</b>
	Ratio of Closed Share to Total Capital: 71.96%
	Ratio of Public Share to Total Capital: 7.36%*

\* It is the share acquired by Türkiye Halk Bankası A.Ş. after the purchases made from the public shares of our Company, which are traded in Borsa İstanbul.

## **EVALUATION OF THE PERIOD JANUARY 01, 2021 – DECEMBER 31, 2021**

### **1- Important Communiqué Publications, Regulation Amendments and CMB Announcements**

During the period, there were no legislative changes that would significantly affect the activities of the company.

### **2- Economic and Sectoral Developments**

#### **Global Economy**

In the first quarter of 2021, the **US economy** grew by 6.3 percent compared to the same quarter last year, growing by 6.7 percent slightly above projections in the second quarter of the year, while in the third quarter, it fell sharply compared to the second quarter, growing by 2.3 percent year-on-year. In the fourth quarter of 2021, the country's economy grew by 6.9 percent, well above the 5.5 percent forecast. The increase in domestic consumption was effective in the country's strong growth performance. The US economy recorded the strongest growth since 1984, with 5.7 percent throughout the year.

Inflation, which was 1.4 percent year-on-year in January 2021, rose to 2.6 percent in March due to the increase in gasoline and electricity prices, and to 5.4 percent, the highest level since August 2008 in June, surpassing expectations in September, maintaining 5.4 percent. Supply chain cuts and rising food prices have been cited as among the most important causes of the rise in inflation. In December, inflation rose from 6.8 percent last month to 7.0 percent in line with expectations, a new high since June 1982. The biggest factor in this increase was shown as the increase in energy costs. In 2021, inflation rose due to pandemic-induced supply constraints, rising energy costs, labor shortages, rising demand, and low base effect from 2020.

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The unemployment rate, which was 6.4 percent in January, declined to 6 percent in March and to 5.9 percent in June, while it dropped to 4.7 percent in September, when many people left the workforce and the negative effects of the Delta variant began to decline. In December, although the effect of the Omikron variant on the employment market has not yet been felt, the employment increase remained below the expectation of 199 thousand to 400 thousand, but the unemployment rate pointed to the improvement in the labor market with the help of strong labor demand and reached 3.9 percent. During the year, the unemployment rate decreased by 2.4 points; the number of unemployed decreased by 3.7 million.

The **Eurozone economy**, which contracted by 0.4 percent annually in the last quarter of 2020 and 0.2 percent annually in the first quarter of 2021, grew by 2.2 percent in the second quarter and 2.3 percent in the third quarter after two consecutive periods of contraction, while it grew by 0.3 percent in the last quarter of 2021. The decline in growth rate was due to the resurgence of restrictions with the spread of the Omicron variant, damaging the services sector, and the continuing labor shortage. Considering the whole of 2021, the Eurozone economy grew by 5.2 percent after a 6.4 percent contraction in 2020 and slightly above the ECB's 5.1 percent projections.

The unemployment rate, which was 8.2 percent in January, decreased to 7.9 percent in June, to 7.4 percent in September, and to 7 percent in December, reaching the lowest unemployment rate in the region. The inflation rate, which was 0.9 percent on an annual basis in January, increased to 1.3percent in March, 1.9 percent in June, 4.1percent in October, and 5 percent in December, well above the European Central Bank's target of 2 percent. The biggest contribution to inflation growth came from energy products, while in December, inflation in the Eurozone rose to the highest level measured since the last 25 years.

The European Central Bank (ECB), whose most important goal was to prevent deflation and which terminated its asset purchase program in December 2018, only pointed to falling inflation in September in 2019, lowering the deposit rate by 10 basis points within expectations and from minus 0.4 percent to minus 0.5 percent. At its last meeting in January 2022, the ECB did not change interest rates in line with market expectations. It was announced that net purchases under the pandemic asset purchase program (PEPP) would slow down compared to the previous quarter and that monthly purchases under the asset purchase program would be reduced in quarters. It was stated that the purchases within the program would be completed in March. Proposing in May 2020 to prepare a 750 billion-euro bailout to combat the economic consequences of the outbreak, the ECB agreed in December with EU member states on a 1.8 trillion-euro budget and bailout package, following lengthy negotiations. The economic recovery is continuing and inflation triggered by energy prices will begin to decline within the year, the ECB said in its monetary policy decision, there will be no increase in interest rates until inflation reaches the 2 percent path.

In its “*World Economic Outlook Report*” updated in January 2022, the *IMF* said it expects global growth to slow down to 3.8 percent by 2023. The IMF cut its 2022 growth forecast for the US economy from 5.2 percent to 4.0 percent, while increasing it from 2.2 percent to 2.6 percent for 2023. For the Eurozone, it decreased from 4.3 percent to 3.9 percent in 2022, while increasing from 2.0 percent to 2.5 percent for 2023.

In its “*Outlook Report*” updated in November, published in the light of the latest developments in the pandemic, the *OECD* noted that the global economic recovery will continue to slow down and predicted that the growth forecast in the global economy will be stable at 4.5 percent for 2022 and 3.25 percent for 2023. The OECD revised the growth forecast of the US economy for 2021 from 6.0 percent to 5.6 percent and revised it from 3.9 percent to 3.7 percent for 2022. The OECD, which set the growth forecast for the Eurozone at 5.2 percent in 2021, cut it from 4.6 percent to 4.3 percent for 2022.

In the January 2022 publication of the “*Global Economic Expectations Report*” published twice a year, the *World Bank* emphasized that the global growth rate is expected to decrease from 5.5 percent in 2021 to 4.1 percent in 2022 and 3.2 percent in 2023 and that the rapid spread of the omicron variant shows that the pandemic will continue to disrupt economic activity in the near term.

### **Economy of Turkey**

Turkey's economy, which completed 2020 with 1.8 percent growth, grew by 7.4 percent in the third quarter of 2021 compared to the same quarter of the previous year, while the fastest growth was observed from export and public expenditures when the main items were examined. On a sectoral basis, the agricultural sector contracted by 5.9 percent compared to the same period of the previous year, while the construction sector contracted by 6.7 percent. The industrial sector grew by 10 percent, while the service sector grew by 20.7 percent.

The unemployment rate, which was 12.2 percent in January, declined to 13.9 percent in April, to 12 percent in July and to 11.2 percent in October. The dismissal ban, short-time work allowance and cash wage support applications, which started in April 2020, expired as of July 1.

The inflation rate, which reached 14.97 percent annually in January, stood at 36.08 percent in December, the highest since February 2002. The highest price increase every month was in the transportation group with 28.49% and the highest price increase on an annual basis with 53.66%. In its Price Developments-December Report, the CBRT stated that the most significant contribution to December inflation came from the basic goods group with 6.57 points and food with 4.47 points, and the reflections of exchange rate developments on many items were felt. The annual increase in producer prices was 79.89 percent in December. While the cost of food products increased by 64.84% year on year, the cost of main metals, including raw materials in the construction sector, increased by 130.91% year on year.

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The CBRT raised the policy rate to 17 percent with the increase in December 2020. In March, the CBRT raised the policy rate from 17 percent to 19 percent and kept it constant in July and August. In September and October, the CBRT, which reduced the policy rate by 300 basis points to 16 percent in total by evaluating that the recent rise in inflation was caused by supply-side incidental factors, decreased the interest rate by 200 basis points to 14 percent in November and December. In the statement of the CBRT, it was stated that the temporary effects of the supply-side and factors outside the scope of monetary policy on price increases are expected to continue to have an effect during the first half of 2022.

In December, the foreign trade deficit increased by 49.3 percent compared to the same month of the previous year, from 4 billion 550 million dollars to 6 billion 792 million dollars. In the same period, exports increased by 24.9 percent on an annual basis, while imports increased by 29.9 percent. While the import coverage rate of exports was 82.1 percent in September 2020, it increased to 96.9 percent in December 2021.

**Moody's**, reduced Turkey's credit rating from "B1" to "B2" by going to an off-calendar evaluation on September 11, 2020, and kept the appearance at "negative" and did not make any changes in the grade appearance in its last evaluation in June, predicted the growth expectation as 9.2 percent in the "Global Macro View 2022-23" report published in November and revised it to 11 percent in its last statement in December. While commenting that monetary expansion and credit growth and abundant liquidity support continue to grow Turkey's recovery, it predicted that growth would continue in 2022 and 2023, and announced that it expects 4 percent growth in 2022 and 5 percent growth in 2023. The inflation rate in Turkey is estimated to be over 25 percent in 2021 and 17-18 percent in 2022.

In its December evaluation, **Fitch Ratings (Fitch)**, which confirmed Turkey's credit rating as "BB-" and turned its appearance into "negative", increased Turkey's 2021 growth forecast from 9.2 percent to 10.5 percent in its "Global Economic Outlook" report. The report said growth in Turkey's economy is expected to slow down to 3.6 percent in 2022, while it is projected to be 4.5 percent in 2023. Fitch analyzed the 2021 year-end inflation forecast from 17.2 percent to 25 percent, with inflation likely to peak in early 2022 before falling to 19 percent by the end of 2022.

In December, **Standart&Poor's (S&P)** confirmed Turkey's credit rating in foreign currency as "B +" and its credit rating in local currency as "BB-" and turned the appearance from "stationary" to "negative". Turkey is projected to grow by 9.8 percent in 2021, 3.7 percent in 2022, and 3.1 percent in 2023. In its last statement in February 2022, S&P increased its annual average inflation forecast in Turkey to 49.5 percent for 2022 and 14.5percent for 2023.



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In the light of all these macro developments and policies, the estimated data for Turkey were revised to the following figures as of the latest situation.

(%)	World Bank		IMF		OECD		OVP	
	2021	2022	2021	2022	2021	2022	2021	2022
<b>Growth</b>	9.5	2,0	11,0	3.3	9.0	3.3	9.0	5,0
<b>Inflation</b>	17,7	15,0	16,7	14,5	18,7	23,9	16,2	9,8
<b>Unemployment</b>	-	-	12.2	11,0	12.2	12,5	12,6	12.0
<b>Current Balance/GDP</b>	-3.0	-2,4	-2,4	-1,6	-2,1	-1.7	-2.6	-2.2

### Developments in the Sector

The construction sector shrank by 6.7 percent in the third quarter of 2021. The sector continued to be among the sectors that provide the most employment in general. Housing loan interest rates, which rose to 1.40% in April, stood at 1.39 in June and remained at 1.38-1.39 in October. In 2021, housing sales approached the number of sales in 2020 with an annual increase of 113.7 in December, reaching 1.491.856. Mortgage sales decreased by 48.6 percent in 2021, due to low mortgage interest rates compared to 2020. While housing prices increased by 32.39 percent annually in April, they increased by 33.38 percent annually as of August, reaching the highest rate of increase in data history.

The **Construction Turnover Index**, which is important data for the sector, increased by 60.4 percent in November compared to the same month of the previous year.

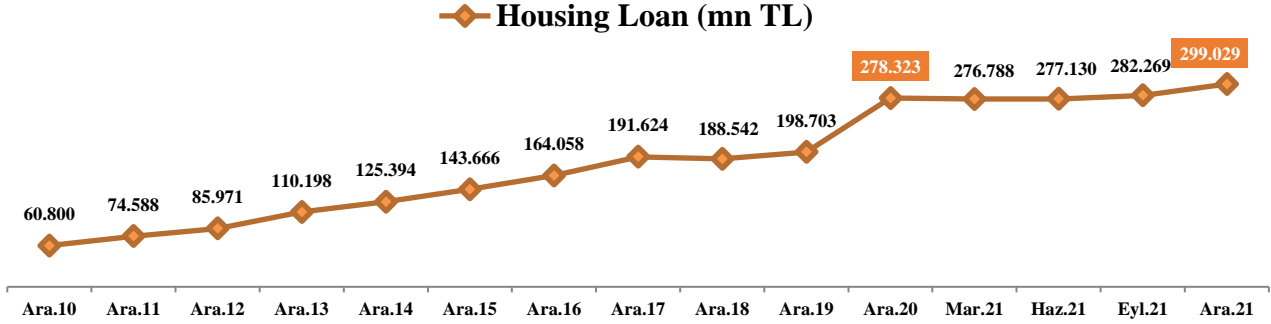
The surface area of the **Buildings License** with the date of January-September 2021 increased by 36.4 percent. While the total surface area of the buildings was 99.2 million m<sup>2</sup>, 57.2 million m<sup>2</sup> of it was residential, 23.2 million m<sup>2</sup> was non-residential and 18.8 million m<sup>2</sup> was common use area.

In the January-September period of 2021, the surface area of the buildings that were given the **Building Use Permit** decreased by 1.3 percent. While the total surface area of the buildings was 85,2 million m<sup>2</sup>, 47,7 million m<sup>2</sup> of it was residential, 20,3 million m<sup>2</sup> was non-residential and 17,3 million m<sup>2</sup> was common to use area.

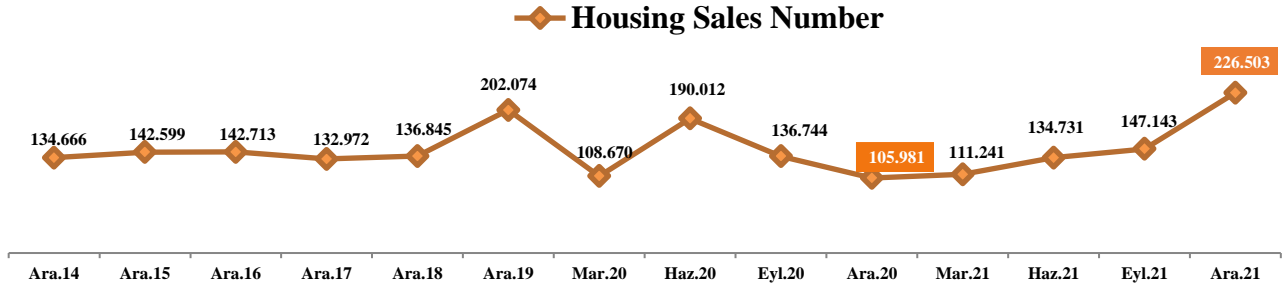
**Annual housing loan interest rates**, which were 18.69 percent on average at the end of December 2020, remained between 17-18 levels throughout 2021. It fell to 16.94 percent in November and rose to 17.48 percent at the end of December. (Source: CBRT.)

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As of the end of December, the volume of *housing loans* amounted to 299 billion TRY and the share of total loans was 6.10 percent.



*Housing sales* across Turkey increased by 113.7 percent in December compared to the same month of the previous year, reaching 226,503 units. Mortgage house sales increased by 209.3% compared to December last year and reached 45,260. A total of 1,491,856 houses were sold in 2021. The number of houses sold to foreigners during the year increased by 43.5 percent compared to last year.



The *Residential Price Index* was 229.1 as of November. Unit prices calculated as residential value per square meter were reflected as 5.856,5 TRY/m<sup>2</sup> in November 2021.

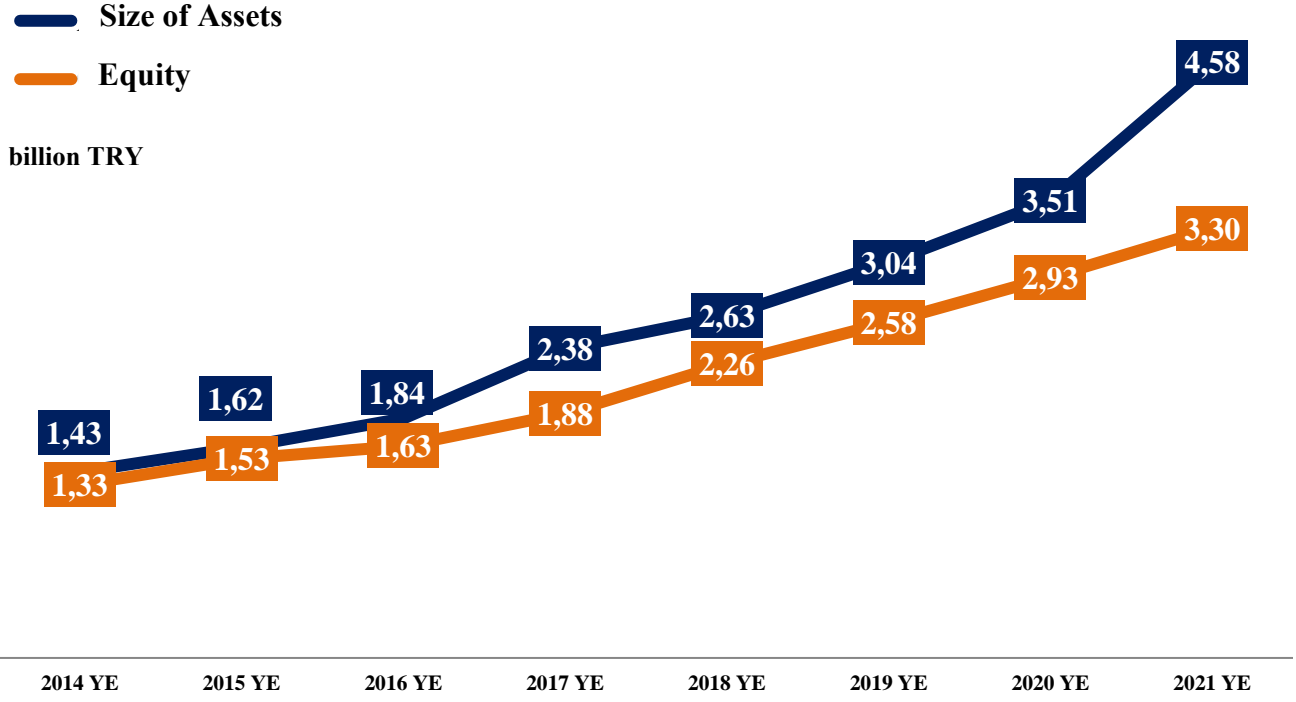
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**3- Financial Performance**

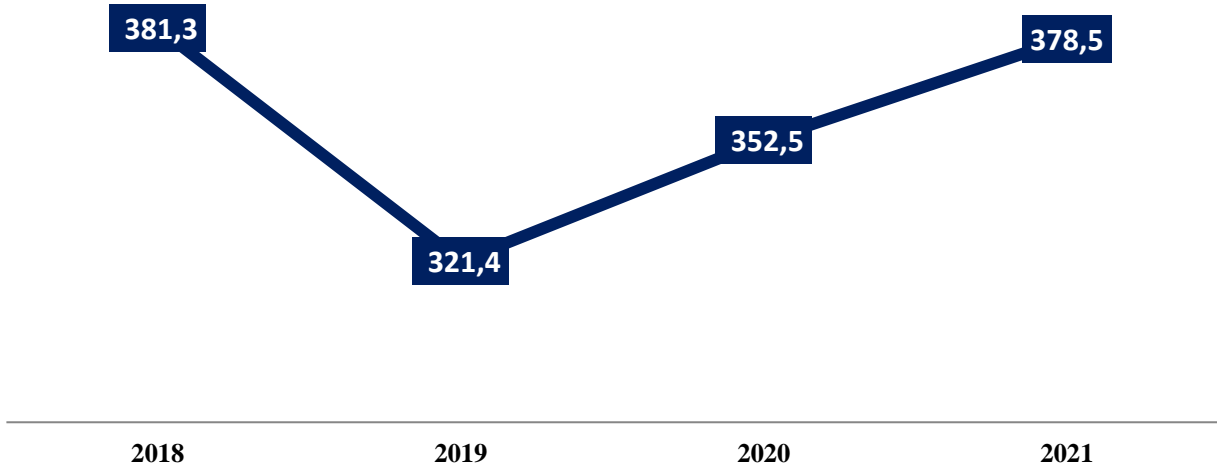
	Independently audited	Independently audited
	January 1- December 31, 2021	January 1- December 31, 2020
Revenue	104.596.247	151.865.863
Cost of Sales (-)	(33.155.069)	(65.492.481)
<b>GROSS PROFIT (LOSS)</b>	<b>71.441.178</b>	<b>86.373.382</b>
General Administrative Expenses (-)	(23.272.674)	(18.309.513)
Marketing Expenses (-)	(5.491.793)	(10.596.425)
Other Incomes from Main Activities	380.015.122	318.444.649
Other Expenses from Main Activities (-)	(1.483.861)	(4.290.524)
<b>REAL OPERATING PROFIT (LOSS)</b>	<b>421.207.972</b>	<b>371.621.569</b>
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)</b>	<b>421.207.972</b>	<b>371.621.569</b>
Financing Expenses	(42.651.590)	(19.169.104)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX</b>	<b>378.556.382</b>	<b>352.452.465</b>
TAX EXPENDITURE	-	-
<b>PERIOD INCOME (LOSS)</b>	<b>378.556.382</b>	<b>352.452.465</b>
Earning per share	0,3711	0,3455
<b>OTHER COMPREHENSIVE INCOME:</b>		
Those that will not be reclassified subsequently to profit or loss	(7.910)	92.523
Remeasurement gains on Defined Benefit plans	(7.910)	92.523
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b>	<b>378.548.472</b>	<b>352.544.988</b>

Balance Sheet Data	31.12.2021	31.12.2020
Total Assets	4.578.221.287	3.514.726.080
Equity	3.300.178.143	2.926.488.712
Total Financial Liability	1.013.613.370	481.216.936
Basic Ratios	31.12.2021	31.12.2020
Financial Liabilities / Shareholder's Equity	30.7%	16.4%
Total Equity /Total Assets	72.08%	83.3%
Average Profitability	9.35%	10.8%
Average Return on Equity	12.16 %	12.8%

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Net Profit (million TRY)



#### **4- 2021 Achievements & 2022 Goals**

Our company announced a net profit of 378.5 million TRY at the end of the year with the contribution of regular rental revenues, house sales during the year and the increase in the value of investment properties, and reached an asset size of 4.58 billion TRY with equity of 3.3 billion TRY. While the average return on equity of our company was 12.16%, the average return on assets projected as 8% for this year was 9.35%.

The total gross revenue of our Company, which is the main income items, rental income, housing sales income and financial income, at the end of 2021 was 95 million TRY, while the real estate size was 4.2 billion TRY with the last equivalent values.

All over the world and in our country, 2021 was spent as a period in which the economic and social effects caused by the global pandemic that started in the first months of 2020 were tried to be overcome and recovered, while our Company continued its steady growth throughout the year thanks to its balanced investment portfolio.

In order to create an industrial site in Kocaeli Dilovası, we signed a revenue-sharing agreement between our affiliate Halk Yapı Projeleri Gelistirme A.Ş. and Marmara Metal Mamulleri Ticaret A.Ş. with the title of "Dilovası Industrial Center Project" with a 50-50 percent revenue share. In the region of Adapazarı Sakarya, we signed a cooperation protocol with the contractor and third parties who own the land and started to work to realize a housing and partially commercial area project in an area of approximately 60 acres.

As we are stepping into new projects, we continued our work on our existing projects. While focusing on the sales of commercial units in the Bizimtepe Aydos project, where we completed the housing sales, we continued the construction of the Halk Ofis Kuleleri and Evora İzmir projects within the scope of the İstanbul International Finance Center.

Managing its real estate portfolio with its main strategy of "developing commercial properties that can generate high rental income, and offering high returns to its stakeholders with an equity-weighted financing model", we aim to achieve average profitability of approximately 9% in 2022 within the framework of all these developments.

Best regards,

**Halk Gayrimenkul Yatırım Ortaklığı A.Ş.**  
**Board of Directors**

## **JANUARY 01, 2021 – DECEMBER 31, 2021 COMPANY ACTIVITIES**

### **1- Portfolio Related Studies**

The works carried out in relation to the portfolio of our Company and the activities of the Company in the accounting period of **January-December 2021** are as follows:

In accordance with the decision taken by our Company's Board of Directors on January 15, 2021, the "Adapazarı Building", which consists of shops with 1-3 independent unit numbers and an office-qualified independent section number 23 in the main real estate located in Sakarya Province, Adapazarı District, 12.655.000 including VAT. It was sold to Adapazarı Municipality for TRY. The independent unit 3 on the ground and 1st normal floor of the main real estate registered in Sakarya Province, Adapazarı District, Cumhuriyet Quarter, Block 78 , plot no. 233, which is owned by Adapazarı Municipality, has been purchased by our Company for 10.000.000 TRY.

In line with the decision of our Company's Board of Directors, the land in Erzurum Province, Palandöken District, block 12580, plot 1, which is in the portfolio of our company, was sold on 01 February 2021 for a price of 3,933,628 TRY including VAT. The land numbered 12581, parcel 1, was sold for a total of 9.750.000 TRY including VAT, 5.816.372 including VAT.

A "revenue sharing agreement in return for the sale of land" was signed with 50% – 50% income sharing between Halk Yapı Projeleri Gelistirme A.Ş., which is 100% subsidiary of our company, and Marmara Metal Mamulleri Ticaret A.Ş., on February 12, 2021, for the "Dilovası Industrial Center Project" to be developed on the lands registered in Kocaeli Province, Dilovası District, Mimar Sinan Quarter, Block 642, plot 4 and block 632, plot 12.

As a result of the tender held for the construction works of the B2-B3 blocks within the scope of the Evora İzmir Project, realized by our company in partnership with Teknik Yapı, a contract was signed with Aslanoğlu Altyapı ve Üst Yapı A.Ş., the firm of Teknik Yapı group, which gave the most appropriate bid, on April 22, 2021.

In line with the decision of our Company's Board of Directors, on 28 May 2021, the lands in Erzurum Province, Palandöken District, block 13511, plot 1 and 2 and block 13512, 1, 2, 3, 4 and 6 plots in our company's portfolio, with a total of 7.100.000,00 TRY including VAT was sold to the Er Konut İnşaat Taahhüt İnşaat Malzemeleri Nakliye ve Madencilik Ticaret ve Sanayi A.Ş.

"Cooperation Protocol" has been signed between our company and Haldız İnşaat Otomotiv ve Ticaret A.Ş., the group company Faver Proje Gelistirme İnşaat Sanayi ve Ticaret A.Ş. and Türkiye Halk Bankası A.Ş. to develop a project on a 59,314,46 m<sup>2</sup> land in Adapazarı District of Sakarya province. According to the agreement we have made with the parties; 65% of the revenue to be obtained from this project will belong to Haldız İnşaat Otomotiv ve Ticaret A.Ş. (contractor), 30% of Haldız İnşaat Otomotiv ve Ticaret A.Ş. will be owed by our main partner Bank and 5% of our Company. (The expected minimum revenue share of our company is 30 million TRY) In addition, within the scope of this protocol, "Immovable Sales Protocol" has

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been signed between Halk Bankası A.Ş. regarding the land to be covered on a term basis from the total revenue share of the Bank.

**2- Studies on Financial Structure**

**1. Capital Market Instruments in circulation (Current Status)**

Type	Issue Amount		Export Date	Date of Redemption	Return Rate (%)	Type of Export
	Amount	Currency				
Lease Certificate (Based on the Management Agreement) (TRDHVKA32210)	200.000.000	TRY	09.11.2021	01.03.2022	Periodic Yield /5.0016% Annual Simple Yield /16.30%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA32236)	120.000.000	TRY	23.11.2021	22.03.2022	Periodic Yield /5.0034% Annual Simple Yield / 15.50%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA42219)	232.000.000	TRY	08.12.2021	05.04.2022	Periodic Yield /5.1726% Annual Simple Yield /16.00%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA52226)	250.000.000	TRY	08.02.2022	17.05.2022	Periodic Yield /5.1685% Annual Simple Yield / 17.25%	Qualified Investor

**2. Capital Market Instruments with Completed Redemption (Current Status)**

Type	Issue Amount		Export Date	Date of Redemption	Interest/Return Rate (%)	Type of Export
	Amount	Currency				
Commercial Paper (TRFHLGY31810)	100.000.213	TRY	06.10.2017	30.03.2018	Annual Simple / 14.10% Annual Compound / 14.62%	Qualified Investor
Commercial Paper (TRFHLGY91814)	80.000.000	TRY	30.03.2018	19.09.2018	Annual Simple / 14.85% Annual Compound / 15.43%	Qualified Investor
Commercial Paper (TRFHLGY91813)	50.000.000	TRY	19.09.2018	21.12.2018	Annual Simple / 28.50% Annual Compound / 31.67%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA31816)	100.000.000	TRY	19.12.2017	16.03.2018	Periodic Yield /3.1582% Annual Simple Yield / 13.25%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA61821)	100.000.000	TRY	16.03.2018	20.06.2018	Periodic Yield /3.5244% Annual Simple Yield / 13.40%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA61839)	25.000.000	TRY	23.03.2018	20.06.2018	Periodic Yield /3.2674% Annual Simple Yield / 13.40%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA91810)	125.000.000	TRY	20.06.2018	19.09.2018	Periodic Yield /4.2384% Annual Simple Yield / 17.00%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA1831)	125.000.000	TRY	19.09.2018	19.12.2018	Periodic Yield /6.7315% Annual Simple Yield / 27.00%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA11925)	75.000.000	TRY	12.10.2018	22.01.2019	Periodic Yield /7.6850% Annual Simple Yield / 27.50%	Qualified Investor
Lease Certificate (Based on the Management Agreement)	170.000.000	TRY	19.12.2018	16.04.2019	Periodic Yield /7.6295%	Qualified Investor

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(TRDHVKA41922)					Annual Simple Yield /23.60%	
Lease Certificate (Based on the Management Agreement) (TRDHVKA51921)	80.000.000	TRY	22.01.2019	21.05.2019	Periodic Yield /7.3356% Annual Simple Yield / 22,50%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA81928)	180.000.000	TRY	16.04.2019	20.08.2019	Periodic Yield /7.8534% Annual Simple Yield / 22,75%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA91927)	75.000.000	TRY	21.05.2019	17.09.2019	Periodic Yield /7.6616% Annual Simple Yield / 23,50%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA1914)	205.000.000	TRY	20.08.2019	17.12.2019	Periodic Yield /5.7054% Annual Simple Yield / 17,50%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA12022)	75.000.000	TRY	17.09.2019	07.01.2020	Periodic Yield /4.5720% Annual Simple Yield /14.90%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA32012)	100.000.000	TRY	09.10.2019	10.03.2020	Periodic Yield /5.8684% Annual Simple Yield /14.00%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA52010)	185.000.000	TRY	17.12.2019	12.05.2020	Periodic Yield /4.3898% Annual Simple Yield /10.90%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA62027)	75.000.000	TRY	07.01.2020	02.06.2020	Periodic Yield /4.1884% Annual Simple Yield /10.40%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA82025)	75.000.000	TRY	10.03.2020	18.08.2020	Periodic Yield /4.3227% Annual Simple Yield /9.80%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA92057)	100.000.000	TRY	02.06.2020	29.09.2020	Periodic Yield /2.8038% Annual Simple Yield /8.60%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA2017)	75.000.000	TRY	12.05.2020	06.10.2020	Periodic Yield /3.6247% Annual Simple Yield /9.00%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA12121)	40.000.000	TRY	18.08.2020	13.01.2021	Periodic Yield /4.6630% Annual Simple Yield / 11,50%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA22120)	120.000.000	TRY	29.09.2020	24.02.2021	Periodic Yield /5.3321% Annual Simple Yield / 13.15%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA32129)	120.000.000	TRY	06.10.2020	10.03.2021	Periodic Yield /5.5842% Annual Simple Yield / 13.15%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA42128)	46.000.000	TRY	23.12.2020	06.04.2021	Periodic Yield /4.9578% Annual Simple Yield /17.40%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA62118)	150.000.000	TRY	24.02.2021	23.06.2021	Periodic Yield /5.7707% Annual Simple Yield /17.70%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA72125)	131.000.000	TRY	10.03.2021	01.07.2021	Periodic Yield /5.4952% Annual Simple Yield /17.75%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA82124)	120.000.000	TRY	06.04.2021	18.08.2021	Periodic Yield /7.1222% Annual Simple Yield /19.40%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA2124)	180.000.000	TRY	23.06.2021	12.10.2021	Periodic Yield /5.7629%	Qualified Investor



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					Annual Simple Yield /18.95%	
Lease Certificate (Based on the Management Agreement) (TRDHVKAK2126)	150.000.000	TRY	01.07.2021	09.11.2021	Periodic Yield /6.8192% Annual Simple Yield /19.00%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKAK2134)	120.000.000	TRY	28.07.2021	23.11.2021	Periodic Yield /6.1748% Annual Simple Yield /19.10%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA2110)	150.000.000	TRY	18.08.2021	08.12.2021	Periodic Yield /5.8300% Annual Simple Yield /19.00%	Qualified Investor
Lease Certificate (Based on the Management Agreement) (TRDHVKA22211)	180.000.000	TRY	12.10.2021	08.02.2022	Periodic Yield /5.8196% Annual Simple Yield /17.85%	Qualified Investor

**3. Capital Market Instruments for which Issue Ceiling is Obtained and Not Yet Sold**

Type	The decision of the Board of Directors of the Export Ceiling and Ceiling	Sold Within the Ceiling	
		Amount	Currency
Lease Certificate (Based on the Management Agreement)	2.000.000.000 TRY 28.10.2020 /67-1338	1.227.000.000	TRY
Lease Certificate (Based on the Management Agreement)	3.000.000.000 TRY 21.10.2021 /54-1569	802.000.000	TRY
Commercial Paper	2.000.000.000 TRY 06.01.2022 / 01/06	-	TRY

On April 29, 2021, the credit rating process of our Company, carried out by JCR Avrasya Degerlendirme A.Ş., was completed. Our Company's Long-Term National Rating has been determined as "**AA+ (Trk)/Stable**", and Short-Term National Rating is "**A-1+ (Trk)/Stable**". Long-Term International Local and Foreign Currency Notes are matched as "**BB+/Negative**" which is the ceiling for the Republic of Turkey.

At the meeting of our Company's Board of Directors held on September 22, 2021, it has been decided to apply to the Capital Markets Board for the purchase of the maximum limit for the issuance of lease certificates with a nominal value of up to 3,000,000,000 TRY (three billion Turkish Liras). The relevant application was approved by the Board's decision dated October 21, 2021 / 1569.

At the meeting of our Company's Board of Directors held on 03 December 2021, the decision to apply to the Capital Markets Board for the purchase of a nominal value debt instrument issuance ceiling limit up to TRY 2,000,000,000 (two billion Turkish Liras) has been taken, and the relevant application has been approved by the Board's decision dated January 06, 2022-01/06.

### **3- General Assembly, Capital Increase and Main Contract Activities**

With the decision of our Board of Directors dated March 04, 2021, the Ordinary General Assembly Meeting of our Company for the operating year 2020 was held on Wednesday, March 31, 2021, at 14:30, at the Company's headquarters with a participation rate of 79.44%. The meeting was held under the supervision of the Ministry Representative assigned with the letter of the Republic of Turkey İstanbul Governorship Provincial Directorate of Commerce dated March 29, 2021 and numbered 00062779801.

In this meeting;

- Amendments to Article 5 “Purpose and Field of Activity of the Company” and Article 16 “Special Decisions” of the Articles of Association of the company, which are approved by the Capital Markets Board's letters dated March 05, 2021-2877 and the Republic of Turkey Ministry of Commerce dated March 18, 2021 - 00062422069 was approved at the relevant General Assembly meeting.
- 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 TRY, was distributed to our shareholders on April 07, 2021.
- In line with the decision of the Board of Directors dated March 31, 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 capital increase proceeding approved by the Board's decision dated May 20, 2021- 26/780 was completed on June 03, 2021. The relevant amendment of Article 8 of the Articles of Association, which was updated as a result of the capital increase and the increase, was registered on June 17, 2021, and the registration announcement was published in the Trade Registry Gazette dated June 22, 2021 / 10354.

The resolutions of the General Assembly were registered on April 29, 2021 and published in the Trade Registry Gazette dated April 29, 2021 – 10319.

### **4- Corporate Governance Studies**

During the period;

The studies of the Compliance Rating process of our Company with Corporate Governance Principles have been completed by JCR Avrasya Derecelendirme Hizmetleri A.Ş., and our Company's Compliance Rating with CMB Corporate Governance Principles has been determined as 9.22 out of 10, and its appearance has been determined as Stable. Our

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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.

### **5- Sustainability Activities**

At the meeting held by the Board of Directors of our Company on October 18, 2021, it was decided to establish a Sustainability Committee to determine the sustainability strategy, policy and objectives of the Company in the fields of environmental, social and corporate governance and to carry out, monitor and supervise practices, to appoint Mr. Fuat GEDİK, Independent Board Member, to the Committee Presidency, to the Memberships of the Committee, to appoint Mr. Raci Kaptan KOLAYLI, Independent Board Member, to the General Manager and Board Member, to appoint Mr. Bülent Karan, Deputy General Manager of Project Development and Implementation, to appoint Mr. Erdal Bekin, Deputy General Manager of Financial Management and Planning, to appoint Mr. Yasar Göktas, and Corporate Communication and Investor Relations Manager, Mr. Uğur Güney, to the Committee Presidency.

The Company continues to work on the preparation of a Sustainability Policy.

## 6- Transactions with Related Parties

### BOARD LOYALTY REPORT FOR THE PERIOD 01.01.2021-31.12.2021

This report has been prepared based on the first three paragraphs of Article 199 of the 6102 numbered Turkish Commercial Code.

## LEGAL PROCEEDINGS

### 1. Transactions Performed by Judges and Subsidiary Companies

#### Receivables and Payables from Related Parties

	December 31, 2021
<b>Banks</b>	
Halk Bank A.Ş. (Demand Deposit)	2.129.931
Halk Bank A.Ş. (Time Deposit)	50.976.883
<b>Total</b>	<b>53.106.814</b>
<b>Other Receivables to Related Parties</b>	
Halk Bank A.Ş.	60
<b>Total</b>	<b>60</b>
<b>Prepaid expenses</b>	
Halk Finansal Kiralama A.Ş.	561.536
<b>Amounts Capitalized in Real Estate for Investment in Progress</b>	
Halk Bank A.Ş. (Interest and Commission Expenses)	4.203.458
Halk Finansal Kiralama A.Ş. (Financial Expenses)	13.360.339
Halk Varlik Kiralama A.Ş.	89.729.513
<b>Total</b>	<b>107.293.310</b>
<b>Financial borrowings</b>	
Halk Bank A.Ş. -Short term	113.177.368
Halk Bank A.Ş. -Long term	22.928.788
Halk Finansal Kiralama A.Ş. -Short term	57.063.382
Halk Finansal Kiralama A.Ş. -Long term	70.808.044
Halk Varlik Yönetim A.Ş.	747.962.082
<b>Total</b>	<b>1,011,939,664</b>
<b>Commercial Liabilities to Related Parties</b>	
Halk Bank A.Ş. Short term	10.021
Halk Bank A.Ş. Long term	85.000.000
<b>Total</b>	<b>85.010.021</b>

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**Revenues from related parties**

	<i>December 31, 2021</i>
<b><i>Rental incomes</i></b>	
Halk Bank A.Ş.	48.536.015
<b>Total</b>	<b>48.536.015</b>
<b><i>Interest income</i></b>	
Interest income from term deposits of Halk Bank A.Ş.	6.552.678
<b>Total</b>	<b>6.552.678</b>

53% of the revenue obtained by the Company in the interim accounting period ending on 31 December 2021 consists of the revenues received from related parties.

**Related Party Expenses**

<b>Expenses</b>	<b>December 31, 2021</b>
<b><i>Interest, financing and premium expenses paid to related parties</i></b>	
Halk Bank A.Ş.	(13.953.501)
Halk Varlık Kiralama A.Ş.	(89.729.513)
Halk Finansal Kiralama A.Ş.	(49.487.502)
<b><i>Operating expenses paid to related parties</i></b>	
Halkbank A.Ş.	(1.156.995)
<b>Total</b>	<b>(154.327.511)</b>

## **1.1 Transactions to which the Controlling Company is a Party**

### **1.1.1 Revenues**

#### **a) Rent Incomes**

18 leasable real estate in our company's portfolio were leased to Türkiye Halk Bankası A.Ş. and regularly collected rental income from these buildings throughout the year. These leases have been made in accordance with the Capital Markets Board's Communiqué Serial III No.48.1 on Principles Regarding Real Estate Investment Companies. Total rental income during the year is 48.536.015 TRY. No financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

#### **b) Interest Incomes**

Türkiye Halk Bankası A.Ş. has obtained 6.552.678-TRY term deposit interest income from its transactions with Türkiye Halk Bankası A.Ş. 5.514.954-TRY of this amount is classified in investment properties. No financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

### **1.1.2 Expenses**

#### **a) Bank Interest Expense**

In 2021, 13.953.501-TRY interest expense was incurred for the loan used by our company from Türkiye Halk Bankası A.Ş. 9.006.748-TRY of this amount is classified in investment properties. No financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

#### **b) Bank Transactions Expenses**

Due to the transactions made by our company with Türkiye Halk Bankası A.Ş., an operating expense of TRY 1,156,995 was incurred. All of this amount consists of letters of guarantee and other banking commission expenses. 711,664-TRY of this amount is classified as investment properties. No financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

#### **c) Acquisition of Assets**

Our company, our main shareholder Bank, has signed a "Cooperation Protocol" with the Contractor company, to develop a project on land of 59,314.46 m<sup>2</sup>, located in Sakarya

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Province, Adapazarı District, Tepekum Mah, block 4932, plot 1, map no. G24B24B4D. According to the agreement between the parties, 65% of the revenue to be obtained from this project will be the share of contractor, 30% will be the share of Türkiye Halk Bankası A.Ş. and 5% will be the share of our Company. In this context, our company included the relevant land in its portfolio on December 30, 2021. Our company has a long-term commercial debt of 85.000.00 TRY to Türkiye Halk Bankası A.Ş. The company will pay the price of this land within the scope of the cooperation protocol. In addition, within the scope of this protocol, a revenue-sharing business contract was signed with the Contractor Company on 14 January 2021 in return for the sale of the land. Planning works of the project are in progress. No financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

### **1.1.3 Funding Amounts**

As of 31.12.2021, our company has a loan of 136.106.156 TRY from Türkiye Halk Bankası A.Ş. 68.493.351 TRY of the loans used consists of the monthly equal installment credit used by the company, 62.582.805 TRY consists of the spot and revolving credits used by the company for the İzmir Evora Project, and the remaining 5.030.000 TRY consists of the year-end balance of the revolving credits used for the activities of the company's subsidiary, Halk Yapı Projeleri Gelistirme A.Ş. As of 31.12.2021, 113.177.368-TRY of the remaining amounts of monthly equal installment, spot and rotary credits are classified as short-term and 22.928.788-TRY is classified as long-term. 13.953.501-TRY financing expenses have been incurred in 2021 and no financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

## **1.2 Transactions Performed by Subsidiary Companies**

### **1.2.1 Incomes**

Not available.

### **1.2.2 Expenses**

#### **a) Amounts Capitalized in Real Estate for Investment in Progress**

##### **Halk Varlık Kiralama A.Ş.**

Due to the transactions made by our company with Halk Varlık Kiralama A.Ş., 89.729.513-TRY capitalized expenses have been incurred. 84.750.277 of these transactions consist of financing expenses and 4.979.236-TRY of which consists of brokerage services commissions. No financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

**Halk Finansal Kiralama A.Ş.**

Due to the transactions made by our company with Halk Finansal Kiralama A.Ş., 49.487.502-TRY financing expenses have been incurred. 2.195.574-TRY of this transaction consists of interest-related expenses and 47.291.928 TRY consists of exchange rate difference cost. A total of 13,360,339 TL, of which all interest expenses and 11,164,765 TL of the exchange difference, have been capitalized in investment properties within the period. No financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

**b) Funding Amounts**

**Halk Varlık Kiralama A.Ş.**

In order to meet the financing needs of our company, Halk Varlık Kiralama A.Ş. has issued a lease certificate and has a financial debt of 747.962.082-TRY. Regarding the transactions made, 89.729.513-TRY financing expenses occurred in 2021 and all of them have been capitalized in investment properties. No financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

**Halk Finansal Kiralama A.Ş.**

In order to meet the financing needs of our company, a financial lease contract has been signed with Halk Finansal Kiralama A.Ş. and there is a financial lease of 127.871.426-TRY at the end of 2021. Regarding the transactions made, 49.487.502-TRY financing expenses occurred in 2021 and all of them have been capitalized in investment properties. No financial advantage has been provided to the controlling company or its affiliated company in these proceedings and there has been no damage to our Company.

**2. Transactions Performed with the Direction of the Controlling Company**

None.

**3. Transactions Performed for the Benefit of the Controlling Company or Subsidiary**

None.



### **MEASURES TAKEN**

All of the commercial and legal transactions detailed above have been made in line with the interests of our Company based on market values. In line with the reports made by independent real estate valuation companies, leasing transactions have been carried out by receiving offers for goods and services that constitute commercial activities. Since our company is publicly traded, the Capital Markets Board acts in accordance with the principles of the relevant Communiqué. Our company undergoes financial audit by an independent audit company for quarterly periods. The transactions with the related organizations included in the independent audit reports are disclosed to the public every quarter with details.

There is no right of counterclaim equivalent to an affiliated company regarding the financial loss/loss incurred by the affiliated company due to intra-group transactions, the transaction subject to balancing by the dominant company or the interests provided by the Company during the operating period.

### **CONCLUSION**

In all transactions made with our company, the controlling company and its affiliated companies in the January 01 – December 31 2021 operating period, the legal transactions made for the benefit of the controlling company or a company affiliated to it and all measures taken or avoided in the 2021 operating year for the benefit of the controlling company or a company affiliated to it have been evaluated. We declare that our Company has not suffered such a loss due to a transaction that has occurred according to the known conditions and conditions regarding the 2021 operating year.

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**EXPLANATIONS ON ASSETS AND RIGHTS IN THE PORTFOLIO**

**1- Real Estate Table**

REAL ESTATES	Acquisition date to portfolio	*Fair Value (TRY)
<b>LANDS &amp; PROJECTS</b>		
Sakarya Adapazarı Land	30.12.2021	85.000.000
İstanbul Beyoğlu Land	28.10.2010	30.000.000
Erzurum Yakutiye Land	30.09.2019	12.000.000
İstanbul Salıpazarı Land	26.01.2018	10.000.000
IUFM "Halk Towers"	28.10.2010	2.394.090.000
İzmir Evora	25.08.2017	<sup>1</sup> 680.000.000
Bizimtepe Aydos (50% value for 59 i.u.)	16.10.2014	<sup>2</sup> 25.187.500
Erzurum Şehristan Konutları (50% value for 6 i.u.)	07.04.2016	<sup>2</sup> 1.965.000
<b>Land and Projects Total</b>		<b>2.558.242.500</b>
<b>BUILDINGS</b>		
İstanbul, Halkbank Finance Tower	29.12.2011	436.500.000
İstanbul Levent Hotel	28.10.2010	350.000.000
Şekerpinar Banking Center	11.09.2012	195.000.000
Halk Ofis Şekerpinar	11.09.2012	115.000.000
İstanbul Salıpazarı Hotel	28.10.2010	117.000.000
İstanbul Karaköy Building	28.10.2010	51.000.000
İzmir, Konak Building 1	28.10.2010	48.000.000
İstanbul Bakırköy Building	28.10.2010	37.000.000
İstanbul Caddebostan Building	28.10.2010	36.500.000
İstanbul Etiler Building	28.10.2010	32.000.000
İstanbul Besiktaş Building	28.10.2010	31.000.000
Ankara Kızılay Building	28.10.2010	30.000.000
İstanbul Şişli Building	28.10.2010	28.000.000
İzmir Konak Building 2	28.10.2010	27.500.000
Bursa Building	28.10.2010	23.400.000
İstanbul Fatih Building	28.10.2010	20.500.000
İstanbul Ataköy Building	28.10.2010	20.250.000
Kocaeli Building	28.10.2010	19.500.000
Ankara Başkent Building	28.10.2010	18.600.000
Ankara Bahçelievler Building 1	28.10.2010	15.900.000
İstanbul Nişantaşı Building <sup>3</sup>	28.10.2010	15.000.000
Adapazarı Building	15.01.2021	12.550.000
Ankara Bahçelievler Building 2	28.10.2010	11.250.000
<b>Total Buildings</b>		<b>1.691.450.000</b>
<b>TOTAL PORTFOLIO</b>		<b>4.249.692.500</b>

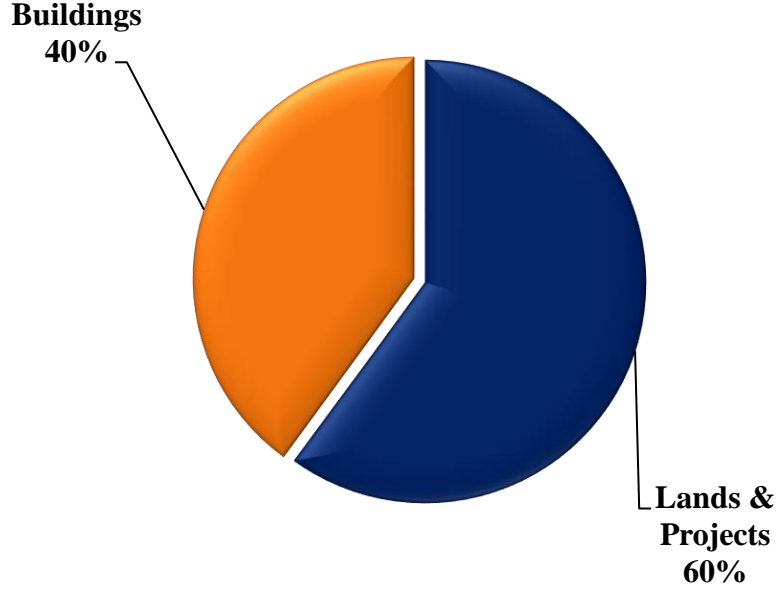
\* Values in the independent audit report at the end of 2021.

1- Calculated according to the expected total sales volume 1.7 billion TL, which is committed on the project tender. It is not included in the portfolio sum, just written for information purposes-calculated as 50% of 65% Ordinary Partnership share-

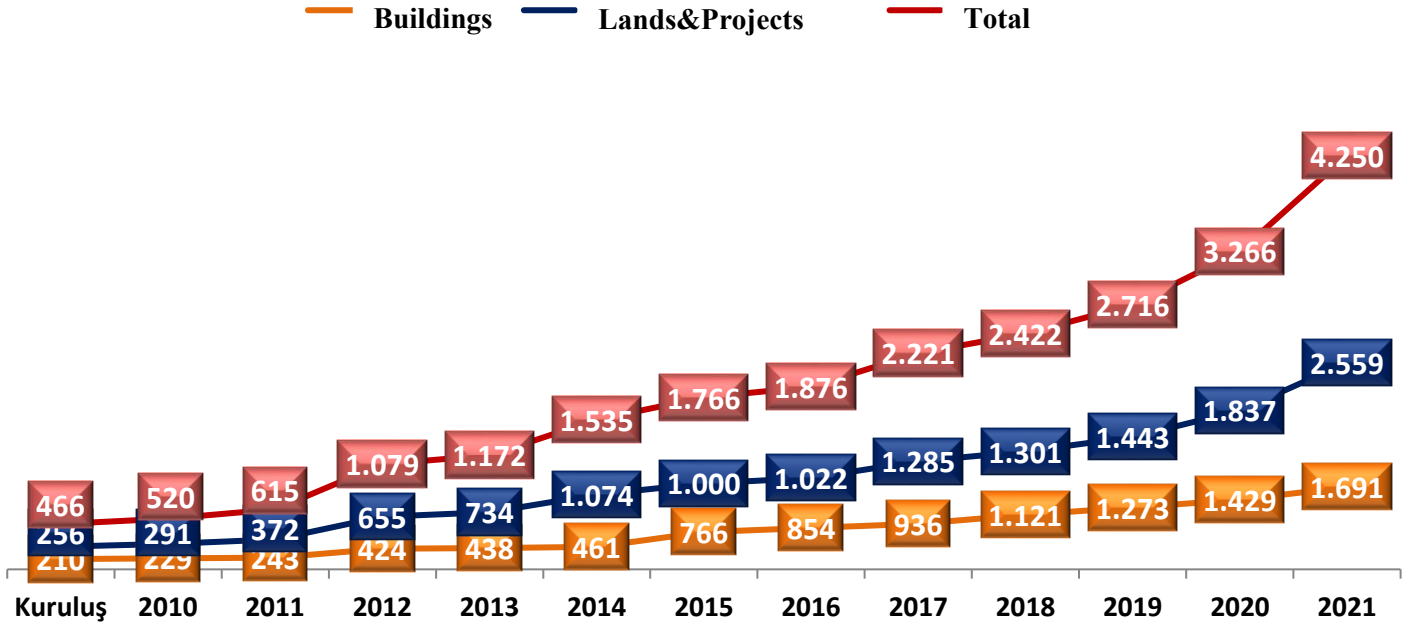
2- Appraisal values of Halk GYO's share for remaining independent units as of December 31, 2021.

3-Nişantaşı Building was sold to our 100% subsidiary Halk Yapı Projeleri Geliştirme A.Ş. on December 28, 2020.

### Real Estate Distribution (According to the Last Appraisal Values)



### Real Estate Values (TRY)



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**2- Information regarding the leased properties**

The summary table of real estate investments in which our company receives rental income is as follows:

<b>Real Estate With Rental Income</b>	<b>Lessee</b>	<b>Usage Purpose</b>	<b>JANUARY- DECEMBER- LEASING INCOME (TRY)</b>
Atasehir Halkbank Finance Tower	Halkbank	Head Office	20.103.000
Şekerpinar Banking Center	Halkbank	Banking Center	9.746.158
Salıpazarı Hotel	Sapaz Otelcilik	Hotel	4.944.577
Levent Hotel	Caba Ins. A.Ş.	Hotel	3.729.878 *
Bakırköy Building	Halkbank	Bank Branch	2.098.106
Kızılay Building	Halkbank	Bank Branch	1.912.979
Besiktas Building	Halkbank	Bank Branch	1.789.561
Sisli Building	Halkbank	Bank Branch	1.518.041
Başkent Building	Halkbank	Bank Branch	1.495.071
Etiler Building	Ceda Ltd.Sti. Halkbank	Hotel Bank Branch	1.493.358
Bursa Building	Halkbank	Bank Branch	1.481.016
Kocaeli Building	Halkbank	Bank Branch	1.234.180
Ataköy Building	Halkbank	Bank Branch	1.172.471
Fatih Building	Halkbank	Bank Branch	999.686
Bahçelievler Building 1	Halkbank	Bank Branch	987.344
Konak Building 1	Halkbank	Bank Branch	981.447
Nisantaşı Building	Halkbank	Bank Branch	826.901
Konak Building 2	Halkbank	Bank Branch	728.960
Adapazarı Building	Halkbank	Bank Branch	426.097
Bahçelievler Building 2	İpekyol	Store	421.970
Beyoğlu Building (Land)	Taksim Yatırım A.Ş.	In the restoration Process	-
Karaköy Building	-	In the rental Process	-
Halk Ofis Şekerpinar	-	In the marketing Process	-
Caddebostan Building	-	In the marketing Process	-
Bizimtepe Aydos Commercial Property Rent Income	-	Commercial	525.817
<b>TOTAL</b>			<b>58.616.618</b>

\* It is the rent income of October-December.

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**3- Our Company Affiliates and Subsidiaries & Joint Activities**

**Subsidiaries:**

		December 31, 2021	December 31, 2020
<b>Halk Yapı Projeleri Geliştirme A.Ş.</b>			
Current Assets		10.468.647	2.322.810
Fixed Assets		15.282.269	12.500.000
Short-term Liabilities		(8.296.116)	(6.183)
		January 1- December 31, 2021	January 1- December 31, 2020
Period profit		<u>2.705.522</u>	<u>557.536</u>

**Joint Activities:**

		December 31, 2021	December 31, 2020
<b>Halk GYO - Vakıf GYO Ordinary Partnership</b>			
Current Assets		19.177.898	23.226.353
Fixed Assets		4.969.734	10.184.977
Short-term Liabilities		(1.027.990)	(1.839.047)
		January 1- December 31, 2021	January 1- December 31, 2020
Period profit		<u>5.027.387</u>	<u>21.097.379</u>

		December 31, 2021	December 31, 2020
<b>Halk GYO - Erkonut Ordinary Partnership</b>			
Current Assets		1.194.951	4.779.860
Short-term Liabilities		(488.101)	(671.945)
		January 1- December 31, 2021	January 1- December 31, 2020
Period profit		<u>487.666</u>	<u>2.603.927</u>

		December 31, 2021	December 31, 2020
<b>Halk GYO – Teknik Yapı Ordinary Partnership</b>			
Current Assets		108.420.343	20.615.282
Fixed Assets		5.101.291	2.785.229
Short-term Liabilities		(166.931.035)	(69.183.767)
Long-term Liabilities		(4.897.737)	(9.236.746)
		January 1- December 31, 2021	January 1- December 31, 2020
Period profit		<u>(2.879.582)</u>	<u>(23.237.804)</u>

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**4- Money and Capital Market Instruments**

	December 31, 2021	December 31, 2020
Cash in Bank	53.110.456	49.553.809
Demand Deposits	2.131.214	798.013
Short-term deposits for less than three months	50.979.242	48.755.796
Expected loss reserve (-)	(909)	(594)
<b>Total cash as cash equivalents included in the statement of financial position</b>	<b>53.109.547</b>	<b>49.553.215</b>
Minus: Total cash and cash equivalents interest discounts	(21.983)	(21.693)
<b>Total cash and cash equivalents included in the cash flow statement</b>	<b>53.087.564</b>	<b>49.531.522</b>

(\*)There is a blocked amount for employee salary payments in the demand deposit amount on December 31, 2021 and December 31, 2020.

As of December 31, 2021, the details of the term deposits in the banks are as follows:

December 31, 2021	Amount	Interest Rate	Term
Time Deposit			
TRY	50.838.661	%15,75	January 2, 2022
TRY	2.358	%4,75	January 2, 2022
TRY	57.238	%14,00	January 2, 2022
TRY	80.985	%15,00	January 2, 2022
	<b>50.979.242</b>		

## 5- Completed Projects

### İstanbul Levent Hotel



<b>Province</b>	:	İstanbul
<b>District</b>	:	Sisli / Levent
<b>Appraisal Value</b>	:	350 Million TRY

(It is the fair value of the project written in the independent audit report as of December 31, 2021.)

Our hotel project, which was started to be built in 2013 on the Levent land in our company's portfolio and completed in 2015, is the first investment of our company in the tourism sector.

Our building, which is one of the most beautiful examples of city hotel management in terms of its architecture and location, meets the need of the business hotel on the Mecidiyeköy-Maslak line.

Levent Hotel, which is aimed to be an environmentally friendly structure, has been awarded with **LEED Gold** (Leadership in Energy and Environmentally Friendly Design) certificate.

## İstanbul "Referans Bakırköy"



**Province**  
**District**

: İstanbul  
: Bakırköy

"Reference Bakırköy", which was tendered in 2012 with the method of revenue sharing with a 50.5 percent share over the total sales revenue and implemented on our land in Bakırköy, is our first residential project. The project, which we carried out and completed together with Biskon Yapı A.Ş., one of the subsidiaries of Kiler Holding, has risen in one of the last remaining project areas in Bakırköy, one of the privileged districts of İstanbul. Title deed transfers and the session started as of 2014.

The project, which was built in three blocks, consists of a total of 327 independent units, 254 of which are residential and 73 of which are commercial units.



### Eskişehir "Panorama Plus"



**Province** : Eskişehir  
**District** : Odunpazarı

The project, which is located in the Odunpazarı district of Eskişehir province and implemented on our 9.811 m<sup>2</sup> land, consists of totally 102 independent units 97 of which are residences and 5 are commercial units.

The project, which started its construction and sales process in November 2013, was completed in 2015. All independent units have been sold in the project.

Panorama Plus was the first project to receive a "**LEED Silver** certificate with the highest score of Eskişehir" in line with the sustainability studies carried out by USGBC (United States Green Building Council).

### Kocaeli Şekerpınar Project



<b>Province</b>	:	Kocaeli
<b>District</b>	:	Şekerpınar
<b>Appraisal Value</b>	:	310 million TRY

(It is the fair value of the project written in the independent audit report as of December 31, 2021.)

"Şekerpınar Project" built on our land of 15.652m<sup>2</sup> in Kocaeli Şekerpınar, which was included in our company's portfolio in September 2012, has a total usage area of approximately 62.000 m<sup>2</sup> as A and B Blocks.

"Şekerpınar Banking Center", which is the 9 thousand m<sup>2</sup> A Block part of the project, was rented for 10 years in April 2015. Our building, which is aimed to be an environmentally friendly structure, is **LEED Gold** certificate holder.

"Halk Ofis Şekerpınar", which is approximately 53.000 m<sup>2</sup> of B Block part of the project and whose construction building license validity has been extended until July 16, 2025, is on sale or is in the process of being rented.

## İstanbul "Bizimtepe Aydos"



<b>Province</b>	:	İstanbul
<b>District</b>	:	Sancaktepe
<b>Appraisal Value</b> (50% of the appraisal value of the 59 independent units remaining in the project as of December 31, 2021, is the share of Halk GYO.)	:	25,1 million TRY
<b>Contractor Company</b>	:	Haldız İnşaat A.Ş.
<b>Start Date of Construction</b>	:	November 2015
<b>Project Ending Date</b>	:	May 2018
<b>Total Independent Part Number of the Building</b>	:	1037 Residences + 47 Commercial

The residential project, which was implemented through the partnership established with the cooperation of Vakif GYO, is located in Sancaktepe, which has recently been one of the most developed and most talked about districts of İstanbul. The project is aimed to meet the housing demand in the region by being close to the İstanbul International Finance Center.

With the slogan "Happiness starts from your home", the project, which rises on a land area of approximately 95,000 m<sup>2</sup>, has a 90% landscape area. The project, which includes 2+1,3 +1,4+1 apartments and consists of 17 blocks with 13 floors and a total of 1037 houses and 47 commercial units, also includes hobby gardens, bicycle and running tracks, children's playgrounds, gazebos and ornamental pools, grass ampoules and a bazaar with private kindergarten and commercial units.

The project, which was started to be constructed in November 2015, was completed in 2018 and the Occupancy Permit (Occupancy Permit) was obtained in February 2019.

### Erzurum "Şehristan Konutları"



<b>Province</b>	:	Erzurum
<b>District</b>	:	Yakutiye
<b>Appraisal Value</b> (50% of the appraisal value of the 6 independent units remaining in the project as of December 31, 2021 is the share of Halk GYO.)	:	1,900 TRY
<b>Contractor Company</b>	:	Er Konut İnşaat A.Ş.
<b>Start Date of Construction</b>	:	May 2016
<b>Project Ending Date</b>	:	May 2018
<b>Total Independent Part Number of the Building</b>	:	632 Residences + 13 Commercial Units

The land in Erzurum province Yakutiye district, which was owned by Er Konut İnşaat, an affiliate of Erzurum Metropolitan Municipality, was included in the portfolio to develop a residential project in April 2016. There are 13 blocks in 3 different styles, each with 13 storeys, with a total of 632 residences and 13 commercial units on a land of 23,734 sqm in this project, initiated by the Halk GYO-Er Konut İnşaat Ordinary Partnership, in which each partner has a 50 - 50 percent share.

The project, which was started to be constructed in May 2016, was completed in 2018.

### Salıpazarı Hotel



**Old Version**



**New Version**

<b>Province</b>	:	İstanbul
<b>District</b>	:	Beyoğlu - Salıpazarı
<b>Appraisal Value</b> (It is the fair value of the project written in the independent audit report as of December 31, 2021.)	:	117 million TRY
<b>Rental Process</b>	:	20 years
<b>Opening Date</b>	:	2018

Following the completion of the renovation of the Salıpazarı Building, which is included in the Halk GYO portfolio and serves as a bank branch and office, in a manner to be used as a hotel building, occupancy permit was obtained in 2018 and started to serve as a hotel building.

## Ongoing Projects

### İstanbul International Financial Center "Halk Towers" Project



<b>Province</b>	:	İstanbul
<b>District</b>	:	Ümraniye
<b>Contractor Company</b>	:	YDA İnşaat A.Ş.
<b>Start Date of Construction</b>	:	December 2016
<b>Planned End Date</b>	:	June 2022
<b>Construction Completion Rate</b>	:	72%
<b>Construction Area</b>	:	425.000 m <sup>2</sup>
<b>Appraisal Value</b>	:	2.394.000 TRY

(It is the fair value of the project written in the independent audit report as of December 31, 2021.)

Our company, as one of the major stakeholders of the İstanbul International Financial Center Project carried out under the coordination of the Ministry of Environment and Urban Planning, is building two office towers, one with 46 floors and the other with 34 floors and also 3 commercial buildings each with 8 floors.

After the completion of the project, goodwill agreement has been signed with Türkiye Halk Bankası A.Ş. for the leasing of the area to be determined in the direction of the needs and demands of Türkiye Halk Bankası A.Ş.

## Evora İzmir Project



<b>Province</b>	:	İzmir
<b>District</b>	:	Alsancak
<b>Property Lot Size</b>	:	47,070 m <sup>2</sup>
<b>Project Scope</b>	:	Housing, Commercial
<b>Revenue size of the project</b>	:	1.7 billion TRY

“Teknik Yapı - Halk GYO Ordinary Partnership has been established with Teknik Yapı A.Ş. who won the revenue sharing tender in return for land that Emlak Konut GYO A.Ş. initiated for its land of approximately 47 acres consisting of two separate plots in Alsancak, İzmir in June, with a commitment of a revenue of 1 billion 672 million TRY and a revenue share of 35% with all expenses and revenues and profit-sharing rates to be obtained as half.

Between the established “TEKNİK YAPI - Halk GYO Ordinary Partnership and Emlak Konut GYO, “Revenue Sharing Contract in return for Land Sales” has been signed on 25.08.2017, with regard to the mentioned project,, in which residential, commercial and social areas will be built on a total of 47 thousand m<sup>2</sup> parcels. According to the contract details, the share of income of the Ordinary Partnership is 65%.

Designed in a mixed structure that combines residential, commercial and social functions, the EVORA İZMİR project won the "**Best Architectural Design**" award in the 2018 phase of the SOTCA (Sign of the City Awards) event, which is held every year.

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**6- Information on Portfolio Limitations**

	Financial statement primary account items	Concerned Regulation	December 31, 2021 (TRY)	December 31, 2020(TRY)
A	Money And Capital Market Instruments	Serial: III-48.Communiq� no 1 , Art.24/(b)	53,109,547	49,553,2
B	Real Estates, Real Estate-Based Projects, Real Estate-Based Rights	Serial: III-48.Communiq� no 1 , Art.24/(a)	4,326,319,128	3,278,206,3
C	Subsidiaries	Serial: III-48.Communiq� no 1 , Art.24/(b)	-	-
	Receivables from the associated parties (non-commercial)	Serial: III-48.Communiq� no 1 , Art.23/(f)	-	-
	Other assets		198,792,612	186,966,5
<b>D</b>	<b>Total assets (Assets in total)</b>	Serial: III-48.Communiq� no 1 , Art.3/(k)	<b>4,578,221,287</b>	<b>3,514,726,0</b>
E	Financial liabilities	Serial: III-48.Communiq� no 1 , Art.31	884,068,238	453,707,9
F	Other financial liabilities	Serial: III-48.Communiq� no 1 , Art.31	-	-
G	Financial leasing payables	Serial: III-48.Communiq� no 1 , Art.31	129,545,132	27,508,9
H	Payables to the associated parties (non-commercial)	Serial: III-48.Communiq� no 1 , Art.23(f)	-	-
I	Equities	Serial: III-48.Communiq� no 1 , Art.31	3,300,178,143	2,926,488,7
	Other equities		264,429,774	107,020,4
<b>D</b>	<b>Total equities</b>	Serial: III-48.Communiq� no 1 , Art.3(k)	<b>4,578,221,287</b>	<b>3,514,726,0</b>
	<b>Other Financial Information</b>	<b>Relevant Regulation</b>	<b>December 31, 2021 ( TRY)</b>	<b>December 31, 2020 (TRY)</b>
A1	Part held for 3-year real estate payments of money and capital markets instruments	Serial: III-48.Communiq� no 1 , Art.24(b)	-	-
A2	Time/Drawing TRY/Currency	Serial: III-48.Communiq� no 1 , Art.24(b)	53,109,547	49,553,2
A3	Foreign capital markets instruments	Serial: III-48.Communiq� no 1 , Art.24(d)	-	-
B1	Foreign real estates, real estate-based projects, real estate-based rights	Serial: III-48.Communiq� no 1 , Art.24(d)	-	-
B2	Idle plots/lands	Serial: III-48.Communiq� no 1 , Art.24(c)	-	-
C1	Foreign subsidiaries	Serial: III-48.Communiq� no 1 , Art.24(d)	-	-
C2	Subsidiary to the operating company	Serial: III-48.Communiq� no 1 , Art.28	-	-
J	Non-cash loans	Serial: III-48.Communiq� no 1 , Art.31	431,637,997	407,989,7
K	Mortgage costs of mortgage plots of which the property related to the project is not owned by the partnership	Serial: III-48.Communiq� no 1 , Art.22(e)	380,591,700	-
L	Investments in total in a single company of money and capital markets instruments	Serial: III-48.Communiq� no 1 , Art.22(l)	-	-

	Portfolio limitations	Relevant Regulation	Calculation	Minimum/ Maximum Rate	December 31, 2021 (TRY)	December 31, 2020 (TRY)
1	Mortgage costs of mortgage plots of which the property related to the project is not owned by the partnership	Serial: III-48.Communiq� no 1 , Art.22(e)	K/D	Maximum %10	8.31%	-.
2	Real Estates, Real Estate-Based Projects, Real Estate-Based Rights	Serial: III-48.Communiq� no 1 , Art.24(a)(b)	(B+A1)/D	Minimum %51	94.5%	93.27%
3	Subsidiaries with Money and Capital Markets Instruments	Serial: III-48.Communiq� no 1 , Art.24 (b)	(A+C-A1)/D	Maximum %49	1.16%	1.41%
4	Foreign Real Estates, Real EstateBased Projects, Real Estate-Based Rights, Subsidiaries, Capital Markets Instruments	Serial: III-48.Communiq� no 1 , Art.24 (d)	(A3+B1+C1)/D	Maximum %49	-	-
-	Idle Plots/Lands	Serial: III-48.Communiq� no 1 , Art.24 (c)	B2/D	Maximum %20	-	-
6	Subsidiary to the Operating Company	Serial: III-48.Communiq� no 1 , Art.28	C2/D	Maximum %10	-	-
7	BorrowingLimit	Serial: III-48.Communiq� no 1 , Art.31	(E+F+G+H+J)/I	Maximum %500	43.79%	30.38%
8	Time/Drawing TRY/Currency	Serial: III-48.Communiq� no 1 , Art.24 (b)	(A2-A1)/D	Maximum %10	1.16%	1.41%
9	Investments in total in a single company of money and capital markets instruments	Serial: III-48.Communiq� no 1 , Art.22(l)	L/D	Maximum %10	-	-

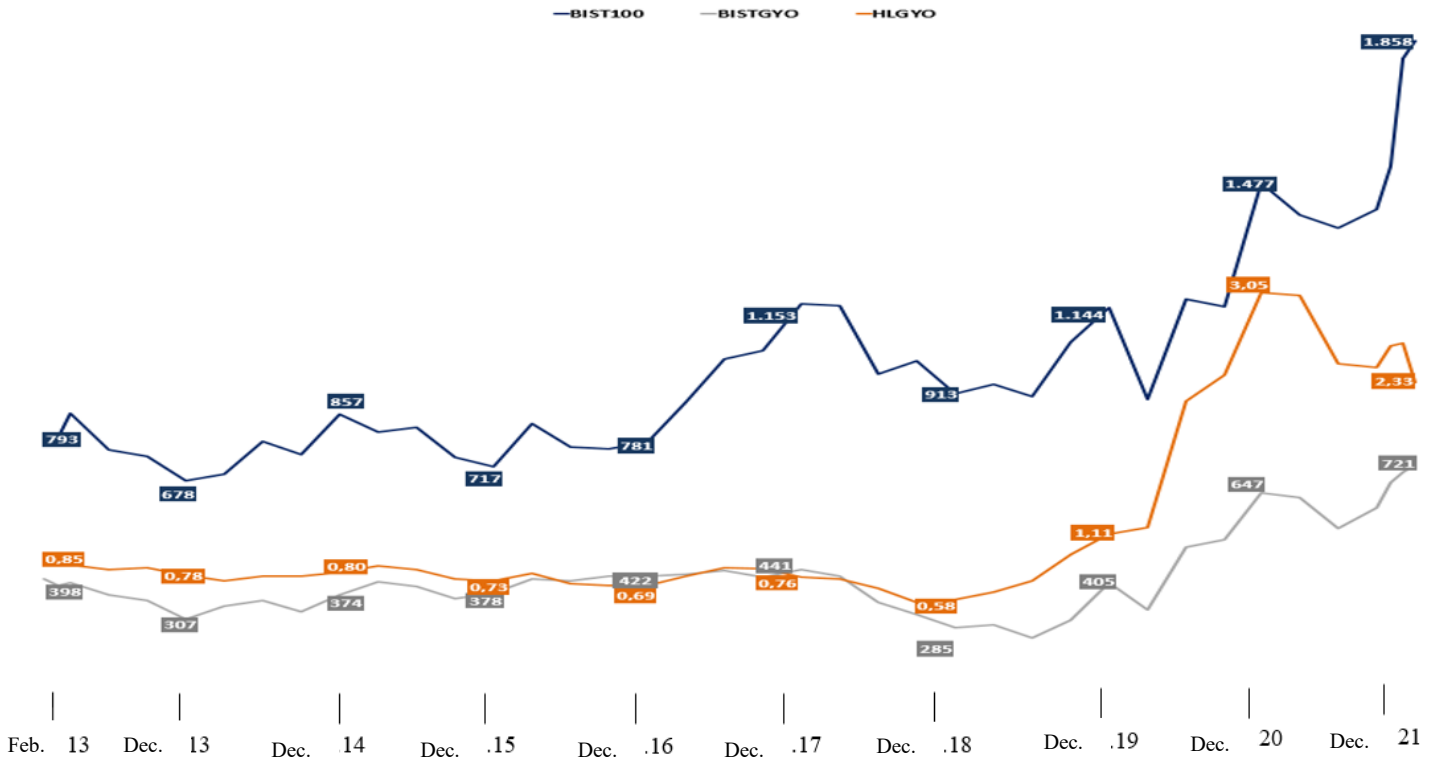


## SHARE PERFORMANCE

As of February 22, 2013, our company has been offered to the public and 28 percent of its shares are traded in BIST A.Ş. with the code "HLGYO". Our stock is included in *BIST TEMETTÜ*, *BIST GYO*, *BIST MALI*, *BIST TUM*, BIST 100, BIST 100-30, BIST YILDIZ indices.

<b>As of December 21</b>	<b>Quantity</b>	<b>Rate (%)</b>	<b>Market Value (TRY)</b>
<b>Close Price</b>			<b>2.33</b>
<b>Total Shares</b>	<b>1,020,000,000 TRY</b>		<b>2,376,600,000</b>
Total Public Shares	285,599,780	28,00	665,447,486
Other Shares in Actual Circulation	181,727,197	17,82	423,424,370
Halk BANK's Shares from BIST	75,116,575	7,36	175,021,621
HALK GYO's Shares from BIST	28,756,007	2,82	67,001,496

In December 2021, compared to the previous year, the BIST 100 index increased by 25.80%, while the GYO index increased by 11.39% in its one-year performance. While our company experienced a 23.55% decrease in value on an annual basis, it closed in December at 2.33 TRY. Our company ranks 13th in the sector with 2.377 million TRY in terms of market value size as of the end of the period.



## RISK MANAGEMENT POLICIES AND INTERNAL CONTROL MECHANISM

In the company, risk management, internal audit and control systems are structured in accordance with international practices, principles and organizational framework. Internal control activities are organized in such a way as to carry out the Company's business and operations in accordance with the management strategy and practices, the objectives of the corporate governance in a regular, efficient and effective manner within the framework of the existing legislation and rules, to ensure the integrity and reliability of the account and registration order, to ensure the timely and accurate availability of the information in the data system, to protect its assets, to check whether the internal controls existing within the Company are sufficient, to check the reliability, control of the information produced, to prevent and detect errors, frauds and irregularities.

The internal audit system is operated in a way that helps the organization achieve its goals by developing systematic approaches for the evaluation and development of the effectiveness and efficiency of risk management, internal control and management processes in an independent and impartial way in order to improve and create added value to the organization. Risk management and internal control activities in our company are carried out by the "*Directorate of Internal Audit, Risk Management and Compliance*". The Company reports to the Audit Committee and simultaneously to the senior management of the company on the management of the risks related to its activities within the framework of the Company's risk policy and related internal regulations. 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 Management and Compliance and submitted simultaneously to the Audit Committee, the Corporate Governance Committee, the Early Risk Detection Committee and the senior management. Thus, it is aimed to take the necessary measures by the senior management of the Company and to develop the control systems in relation to the management of these risks.

The Company's internal control system 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. In the system created, a risk-oriented control approach has been adopted, and in this context, the controls developed to minimize and eliminate the risks integrated with the Company's activities and the adequacy of these controls form the basis of the internal audit activity. The Directorate responsible for internal audit activities carries out its operation, internal control activities within the framework of the "Halk Gayrimenkul Yatırım Ortaklığı A.Ş. Internal Audit, Risk Management and Compliance Directorate Directive", which regulates the duties, powers and responsibilities of the assigned personnel and the working procedures and principles.

Risks related to company activities are classified into 5 categories as Operational Risk, Market Risk, Credit Risk, Liquidity Risk and Compliance Risk in terms of compliance with legal limits:

**Operational Risk:** It is the direct and indirect damage risk arising from the company's processes, employees, technology and infrastructure and a wide variety of reasons. Operational risks may arise from all activities of the Company. The aim of the company is to avoid financial losses and damage to the company's reputation on the one hand and to manage operational risk by supporting entrepreneurship and creativity on the other hand.

**Market Risk:** Market risk related to money and capital market instruments is regularly measured, monitored within the limits determined by the legislation, and reported to the senior management.

**Credit Risk:** Due to the main activity of the company, the biggest source of possible receivables is rent receivables and receivables arising from the sales of the units in the developed projects. Credit risk is minimized with the application of collateralization of receivables within the framework of the standards determined by the management and qualified tenant portfolio.

**Liquidity Risk:** The company evaluates the cash resources, cash outflows that it does not direct to the projects, in money and capital market instruments in a way to meet them in a full and timely manner, and observes the amount and maturity compliance.

**Compliance Risk:** The Company complies with the portfolio limitations in the Communiqué on Principles Regarding Real Estate Investment Companies Serial III No:48.1 published by the CMB and the legal limits to be complied with in the asset distribution.

## COMPANIES RECEIVING SERVICES

- **Independent Audit Company**  
DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
(Deloitte)
- **The Rating Company**  
JCR Avrasya Derecelendirme A.Ş.
- **Appraisal Companies**  
Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.  
Adım Gayrimenkul Değerleme A.Ş.
- **Ad Agency**  
M&G Reklam Hizmetleri
- **P&R Ajansı**  
Effect Burson Cohn & Wolfe

There are no conflicts of interest and disputes regarding these companies that our company receives services from January 01, 2021 – December 31, 2021. Both the contracts made and the company's internal working arrangements are meticulously complied with in order to avoid conflicts of interest.

## OTHER ISSUES

### 1- Human Resources

Our company is based on bringing in human resources with the necessary qualifications and ability to develop to reach its mission, vision and goals and ensuring the continuous development and motivation of its qualified personnel.

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 taken regarding the employees are carried out within the Human Resources within the framework of the said regulation.

The job descriptions of the employees were created as a result of the job analysis. The number of employees is determined by the distribution of duties in line with the workload and demands of the units.

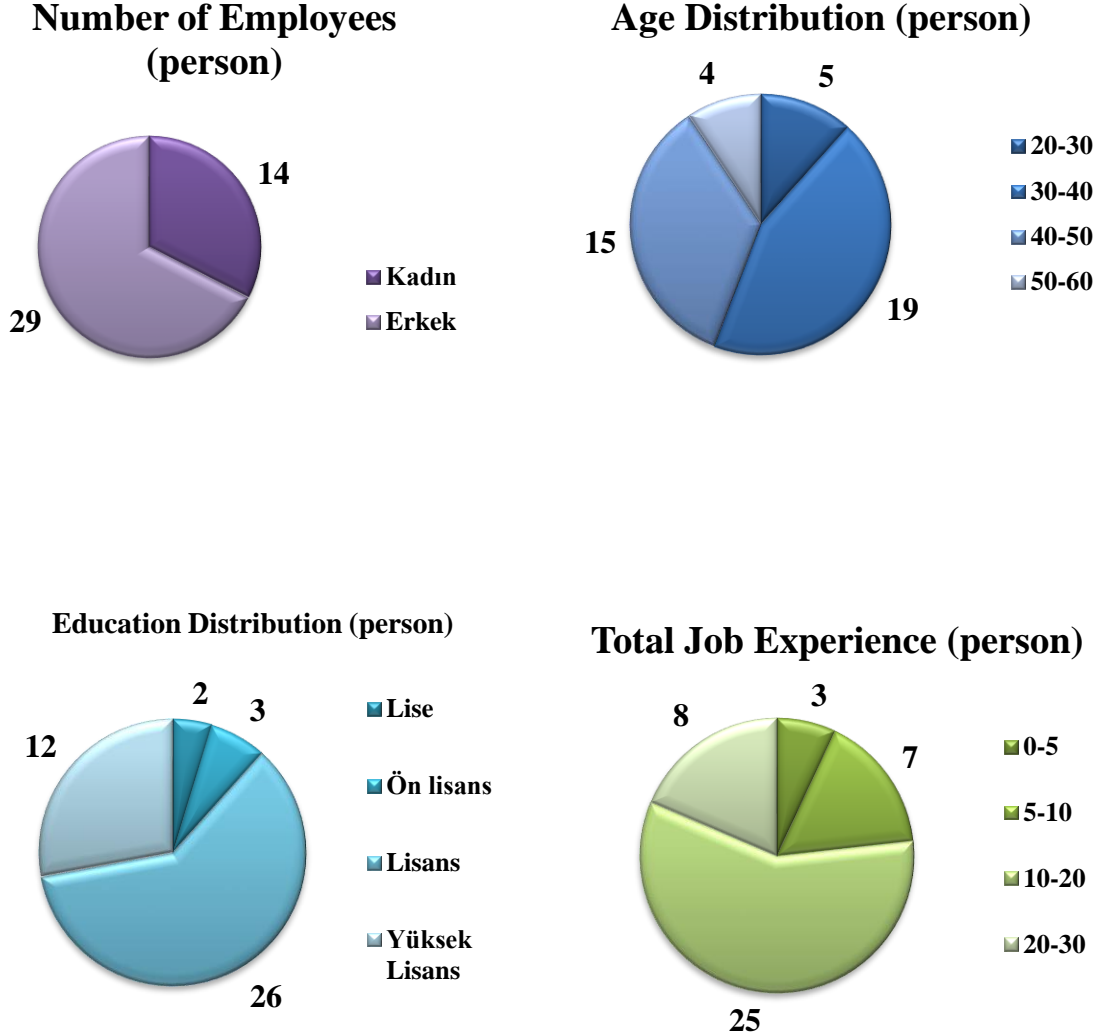
Each of the employees' personality dignity and all rights recognized by law is protected within the framework of the Code of Ethics and all kinds of grounds are prepared for them to work in a safe and healthy environment. Social rights are provided to our personnel regularly and periodically within the scope of legal legislation. We do not have a collective labor agreement.

During the year, there are no complaints to Human Resources about discrimination.

### Organization Structure and Employee Profile

Halk GYO carries out its activities under a structure consisting of the Internal Audit, Risk Management and Compliance Directorate under the Board of Directors, the Investor Relations and Corporate Governance Directorate under the General Directorate, and five Directorates under two Deputy General Directorates and the Departments affiliated to them. As of December 31, 2021, the number of our company's personnel is 42. (31 December 2020: 41)

The organizational structure and employee profile of our company are as follows:



### Benefits Granted to Employees

The employer contribution is provided to company employees if they are included in the Private Pension System as of the expiry of the 2-month probationary period, and corporate health insurance is provided to all employees. In addition, all employees are provided with daily food contributions and services for transportation. Apart from these, the room dues of architects, engineers, lawyers and SMMM employees are covered by the company.

### Training

In the trainings planned according to the needs of the employees, it is aimed to change their knowledge, skills and attitudes, to increase their career progress, motivation and job satisfaction, and to match the Company's goals and individual goals. The priority of Halk GYO is to ensure that all Company employees participate in training within the framework of equal opportunities. In 2020, they participated in different trainings to update their professional knowledge and improve their competencies on Foreign Language, Financial Management, Tax, Accounting and Real Estate Technical subjects.

### **Selection and Placement Process**

In our recruitment, it is aimed to select the most suitable candidate by reaching the right target group for all positions. It is aimed to recruit candidates who are suitable for the corporate culture, believe in open communication and continuous improvement, have corporate belonging, and are customer and result-oriented.

In addition, our experienced recruiters are expected to have the training, knowledge, experience and competencies required by the position.

### **General Terms of Recruitment**

The personnel to take office in our company must have the following qualifications;

- Having completed the age of 18,
- Having served for male candidates or being postponed for at least one year or being exempted from military service,
- Not having a health problem that prevents him/her from performing his/her duty,
- Not being deprived of public rights,
- Not to be under a compulsory service commitment against any institution or organization,
- Not to be convicted of a disgraceful crime or not to be under prosecution,

### **Acquiring of Candidates**

First of all, existing applications are taken into consideration for the staff required in the Candidate Procurement process.

### **Career Planning**

In the transition to a higher title, within the framework of the waiting periods specified in the Human Resources Regulation, the knowledge, experience and performance required by the job description, and having the relevant competencies, etc. criteria are taken into account.

## **2- Aid and Donations**

Based on the request of Konak Municipality to remove the excavation within the borders of Umurbey Mahallesi within the scope of donation and sponsorship, the Revenue Sharing Business (Evora İzmir Project) in return for the İzmir Konak 1. Stage Land Sale, carried out by Teknik Yapı – Halk GYO Ordinary Partnership, a donation amounting to 714,142,79 TRY was made by our company.

## **3- Research and Development Activities Carried Out**

Our company does not have any other research and development activities other than land and project feasibility studies.

#### 4- Cases Filed / Continued Against the Company

The company has 1 tax court case, 3 enforcement civil court cases and 3 enforcement proceedings filed by the group on behalf of its legal entity. In addition, there are 12 lawsuits filed/or internal defendant-denounced and ongoing against the company: 3 of them are consumer lawsuits, 1 is negative determination lawsuit, 4 is a civil lawsuit, 1 is a receivable lawsuit in the civil court of first instance, 1 is labor lawsuit and 1 is cancellation lawsuit and 1 execution lawsuit in administrative court. The company has 1 civil court of peace case and 1 enforcement file that have been concluded and finalized in favor of the company. As a result of the evaluations of the lawyers regarding the relevant cases, no provision has been made for litigation.

There are 2 enforcement files and 1 enforcement civil court file opened and ongoing by Halk GYO-Vakıf GYO Ordinary Partnership. In addition, there are 28 consumer lawsuits and 2 enforcement proceedings filed against Halk GYO-Vakıf GYO Ordinary Partnership. In addition, there are 1 enforcement civil court file, 2 lawsuits and 4 enforcement files in the civil court of peace concluded in favor of Halk GYO-Vakıf GYO Ordinary Partnership. As a result of the evaluations of the lawyers regarding the relevant cases, no provision has been made for litigation.

There is no consumer lawsuit filed by Halk GYO- Er Konut Ordinary Partnership. In addition to this, there is 1 consumer lawsuit initiated and ongoing against the ordinary partnership before the civil court of first instance. As a result of the evaluations of the lawyers regarding the relevant cases, no provision has been made for litigation.

There are 3 consumer lawsuits, 1 enforcement proceeding and an important administrative lawsuit concerning the Ordinary Partnership, filed against Teknik Yapı-Halk GYO Ordinary Partnership. As a result of the evaluations of the lawyers regarding the relevant cases, no provision has been made for litigation.

## EVENTS OCCURRING AFTER THE ACCOUNTING PERIOD

At the Board Meeting of the Company dated January 21, 2022;

- In accordance with the "Communiqué on Principles Regarding Real Estate Investment Trusts" of the Capital Markets Board, it has been decided to take service from "Marka Kurumsal Gayrimenkul Değerleme Danışmanlık A.Ş." in the valuation of the real estates in our portfolio for 2022. It has been decided to obtain valuation services from "Marka Kurumsal Gayrimenkul Değerleme Danışmanlık A.Ş." and "Adım Gayrimenkul Değerleme ve Danışmanlık A.Ş." for assets that can be included in the portfolio and require valuation in 2022.
- Based on the authority given by article 8 of the company's articles of association and within the registered capital ceiling of 2,500,000,000,-TRY, it has been decided to increase the issued capital from 1,020,000,000,-TRY by 50% to 1.530,000,000 TRY, all in cash and to restrict the existing shareholders' right to buy new shares (preemption right), to grant the right to purchase new shares at a nominal value of 1TRY, and to set the selling price of a share with a nominal value of 1 TRY as 1 TRY in the exercise of the right to purchase new shares, to set the usage period of the right to purchase new shares as 15 (fifteen) days in order for our shareholders to participate in the capital increase, to give Group A registered shares for Group A registered shares and Group B bearer shares for Group B bearer shares to our shareholders, who exercise their right to purchase new shares within 15 days in return for their right to purchase new shares, that the remaining B group shares, after the right to purchase new shares, will be offered for sale in Borsa İstanbul A.Ş. for a period of 2 (two) business days at the price to be formed in the Borsa İstanbul A.Ş. Primary Market, provided that the nominal value is not lower than the nominal value, to announce the start and end dates of the 2 (two) day period in the Announcement of Sale to Savers, that the report prepared regarding the purposes for which the funds to be obtained from the capital increase used will be approved and that the prospectus or issuance document will be sent to the Board during the application for approval and disclosed to the public in accordance with Article 33 of the Communiqué on Shares numbered VII-128.1 Within the scope of capital increase transactions, to designate Halk Yatırım Menkul Degerler A.Ş. as an intermediary institution, to obtain the permissions and to perform the transactions in order to make the necessary applications for the realization of the capital increase transactions, to authorize the General Directorate to carry out all necessary transactions before the Sermaye Piyasa Kurulu, Borsa İstanbul A.Ş., Merkezi Kayıt Kuruluşu A.Ş. and İstanbul Takas ve Saklama Bankası A.Ş. and all other authorities.



**Annex 1:**  
**Summaries of the 2021 Year-End Valuation Report on Assets**

**LANDS & PROJECTS**

**ISTANBUL SALIPAZARI LAND**

<b>DATE OF THE REPORT</b>	29.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1728
<b>APPRAISAL DATE</b>	26.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	The real estate qualified as land in İstanbul Province, Beyoğlu District, Kılıçali Quarter, block 57, plot 15
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 10,000,000.-TRY</b>

**ISTANBUL BEYOĞLU LAND**

<b>DATE OF THE REPORT</b>	15.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1731
<b>APPRAISAL DATE</b>	12.12.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	The real estate qualified as land in İstanbul Province, Beyoğlu District, Hüseyinağa Quarter block 338, plot 8
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 30.000.000.-TRY</b>

**ERZURUM YAKUTİYE LAND**

<b>DATE OF THE REPORT</b>	30.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1749
<b>APPRAISAL DATE</b>	29.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	The immovable property qualified as land in Erzurum Province, Yakutiye District, Hasan Basri Quarter, block 12406, plot 5
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 12.000.000.-TRY</b>

**SAKARYA ADAPAZARI LAND**

<b>DATE OF THE REPORT</b>	27.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-2031
<b>APPRAISAL DATE</b>	24.12.2021
<b>DATE OF BASIS AGREEMENT</b>	24.11.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	The real estate qualified as land in Sakarya Province, Adapazarı District, Tepekum Quarter, block 4932, plot 1
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 85.000.000.-TRY</b>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş**  
**ANNUAL REPORT FOR 01.01.2021 – 31.12.2021 ACCOUNTING PERIOD**

**İSTANBUL INTERNATIONAL FINANCIAL CENTER PROJECT**  
**“HALK TOWERS”**

<b>DATE OF THE REPORT</b>	23.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1740
<b>APPRAISAL DATE</b>	20.12.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	16,337.10 and 12,394.57 sqm of lands and project located in İstanbul Province, Ümraniye District, Küçükbakkalköy Quarter, block 3328, plot 4 and block 3328, plot 11.
<b>DETECTED VALUE (COST)</b>	<b>(Excluding VAT) 2.394.090.000.-TRY</b>

**İSTANBUL "BİZİMTEPE AYDOS" RESIDENCE PROJECT**

<b>DATE OF THE REPORT</b>	30.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1741
<b>APPRAISAL DATE</b>	27.12.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Residential project located on a plot of land of 95,221.84 sqm located in İstanbul Province, Sancaktepe District on block 8085 and plot 36.
<b>DETECTED VALUE (PRECEDENT) (for 59 independent units)</b>	<b>(Excluding VAT) 50.375.000.-TRY</b>
<b>HALK GYO Share (50%)</b>	<b>(Excluding VAT) 25.187.500.-TRY</b>

**ERZURUM ŞEHRİSTAN KONUTLARI PROJECT**

<b>DATE OF THE REPORT</b>	31.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1750
<b>APPRAISAL DATE</b>	29.12.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	The residential project located on the registered land in Erzurum Province, Yakutiye District, Gez Quarter, layout 12, block 250 and plot 10.
<b>DETECTED VALUE (PRECEDENT) (for 6 independent units)</b>	<b>(Excluding VAT) 3.930.000.-TRY</b>
<b>HALK GYO Share (50%)</b>	<b>(Excluding VAT) 1.965.000.-TRY</b>

**BUILDINGS WITH RENTAL INCOME**

**İSTANBUL HALKBANK FINANCE TOWER**

<b>DATE OF THE REPORT</b>	16.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1739
<b>APPRAISAL DATE</b>	15.12.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	13 stores and 92 real estate properties qualified as office located in Block B of main real estate with registered construction servitude qualified as “Reinforced Concrete and Land” in İstanbul Province, Ataşehir District, Küçükbakkalköy Quarter, block 3332 and plot 24
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 436.500.000.-TRY</b>

**İSTANBUL “LEVENT HOTEL”**

<b>DATE OF THE REPORT</b>	03.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1737
<b>APPRAISAL DATE</b>	26.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	The real property with the qualification “18-story Reinforced Concrete Hotel and its land” registered in İstanbul province Şişli District, Mecidiyeköy Quarter, block 1957, plot 6.
<b>DETECTED VALUE (COST)</b>	<b>(Excluding VAT) 350.000.000.-TRY</b>

**ŞEKERPINAR BUILDINGS**

<b>DATE OF THE REPORT</b>	13.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1747
<b>APPRAISAL DATE</b>	10.12.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Real estates located in Kocaeli Province, Çayirova District, Şekerpınar land.
<b>DETECTED VALUE (REVENUE APPROACH)</b>	<b>(Excluding VAT) 310.000.000.-TRY</b>

**İSTANBUL SALIPAZARI HOTEL**

<b>DATE OF THE REPORT</b>	10.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1730
<b>APPRAISAL DATE</b>	06.12.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	The real estate property qualified as 10-Story Reinforced Framed Building located in İstanbul Province, Beyoğlu District, Kılıçalı Quarter, layout 138, block, 57 and plot 14
<b>DETECTED VALUE (REVENUE APPROACH)</b>	<b>(Excluding VAT) 117.000.000.-TRY</b>

### İSTANBUL ATAKÖY BUILDING

<b>DATE OF THE REPORT</b>	30.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1735
<b>APPRAISAL DATE</b>	29.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	It is the building with basement+ ground floor+ 1 normal floor+penthouse located in İstanbul Province, Beyoğlu District, Kartaltepe Quarter on layout 51, block 115, plot 174.
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 20.250.000.-TRY</b>

### İSTANBUL BEŞİKTAŞ BUILDING

<b>DATE OF THE REPORT</b>	30.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1733
<b>APPRAISAL DATE</b>	26.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Masonry office building bank service building registered in İstanbul Province, Beşiktaş District, Sinanpaşa Quarter on block 291, plot 93.
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 31.000.000.-TRY</b>

### İSTANBUL BAKIRKÖY BUILDING

<b>DATE OF THE REPORT</b>	30.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1734
<b>APPRAISAL DATE</b>	29.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Building consisting of 2 basements + ground floor + 5 normal floor buildings located in İstanbul Province, Bakırköy District, Zeytinlik Quarter on layout 16, block 101, plot 29.
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 37.000.000.-TRY</b>

### İSTANBUL CADDEBOSTAN BUILDING

<b>DATE OF THE REPORT</b>	01.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1742
<b>APPRAISAL DATE</b>	27.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Land share values of independent units numbered 1,2,9,10 in the main property registered on the land located in İstanbul Province, Kadıköy District, Erenköy Quarter, on layout 106/4, block 368, plot 25
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 36.500.000.-TRY</b>

### İSTANBUL ETİLER BUILDING

<b>DATE OF THE REPORT</b>	30.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1732
<b>APPRAISAL DATE</b>	26.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Building registered in İstanbul Province, Beşiktaş District, Etiler Quarter, block 578, plot 3
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 32.000.000.-TRY</b>

### İSTANBUL FATİH BUILDING

<b>DATE OF THE REPORT</b>	30.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1736
<b>APPRAISAL DATE</b>	26.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Building with basement + ground + 4 normal story located in İstanbul Province, Fatih District, Hobyar Quarter on layout 25, block 418, plot 2
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 20.500.000. -TRY</b>

### İSTANBUL KARAKÖY BUILDING

<b>DATE OF THE REPORT</b>	08.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1729
<b>APPRAISAL DATE</b>	05.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	It is the real estate property with qualification of “Bank with Extensions” and with independent unit numbered 1, located in the Basement + Ground + 1 (entresol) +2. floor of “Masonry Office Building with Bank under” in İstanbul Province, Beyoğlu District, Müeyyetzade District, block 102 and plot 3.
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 51.000.000.-TRY</b>

### İSTANBUL NİŞANTAŞI BUILDING

<b>DATE OF THE REPORT</b>	28.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-2084
<b>APPRAISAL DATE</b>	24.12.2021
<b>DATE OF BASIS AGREEMENT</b>	15.12.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Main real estate registered in İstanbul province, Şişli District, Halaskargazi Quarter, block 680, plot 14.
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 15.000.000.-TRY</b>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş**  
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**İSTANBUL ŞİŞLİ BUILDING**

<b>DATE OF THE REPORT</b>	01.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1738
<b>APPRAISAL DATE</b>	30.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Masonry with the notification of masonry with a working place under, located in İstanbul Province, Şişli District, Meşrutiyet Quarter, block 954, plot 62 with an area of 200.00 sqm
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 28.000.000.-TRY</b>

**ANKARA BAĞÇELİEVLER BUILDING 1**

<b>DATE OF THE REPORT</b>	30.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1724
<b>APPRAISAL DATE</b>	26.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Real estate qualified as “1 Bank Branch with independent unit no 1, 2 and 7” in the title deed, located in Ankara Province, Merkez Çankaya District, Yukarı Bağçelievler Quarter, block 2758, plot 29
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 15.900.000.-TRY</b>

**ANKARA BAĞÇELİEVLER BUILDING 2**

<b>DATE OF THE REPORT</b>	30.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1725
<b>APPRAISAL DATE</b>	26.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	“Warehouse Workplace” with ground floor no 9 located in Ankara Province, Çankaya District, block 2763 plot 10
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 11.250.000.-TRY</b>

**ANKARA KIZILAY BUILDING**

<b>DATE OF THE REPORT</b>	03.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1726
<b>APPRAISAL DATE</b>	01.12.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Real estate registered qualified as “Masonry” in Ankara Province, Çankaya District, block 1064 plot 14 (51 independent units)
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 30.000.000.-TRY</b>

**HALK GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş**  
**ANNUAL REPORT FOR 01.01.2021 – 31.12.2021 ACCOUNTING PERIOD**

**ANKARA BAŞKENT BUILDING**

<b>DATE OF THE REPORT</b>	29.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1727
<b>APPRAISAL DATE</b>	26.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Real estate registered as “11-storey Reinforced Concrete Hotel, Office and Workplace and its land” located in Ankara Province, Çankaya District, block 1046, plot 27
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 18.600.000.-TRY</b>

**İZMİR KONAK BUILDING 1**

<b>DATE OF THE REPORT</b>	01.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1744
<b>APPRAISAL DATE</b>	29.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	“Bank Building including Five Stores and Two Offices” registered in İzmir Province, Konak District, Akdeniz Quarter, layout 77, block 971, plot 17
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 48.000.000.-TRY</b>

**İZMİR KONAK BUILDING 2**

<b>DATE OF THE REPORT</b>	02.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1745
<b>APPRAISAL DATE</b>	29.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	Real estate located in İzmir Province, Konak District, Akdeniz Quarter, layout 77, block 2802, plot 15 i. u. numbered 1-3-5-15-16-17
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 27.500.000.-TRY</b>

**BURSA BUILDING**

<b>DATE OF THE REPORT</b>	01.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1748
<b>APPRAISAL DATE</b>	30.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	“7-Storey Reinforced Concrete Bank Building” registered in Bursa Province, Osmangazi District, Kayihan Quarter, layout H22D07A3B, block 4306, plot 1”
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 23.400.000.-TRY</b>

## KOCAELİ BUILDING

<b>DATE OF THE REPORT</b>	29.11.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1746
<b>APPRAISAL DATE</b>	26.11.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	“Reinforced Concrete Bank Service Building” in Kocaeli Province, İzmit District, block 870 plot 48
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 19.500.000.-TRY</b>

## SAKARYA ADAPAZARI BUILDING

<b>DATE OF THE REPORT</b>	03.12.2021
<b>NUMBER OF THE REPORT</b>	Confidential 2021-1743
<b>APPRAISAL DATE</b>	01.12.2021
<b>DATE OF BASIS AGREEMENT</b>	21.01.2021
<b>BRIEF DESCRIPTION OF THE REAL ESTATE VALUED</b>	“Four-Story Reinforced Concrete Youth and Culture Center and Land” with independent unit no.3, registered in Sakarya Province, Adapazarı District, Cumhuriyet Quarter , block 78, plot 233
<b>DETECTED VALUE (PRECEDENT)</b>	<b>(Excluding VAT) 12.550.000.-TRY</b>



**Annex 2:**

**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/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](mailto: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](http://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](http://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/ 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.

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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.

<b>Committee</b>	<b>Chairperson</b>	<b>Independence Status</b>	<b>Member</b>	<b>Independence Status</b>
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.

### Annex 3:

## 2021 Sustainability Principles Compliance Framework Report

### A. General Principles

Halk GYO is aware that correct corporate governance practices in the sector in which it operates may be possible with practices such as determining the management strategy, establishing an effective risk management and internal control mechanism, determining ethical rules, fulfilling the investor relations activities and the obligation to inform the public in the necessary quality and carrying out the works of the Board of Directors transparently.

Our company carries out all its activities by adopting the concepts of *"Equality, Transparency, Accountability and Responsibility"*, which are the four main elements of the Corporate Governance Principles, and by observing the compliance with these principles.

Within the scope of Sustainability Principles, Halk GYO implements sustainable projects that prioritize gender equality, decent work, economic growth and reduction of inequalities and efficient use of all resources in all its activities, care about energy efficiency and sustainability, increase the use of green space with the materials used, and aim low CO2 emission.

Our Company's "Disclosure Policy" adopts disclosure to shareholders and stakeholders in line with the transparency and equality principles of corporate governance, taking into account the Company's rights and benefits. It adopts to disclose trade secrets or information that does not hinder the Company's competitiveness in a timely, complete, understandable and easily accessible manner. 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.

The operational and financial situation of the company is explained through financial reports and investor presentations prepared every quarter and published on our website within the framework of its position, performance and development in the sector, legal regulations and information policy. In addition, our website is an information tool that offers all kinds of qualified information to all stakeholders in general, from corporate policies to general assembly information. Both our website and our reporting directly meet the needs of different stakeholders. Aiming to ensure a high level of compliance with the Corporate Governance Principles, Halk GYO discloses all kinds of important developments to the public in a timely, complete, accurate and accessible manner for each stakeholder through the relevant reports, the company website and the Public Disclosure Platform within the framework of the importance it attaches to transparency.

Our company has not been subjected to any legal sanctions on environmental, social and corporate governance issues during its activities and has not caused any conflict of interest arising from its applications.



## B. Environmental Principles

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, an internationally developed green building rating system for all building types from hospitals, data centers, historical buildings to schools.

Halk GYO is an institutional member of the USGBC (U.S. Green Building Council), which has been carrying out LEED certification since 2013. 3 of the 6 completed projects are LEED-certified, and the certification process is ongoing for one of the ongoing projects.

Completed Projects with Halk GYO Leed Certification;

- ✓ Eskişehir Panorama Plus Project (Leed Silver)
- ✓ Levent Hotel Project (Leed Gold)
- ✓ Şekerpınar Banking Center Project (Leed Gold)

Halk GYO Leed Certification Process On-Going Projects;

- ✓ İstanbul International Finance Center ‘Halk Ofis Kuleleri’ (Planned Leed Platinum)

### **Within the scope of Eskişehir Panorama+ Housing Project LEED certification;**

37% savings have been achieved in water use and 34% savings in electricity use. The amount of wastewater has been reduced by 54% by using low-water consuming wet volume equipment. 77% of construction wastes were recycled during the construction phase. The materials used contain 33% recycled materials.

### **Within the scope of Levent Hotel Project LEED certification;**

37% savings have been achieved in water use and 34% savings in electricity use. All of the landscape irrigation in the project was provided by the use of gray water. 44% reduction has been achieved with the selection of high-efficiency wet volume armature and the use of treatment water in reservoirs and urinals. In areas with high-density use, measurement of indoor air quality with CO2 sensors and providing the necessary fresh air are carried out through the automation system.

### **Within the scope of Şekerpınar Banking Center Project LEED certification;**

37% savings have been achieved in water use and 34% savings in electricity use.

**Within the scope of İstanbul International Finance Center ‘Halk Ofis Kuleleri’ Leed certification;**

For the İstanbul Financial Center Project, the LEED certificate at the gold level is mandatory for all stakeholders within the framework of the design manual and master booklet requirements published by the Ministry of Environment and City. However, due to the competitive environment arising from the multi-stakeholder structure of the project, Leed Platinum, which is the highest level of the Leed certificate, is targeted in this project and studies are carried out in this direction. The application was made according to the principle that the Leed certificate in the Halk Ofis Kuleleri is LEED BD+C (Building Design + Construction), in other words, it is shell core. In addition, the application of LEED-ND (Neighborhood Development) certificate throughout IFM is targeted by Emlak Konut and the Ministry of Environment and Urbanization of the Republic of Turkey, and studies have been initiated with the necessary consultants in this direction.

40% savings are foreseen in water use and 30% savings in electricity use. In addition, it is planned to build an innovative ice storage system within the scope of efficient energy use. 50% of construction wastes are recycled during the construction phase we are in, and it is aimed to increase this rate to 75% and to get additional points by following up regularly. Indoor air quality monitoring can be performed with CO<sub>2</sub> sensors.

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

**Within the scope of Dilovası Küçük Sanayi Sitesi;**

It is planned to provide 100% of the energy consumption of the common area from the photovoltaic solar panels placed on the roof area.

It is aimed to collect rainwater and use it in landscape irrigation.

The use of low-water consuming plants has been given importance for landscape areas and bicycle parking areas have been created.

It is planned to establish vehicle charging stations.

### **C. Social Principles**

Halk GYO prioritizes the condition of fully complying with the legal framework and legislation regulating human rights and working life while carrying out all its activities.

Our company carries out its relations with all stakeholders that it has a relationship with within the framework of ethical rules in addition to legal regulations. Ethical Rules have been published under the title of "Ethical Principles" in the "Corporate" section of the Company's website. "Ethical Principles" includes detailed explanations and regulations under the main headings of conflicts of interest, rules regulating the flow of information, relations with stakeholders, customers, suppliers and human resources. The purpose of these principles is to prevent any conflict and conflict of interest that may arise between employees, shareholders, customers and the institution.

Our company's human resources policy is based on bringing in human resources with the necessary qualifications and ability to develop to reach the company's mission, vision and goals,

and ensuring the continuous development and motivation of its qualified personnel. 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 taken regarding the employees are carried out within the Human Resources within the framework of the said regulation.

Each of the employees' personality dignity and all rights recognized by law is protected within the framework of legal practices and Code of Ethics and all kinds of grounds are prepared for our human resources to work in a safe and healthy environment. Social rights are provided to our personnel regularly and periodically within the scope of legal legislation. Halk GYO prioritizes equal opportunities in recruitment processes and employee training. During the year, there are no complaints to Human Resources about discrimination.

The sector in which our company operates is at a level where there is no need for functions such as personnel qualification and number of personnel, formation of an association or collective labor contract and does not necessitate such formations. For this reason, although there is no collective bargaining agreement in our company, there is no regulation or application that prevents these issues in our company.

Occupational Health and Safety is one of the important elements of our Human Rights and Human Resources Policy. Training on these issues are regularly offered to employees, and necessary information is provided by raising awareness in these areas.

A high level of compliance with Halk GYO personal data protection regulations is also ensured, and our Disclosure Notice on Protection of Personal Data has been prepared in writing and made public on our website. In addition, written and verbal necessary information was provided to employees about the protection of personal data.

Halk GYO carries out its rights and responsibilities with all its stakeholders with the understanding of accountability, equality, transparency, fairness and responsibility. All stakeholders and 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 in the nature of 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.

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.

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.

As of the date of the report, although there are no female members in our Board of Directors, our Company does not have any regulation that prevents the election of female members to the Board of Directors. Of the total human resources, 33% are female employees.

Our company conducts relations with non-governmental organizations and sectoral associations on a balanced and continuity basis. Our company supports the development of the sector by sponsoring many sectoral organizations and conferences.

International reporting standards such as Carbon Transparency Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), or Sustainability Accounting Standards Board (SASB) have not yet been adopted by our company. On the other hand, we do not have membership or signature in international organizations or principles such as the Equatorial Principles, the United Nations Environment Programme Finance Initiative (UNEP-FI), the United Nations Global Principles (UNGC), or the United Nations Responsible Investment Principles (UNPRI).

Our company will evaluate the involvement in these principles/organizations by improving sustainability studies, especially in terms of environmental and social impacts. Within the framework of our Sustainability Policies and practices planned to be developed, the issue of inclusion in sustainability indices in the coming periods can also be evaluated.

#### **D. Principles of Corporate Governance**

Regarding the issues in this title of the Sustainability Principles, there are detailed explanations in the "General Principles" section of this section and in the "Corporate Governance Principles Compliance Report" section of the Activity Report.