

2022 Corporate Governance Principles Compliance Report

SECTION 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" issued by legal regulations and the Capital Markets Board, and by observing compliance with the said principles. Our Company pays utmost attention to the implementation of the "Corporate Governance Principles" published by the Capital Markets Board (CMB) and the regulations on corporate governance in the Turkish Commercial Code.

Our Company implements all of the compulsory corporate governance principles and meticulously carries out the necessary work for the implementation of the non-compulsory principles. Some of the exempted principles that cannot be implemented do not cause any conflict of interest. During the year, there were no conflicts of interest arising from the non-application of non-mandatory principles.

The Corporate Governance Committee has been established in our Company, which pays due attention to compliance with corporate governance principles, and its main task is to monitor compliance with corporate governance principles, to carry out improvement activities in this regard and to submit proposals to the Board of Directors.

As a result of the study conducted by JCR Avrasya Derecelendirme A.Ş. (JCR) in 2022 within the scope of evaluating our Company's level of compliance with corporate governance principles, our corporate governance rating was determined as 9.22. Our Company's grades in 4 main sections are: Shareholders 9.12, Public Disclosure and Transparency 9.55, Stakeholders 9.44, Board of Directors 8.97. The rating report prepared by JCR is available on our Company's website under the "Investor Relations - Financial Information" section, under the heading "Rating Reports".

Pursuant to the decision of the Capital Markets Board dated 10.01.2019 and numbered 2/49; Corporate Governance Compliance Reporting numbered II-17.1 will be made using the Corporate Governance Principles Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates through the PDP platform. Related reporting https://www.kap.org.tr/tr/sirket-bil_gileri/ozet/1701-halk-gayrimenkul-yatirim-ortakligi-a-sreal-estate-investment-partnership-a-s can be accessed at

Explanatory information regarding the reporting made to the Public Disclosure Platform (PDP) through the templates is detailed below:

SECTION II - SHAREHOLDERS

2- Investor Relations Unit

Since February 22, 2013, 28% of Halk REIT's shares have been traded on the Borsa Istanbul, and the Company has been operating in accordance with the principles set forth in the corporate governance principles published by the CMB.

Our Company has established the Investor Relations Department, which reports to the General Manager, in order to ensure the regular and effective management of the exercise of shareholders' rights, public disclosure and information activities, particularly general assembly and capital increase transactions. The department manager is Serpil Yörük. Serpil Yörük, who is also a member of the Corporate Governance Committee, holds the licenses required by CMB legislation.

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

Name-Surname	Mission	Telephone	Email	License Info
Serpil YÖRÜK	Director	216 600 10 33	serpil.yoruk@halkgyo.com.tr	Advanced Level / Corporate Governance Rating / Real Estate Appraisal / Derivative Instruments Licenses
M. Erhan ÇELEBİ	Assit Specialist	216 600 10 06	mustafaerhan.celebi@halkgyo.com.tr	Advanced Level / Corporate Governance Rating Licenses

The Investor Relations Department is mainly composed of;

- S Ensuring that shareholder records are kept in a healthy, secure and up-to-date manner, S Responding to shareholders' written requests for information about the Company, except for confidential and/or trade secret information that has not been disclosed to the public,
- S Ensuring that the general shareholders' meeting is held in accordance with the applicable legislation, articles of association and other internal regulations, preparing the documents to be used by the shareholders, ensuring that the voting results are recorded and that the reports on the results are shared with the shareholders through the relevant channels,
- S Overseeing and monitoring all matters related to public disclosure, including legislation and the company's disclosure policy
- S Contributing to the promotion and positive evaluation of the Company by organizing meetings with domestic and foreign investors and analysts,
- S Monitoring developments in the REIT sector and competitor company performances, informing senior management,
- S Following the sector news in the press on a daily basis, economic developments, competitor companies and news about Halk REIT,
- S Participating in domestic and international promotional organizations (roadshow)

to fulfill its duties and responsibilities.

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

3- Exercise of Shareholders' Right to Obtain Information

Halk REIT's Disclosure Policy is based on transparency and equality, and shareholders' requests for information on transactions that are not currently within the public domain are evaluated in accordance with this policy and principles, and each shareholder is treated equally in all transactions related to public disclosure.

Shareholders may contact the Investor Relations Department directly or via the Department's e-mail address (ir@halkgyo.com.tr) can request information through the "Information Request Center".

During the reporting period, information requests and questions received from investors and analysts were responded to in accordance with the legislation, the Company's Disclosure Policy and all matters related to public disclosure.

The Investor Relations Department regularly keeps the necessary records regarding written and verbal requests for information and the responses given. In addition to the information requests received by the Company, reports prepared by intermediary institutions on the Company and the sector are also regularly monitored.

The Company's website is used effectively to facilitate public disclosure and the exercise of shareholders' rights. Quarterly investor presentations and financial reports, rating reports, valuation reports and material event disclosures made through the Public Disclosure Platform (KAP) are published on the website in Turkish and English. In addition, the sections of the Company's website that are open to updating, particularly information that may affect the exercise of shareholders' rights, are regularly updated in line with current developments. Thus, it is ensured that all persons or organizations, particularly investors and analysts, who need information about the Company and its activities are provided with accurate and up-to-date information.

Investors can connect to MKK's portal through the "Information Society Services" section organized by the Ministry of Customs and Trade within the scope of the "Regulation" published by the Ministry of Customs and Trade regarding the websites of capital companies and can access basic information about the Company through this link.

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

Although the Company management avoids taking any action that would make it difficult to conduct a special audit within the scope of shareholders' rights to obtain information and review, the request for the appointment of a special auditor is not regulated as an individual right in the Company's articles of association. On the other hand, the Company has not received any request for the appointment of a special auditor during the reporting period.

4- General Assembly Meetings

General Assembly meetings are convened in a manner that maximizes the participation of shareholders, and the minutes of the meeting are always accessible in written or electronic media. At least twenty-one days prior to the General Assembly (excluding the day of announcement and the day of the meeting), general assembly information documents and financial reports are made available at the company headquarters, on the company website and in places easily accessible by our shareholders. The right of shareholders to ask questions at the General Assembly, to submit proposals on agenda items, and to make speeches on the proposals they have submitted are duly ensured by the chairmanship of the meeting. There is no provision in the Articles of Association regarding the General Assembly's adoption of important decisions such as spin-offs, sale, purchase or lease of significant amounts of assets. These matters are resolved 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 Company headquarters and are also available on the corporate website.

The 2021 Ordinary General Assembly meeting held on March 31, 2022 was held at the Company's headquarters with 79.90 percent attendance. In addition to the shareholders, the meeting was attended by the Chairman and Members of the Board of Directors, representatives of the independent audit firm to provide information about the Company's financial statements and the period under audit, and the Company's General Manager and other senior officials.

Although there is no provision in the Company's articles of association preventing the media from attending the general shareholders' meeting, there was no media presence at the general shareholders' meeting in 2021.

Within the scope of the Turkish Commercial Code and the relevant regulations of the Ministry of Commerce, the General Assembly Meeting of our Company for the year 2021 was held simultaneously through the Electronic General Assembly System provided by the Central Registry Agency, and shareholders who have the right to attend the General Assembly meeting were provided with the opportunity to participate in the meeting electronically, appoint a representative, make suggestions, express opinions and vote through the said system.

The invitation to the general shareholders' meeting was published on the Public Disclosure Platform (KAP), the Company's website, the Electronic General Assembly System (EGKS) of the CRA, and the Trade Registry Gazette, and the invitation letter was sent by registered mail with return receipt requested to the registered shareholders whose shares are not traded on the stock exchange. In addition, a "General Assembly Information Document" was prepared and posted on the Company's website together with a sample power of attorney and the invitation text of the Board of Directors' dividend distribution proposal in order for investors to be informed in advance about the issues to be discussed at the General Assembly. The 2021 Annual Report of the Board of Directors was submitted twenty-one days prior to the date of the meeting at the Company's headquarters, on the Company's website and www.kap.gov.tr The website has been made available to investors for review.

All documents prepared for the General Assembly were also uploaded to MKK's Electronic General Assembly System.

Prior to the start of the meeting, shareholders were informed about the total number of votes that can be cast at the general shareholders' meeting, any privileges they may have and the voting procedure in accordance with the Corporate Governance Principles.

Shareholders were given the opportunity to ask questions and make suggestions at every stage of the meeting and all questions were answered and suggestions were taken into consideration. Questions and suggestions received from the shareholders who attended the meeting were recorded in the meeting minutes. On the other hand, before and after the general shareholders' meeting, all written and verbal information requests of the shareholders regarding the Company were responded within the framework of the Company's Disclosure Policy.

Following the General Assembly meeting, the minutes of the meeting were uploaded to EGAS, the minutes and the list of attendees were disclosed to the public via PDP and presented to the shareholders under the heading "Corporate Governance-General Assembly Information" in the "Investor Relations" section of the Company's website.

Changes in the duties of the Board of Directors, capital increase and cash dividend distribution amounts and dates were also decided at the same meeting.

The General Assembly did not convene extraordinarily during the reporting period.

5- Voting Rights and Minority Rights

Within the Company's registered capital ceiling of TL 2,500,000,000,000, 1,570,000,000 total shares with a nominal value of TL 1.- representing the issued capital consist of 25,399,587,960 Group A shares and 1,544,600,412,040 Group B shares.

Group A shares have the privilege to nominate candidates for the election of the members of the Board of Directors. The General Assembly elects the members of the Board of Directors who will constitute more than half of the Board of Directors from among those nominated by Group A shareholders, and the remaining members are elected by the General Assembly from among those nominated by Group A and Group B shareholders.

The Company's Articles of Association stipulates that "No securities granting privileges other than shares granting privileges in nominating candidates for the election of members of the Board of Directors may be issued. No privileges, including the privilege to nominate candidates for the Board of Directors, may be created after the public offering."

The principles regarding voting at the General Assembly meetings are set out in the Company's "Internal Directive on the Working Principles and Procedures of the General Assembly", which is submitted to the approval of the General Assembly and disclosed to the public.

Each share is entitled to one vote in Ordinary or Extraordinary General Assemblies. Shareholders may participate in General Assemblies by proxy given to other shareholders or non-shareholders. Proxy holders who are shareholders have the right to vote for each share belonging to the shares they represent, in addition to their own votes.

The Company's controlling shareholder votes at the General Assembly Meeting. Although there is no provision in the Articles of Association granting minority rights to shareholders holding less than one twentieth of the capital, care is taken to ensure that minority rights are exercised in accordance with the Turkish Commercial Code and CMB regulations.

There are no companies with which the Company has a cross-shareholding relationship.

6- Dividend Right

The Company's dividend distribution policy is determined by the Board of Directors, taking into account the equity structure and cyclical changes, and submitted to the General Assembly for approval. The dividend policy approved by the General Assembly is disclosed to the public. The relevant policy is available on the Company's website and in the annual report. There is no privilege regarding participation in the Company's profit and dividend distribution.

The Company has adopted the principle of distributing at least 50% of its net distributable profit for each accounting year to its shareholders as dividends in the form of cash dividends or bonus shares, except for extraordinary circumstances arising in the economic framework and high investment amounts for long-term growth.

The Company's procedures and principles regarding dividend distribution are set out in Article 30 of the Articles of Association. The dividends decided to be distributed are distributed to the shareholders within the legal periods stipulated in the legislation.

At the 2021 Ordinary General Assembly meeting, the proposal of the Board of Directors regarding the dividend distribution for 2021 was approved and the cash amount of the dividend distribution amounting to TL 4,000,000 was distributed to our shareholders on April 05, 2022.

On March 31, 2022, in line with the Board of Directors decision dated March 31, 2022, it was decided to apply to the Capital Markets Board for bonus dividend distribution transactions amounting to TL 40,000,000 and a capital increase application was made to the Capital Markets Board on April 27, 2022. The capital increase and the application for amendment of Article 8 of the Articles of Association to be revised as a result of the increase were approved by the Board decision dated May 18, 2022, and the bonus issue was completed as of June 01, 2022.

7- Transfer of Shares

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

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

8- Company Disclosure Policy

In line with the principles of transparency and equality of corporate governance, our Company's "Disclosure Policy" adopts to disclose to shareholders and stakeholders, in a timely, complete, understandable and easily accessible manner, information that is not a trade secret or of a nature that would hinder the Company's competitive power, in a manner that also considers the rights and interests of the Company.

The Disclosure Policy, which was determined by the Company in 2010 and revised in 2013 within the framework of the "Communiqué on Material Events" published by the Capital Markets Board, was submitted for the information and approval of the shareholders at the 2013 Ordinary General Assembly Meeting. The approved policy was disclosed to the public and included in the Company's annual report. The Disclosure Policy can be accessed from the "Corporate Policies" section of the "Corporate Governance" section under the "Investor Relations" heading on the corporate website.

The Board of Directors is responsible for monitoring, overseeing and developing the Disclosure Policy. Investor Relations is responsible for overseeing and monitoring the Disclosure Policy.

9- Company Website and its Content

Company website; www.halkgyo.com.tr address. All information and documents required by the principles numbered 2.1.1 and 2.1.2 in the Public Disclosure and Transparency section of the CMB Corporate Governance Principles and other relevant laws and regulations are available on the website.

Care is taken to ensure that the website is actively used and continuously updated. Necessary measures have been taken to protect the accuracy of the information published on our website and to prevent any changes. The information on our website is also available in English.

Within the framework of the Central Registry Agency data published through the Public Disclosure Platform, the Company's shareholding structure is updated on a quarterly basis through the Continuous Disclosure Form to include the real and legal persons who directly hold 5% or more shares or voting rights in the capital, and the financial statements and footnotes disclosed to the public in accordance with the capital markets legislation are published on the website in both Turkish and English upon public disclosure.

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

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

In 2014, the Company launched a mobile website in both Turkish and English, which can be easily accessed by tablets and smartphones. The mobile site contains all the same information as the website and all updates made are simultaneously made on the mobile site.

10- Annual Report

The Company's annual report is prepared within the framework of the Corporate Governance Principles, other relevant Capital Markets regulations and the relevant Regulation of the Ministry of Trade, in a manner to ensure that the public has access to complete and accurate information about the Company's activities.

In addition to basic information on the Company's activities, attention is paid to include detailed information on board members and committees in the annual report. In this context; resumes of the members of the board of directors, their authorities and responsibilities within the Company and the duties they carry out outside the Company, whether they have carried out any transactions with the Company's legal entity or on the Company's capital market instruments in the field of the Company's main activity, whether they have entered into any debt relationship with the Company, the financial rights provided to the members and the declarations of independence of the independent members; Information on the working principles of the board of directors, the number of meetings held during the year, the attendance to the meetings, the number of resolutions taken and the manner in which the resolutions were taken; information on the structure of the board committees, their working principles, the activities carried out during the year, the number of meetings and resolutions, and the assessment of the board of directors on the effectiveness of the committees are included in the annual report.

In addition, the annual report includes information on legislative amendments that may have a significant impact on the Company's activities, whether there are any conflicts of interest between the Company and the institutions that provide services such as investment consultancy and rating, and the measures taken to prevent conflicts of interest, information on significant lawsuits filed against the Company during the year, if any, and their possible outcomes, information on cross-shareholdings where direct participation in the capital exceeds 5%, information on social rights and vocational training of employees, and the Company's sustainability efforts.

The activities carried out by the Company during the reporting period and the assessment of the Board of Directors on the Company's future targets are also disclosed to investors in the annual reports.

Our annual reports are disclosed to the public on a quarterly basis after approval by the Board of Directors. They are published on our website and sent to shareholders upon request.

SECTION IV - STAKEHOLDERS

11- Informing Stakeholders

In its transactions and activities, our Company pays utmost attention to protect the rights of all stakeholders regulated by legislation and mutual agreements, and the rights of all stakeholders are observed within the framework of our Company's "Code of Ethics".

Stakeholders are fully and timely informed through material event disclosures, press releases, financial reports, the Company's website and internal announcements.

Except for trade secrets and/or information that has not been disclosed to the public, the requests and questions of stakeholders regarding the Company's activities are forwarded to the Investor Relations Department within the contact information on the website. At the same time, it is possible for stakeholders to submit their questions about transactions they deem contrary to the legislation and ethical rules to the Corporate Governance Committee or the Audit Committee of our Company.

12- Stakeholder Participation in Management

The protection of shareholders' rights to participate in management is ensured within the framework of relevant laws, regulations and the Articles of Association. The expectations and requests of all stakeholders with whom the Company has relations are evaluated within the framework of the Code of Ethics.

13- Human Resources Policy

Issues such as recruitment conditions, career guidance and promotion conditions, monetary arrangements and social benefits are presented to employees in detail and clearly in the Company's Human Resources Regulation. All decisions taken and communication with employees are carried out within the framework of the said regulation.

All legally recognized rights of each employee are protected within the framework of the Labor Law and Code of Ethics, and all kinds of grounds have been prepared for them to work in a safe and healthy environment.

There were no complaints from employees regarding discrimination during the reporting period.

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

- To fulfill the activities to be carried out by the Company to realize its objectives with the ideal number of personnel,
- To realize the selection and assignment of personnel with the competence appropriate to the nature of the work,
- To provide all staff with the environment and conditions in which they can use and develop their talents, professional development and skills,
- To provide staff with adequate wages and other additional benefits in line with market and current conditions,
- To give importance and respect to the personality of the personnel and to protect their material and moral rights,
- To have personnel who adopt the company culture and corporate values and comply with the Code of Ethics,
- To ensure that the personnel work in a cost-conscious manner, based on the principles of efficiency and profitability

14- Ethical Principles and Social Responsibility

Established in 2010 and approved by the Board of Directors, the Code of Ethics was published on the Company's website and disclosed to the public. In 2016, the Company adopted the Ethical Principles of its main shareholder Türkiye Halk Bankası A.Ş. and published them under the heading "Ethical Principles" in the "Corporate" section of the Company 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 working order regulations that Halk REIT employees must comply with while performing their duties. The purpose of these principles is to prevent any disputes and conflicts of interest that may arise between employees, shareholders, customers and the organization. Attitudes and behaviors contrary to these rules are evaluated in accordance with the Disciplinary Directive, and employees are expected to act in accordance with common sense and good faith in situations and conditions not covered by these rules.

Our Company conducts its relations with all stakeholders within the framework of ethical rules.

During the period, there were no lawsuits filed against the Company for damages caused to the environment.

In our company's vision, it is important not only to make the best use of its investments, but also to provide benefits in the field of modern urbanism, to build environmentally sensitive buildings, and to take part in activities that will support the sector and to be a pioneer.

Our company's real estate projects are produced with environmentally friendly, non-carbon-emitting 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.

SECTION V - BOARD OF DIRECTORS

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

The powers and responsibilities of the members of the Board of Directors are set forth in the Company's Articles of Association. The Company is managed and represented externally by the Board of Directors. The Board of Directors performs the duties assigned to it by the General Assembly in compliance with the Turkish Commercial Code, Capital Markets Law and other relevant legislation. All members of the Board of Directors possess the minimum qualifications required for the election of Board Members as stipulated in the CMB Corporate Governance Principles. The Board of Directors consists of a total of 6 members, 1 executive and 2 independent, 5 non-executive. In 2022, no situation arose that eliminated the independence of the Independent Board Members. As of the date of the report, there are no female members on the Board of Directors. Our Company does not have a policy that sets a target rate and time for the ratio of female members in the Board of Directors to be not less than twenty-five percent, and there are no regulations preventing the election of female members to the Board of Directors.

BOARD OF DIRECTORS								
FULL NAME	DUTY	OCCUPATION	DUTIES IN THE PARTNERSHIP IN THE LAST 5 YEARS	POSITIONS HELD OUTSIDE THE PARTNERSHIP AS OF THE LATEST STATUS	CAPITAL SHARE IN THE PARTNERSHIP (%)	SHARE GROUP REPRESENTED	DATE OF FIRST ELECTION TO OFFICE/	STATUS
ERGIN KAYA	CHAIRMAN OF THE BOARD OF DIRECTORS	BANKER	Chairman of the Board of Directors	T. HALK BANKASI A.Ş. VICE GENERAL MANAGER OF OPERATIONAL TRANSACTIONS AND SUPPORT SERVICES, CHAIRMAN OF THE BOARD OF DIRECTORS OF BİLEŞİM A.Ş., CHAIRMAN OF THE BOARD OF DIRECTORS OF SAFİR BAZAAR MANAGEMENT SERVICES A.Ş.	-	-	JUNE 2020	NON-EXECUTIVE MEMBER/ NOT INDEPENDENT MEMBER
MEHMET TANRIVERDI	DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS	BANKER	Chairman of the Board of Directors Deputy / Member	T. HALK BANK A.Ş. HEAD OF THE DEPARTMENT OF CONSTRUCTION EXPERTISE AND REAL ESTATE MANAGEMENT, MEMBER OF THE BOARD OF DIRECTORS OF SAFİR BAZAAR MANAGEMENT SERVICES	-	-	SEPTEMBER 2018	NON-EXECUTIVE MEMBER/ NOT INDEPENDENT MEMBER
MEHMET HAKAN TERCAN	BOARD MEMBER	BANKER	Board Membership	T. HALK BANKASI A.Ş. HEAD OF INFRASTRUCTURE OPERATION AND MANAGEMENT DEPARTMENT	-	-	APRIL 2020	NON-EXECUTIVE MEMBER/ NOT INDEPENDENT MEMBER
RAJI CAPTAIN KOLAYLI	BOARD MEMBER	ENGINEER	Board Membership	-	-	-	JUNE 2020	NON-EXECUTIVE MEMBER/ INDEPENDENT MEMBER
FUAT GEDİK	BOARD MEMBER	BANKER	Board Membership	-	-	-	MAY 2021	NON-EXECUTIVE MEMBER/ INDEPENDENT MEMBER
ERDAL BEKİN	GENERAL MANAGER / BOARD MEMBER	ENGINEER	Asst. General Manager of Project Development and Implementation	-	-	-	MARCH 2022	EXECUTIVE MEMBER / NOT INDEPENDENT MEMBER

Within the framework of Corporate Governance Principles, a Nomination Committee has not been established in the Company and the Corporate Governance Committee fulfills the duties of the said committee.

The Corporate Governance Committee submits its reports to the Board of Directors on whether the candidates meet the independence criteria.

The declarations of independence of the independent members are included under the relevant section heading in the annual report for 2022.

The members of the Board of Directors are not restricted from assuming other duties or tasks outside the Company, and the provisions of the Turkish Commercial Code regarding the prohibition of competition are complied with. In 2021, there has been no violation of the prohibition of competition and transactions with the Company in relation to the members of the Board of Directors.

The résumés of the members of the Company's Board of Directors are included in the annual report and on the Company's corporate website.

16- Operating Principles of the Board of Directors

The Board of Directors convenes upon the call of the Chairman or the Vice Chairman at times deemed necessary for the affairs of the Company. Each member of the Board of Directors may also apply in writing to the Chairman or the Vice Chairman and request that the Board of Directors be called for a meeting. If the Chairman or the Vice Chairman still fails to call the Board to a meeting, the members shall be authorized to call the meeting ex officio.

In the event that none of the members request a meeting, the decisions of the board of directors may also be taken by obtaining the written approval of at least the majority of the total number of members of the board of directors to the proposal made by one of the members of the board of directors on a specific subject and written in the form of a resolution. The fact that the same proposal is made to all members of the board of directors is a condition for the validity of the decision to be taken in this way. The approvals do not have to be on the same paper; however, it is necessary for the validity of the resolution that all of the papers containing the approval signatures are affixed to the decision book of the board of directors or converted into a resolution containing the signatures of the acceptors and entered into the decision book.

Each member has one vote in the meetings. The right to vote is exercised in person. Unless one of the members requests a meeting to be held, a decision may be taken on a proposal made by a member by the other members notifying their approval in writing.

The meeting agenda of the Board of Directors is determined by the Chairman of the Board of Directors. The agenda may be amended by a resolution of the Board of Directors. The meeting place is the Company headquarters. However, the Board of Directors may convene elsewhere provided that a resolution is adopted.

The Board of Directors convenes by absolute majority and takes its decisions by absolute majority of those attending the meeting. In the board of directors, votes are cast as acceptance or rejection. The person who votes against shall sign the decision by writing the reason for rejection. The decisions of the Board of Directors taken on matters falling within the scope of the relevant communiqués and legislation are shared with the public and published on the Company's website.

Members who do not attend the meeting cannot vote in writing or in any other way unless they have a

legitimate excuse. Members of the Board of Directors who, for whatever reason or necessity, fail to attend three consecutive meetings without the permission of the Board of Directors or fail to attend half of the meetings held within an accounting period, even if intermittently, shall be deemed to have resigned. Board meetings may be held physically and/or electronically.

Those who have the right to attend the meetings of the Board of Directors of the Company may also attend these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code. Pursuant to the provisions of the "Communiqué on the Meetings to be held electronically in Commercial Companies other than the General Assemblies of Joint Stock Companies", the Company may establish the Electronic Meeting System that will enable the right holders to participate and vote in these meetings electronically or may purchase services from the systems established for this purpose. In the meetings to be held, it is ensured that the right holders can exercise their rights specified in the relevant legislation within the framework specified in the provisions of the Communiqué through the system established pursuant to this provision of the Articles of Association or through the system from which support services will be purchased.

The Investor Relations Department is in charge of organizing board meetings, preparing and recording the necessary reports and documentation and board resolutions, ensuring information flow and coordination among the members and similar matters.

The Company's Board of Directors convened 73 times during the reporting period and adopted 119 resolutions in these meetings. Care was taken to determine the meeting date in a way to ensure the attendance of all members. All of the decisions of the Board of Directors were taken unanimously. There were no dissenting opinions on any of the resolutions adopted at the meetings. In addition, since there were no dissenting votes, there were no issues recorded in the decision minutes.

Board members are not granted weighted voting rights and/or negative veto rights.

During the year, the Board of Directors resolutions regarding significant related party transactions submitted to the approval of the independent board members were unanimously adopted with the affirmative votes of the independent board members.

During the reporting period, the Company has taken out the necessary insurance to compensate for any damages that may be caused by the members of the Board of Directors due to their negligence during the execution of their duties; however, the Company has not made any PDP disclosure regarding this insurance transaction.

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

Within the framework of the Capital Markets Board's Corporate Governance Principles and the Company's Board of Directors Working Principles, an Audit Committee, a Corporate Governance Committee, an Early Detection of Risk Committee and a Remuneration Committee have been established within the current Board of Directors. The Remuneration Committee convenes at least once a year and the other committees convene at least once every three months and submit reports to the Board of Directors on their issues.

Working principles for each of the Committees have been established and disclosed to the public. Committees operate within the framework of these principles. During the year, in accordance with the Capital Markets Board's Corporate Governance Communiqué, following the general shareholders' meeting, the distribution of duties within the board of directors and committee elections were realized and disclosed to the public.

Committee members are selected in accordance with corporate governance principles.

The chairmen and members of the committees are listed below.

Committee	President	Independence Status	Member	Independence Status
Audit Committee	Raci Kaptan Kolaylı	Independent	Fuat Gedik	Independent
Corporate Governance Committee	Raci Kaptan Kolaylı	Independent	Fuat Gedik Serpil Yörük	Independent Investor Relations Manager
Remuneration Committee	Fuat Gedik	Independent	Mehmet Tanrıverdi	Not Independent
Early Detection of Risk Committee	Raci Kaptan Kolaylı	Independent	Fuat Gedik	Independent
Sustainability Committee	Fuat Gedik	Independent	Raci Kaptan Kolaylı Erdal Bekin Yaşar Göktaş	Independent Executive Executive

The Company's Board of Directors is composed of 6 members, 1 executive and 5 non-executive, 2 of whom are independent board members. Since the relevant legislation requires at least one independent member to serve on the committees, one board member is assigned to more than one committee in the current structure.

A separate Nomination Committee has not been established within the Board of Directors. The duties of this committee are fulfilled by the Corporate Governance Committee.

The Corporate Governance Committee was established to fulfill its duties and responsibilities set forth in the Corporate Governance Principles in accordance with the regulations of the Capital Markets Board on corporate governance. The Committee regularly reviews the Company's corporate governance practices and works to improve them. In addition to corporate governance, the Committee also attaches importance to investor relations, reviews the Company's shareholder relations activities and related strategies on a regular basis and ensures that the Board of Directors is regularly informed about the activities. In addition to the aforementioned duties, the Committee is also responsible for ensuring coordination among other committees and providing support to their work when necessary. The Committee convened 4 times during the reporting period and adopted 4 resolutions.

In parallel with its duties set out in the working principles, the Audit Committee has been actively involved in the public disclosure of the Company's financial information, independent audit, effective operation of the internal control system of the Company, selection of the independent audit firm and monitoring their work at every stage in accordance with the principles set out in the Capital Markets Legislation and other relevant regulations. The Committee convened 9 times during the year and took 9 decisions.

The Early Detection of Risk Committee was established pursuant to Article 378 of the Turkish Commercial Code (TCC) for the purposes of early detection of risks that may jeopardize the existence, development and continuity of the Company, implementation of necessary measures against detected risks and management of risks, and review of risk management systems in accordance with the regulations of the Capital Markets Board on corporate governance. The Committee convened 6 times during the year 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 executives with administrative responsibilities, taking into account the long-term goals of the Company and supervises them.

Taking into account the degree of achievement of the criteria used in remuneration, the Remuneration Committee determines and supervises.

The Committee submits its recommendations to the board of directors regarding the remuneration of executives with executive responsibility. The Committee convened once during the year and adopted 1 resolution.

The Board of Directors' Evaluation Report on the work of the Committees during the period is included under the relevant heading of the 2022 annual report.

18- Risk Management and Internal Control Mechanism

The Company's 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 "*Internal Audit, Risk and Compliance Department*". Internal control systems, including risk management, information systems and processes that can minimize the effects of risks that may affect the stakeholders of the company, especially 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 are 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. The Internal Audit Committee is established to examine, control, monitor, evaluate the appropriateness, 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 on the existence, functioning and effectiveness of internal controls and internal audit is also provided in the annual report. The Internal Audit, Risk and Compliance Department prepares a periodic assessment report, compliance with portfolio limitations and follow-up table, and a monthly liquidity ratio notification table and submits them simultaneously to the Audit Committee, the Corporate Governance Committee, the Early Detection of Risk Committee, the Company's senior management and the Board of Directors. Thus, it is aimed that the Company's senior management and Board of Directors take the necessary measures and develop control systems to manage these risks.

As an investment strategy, Halk REIT tries to minimize the risk for its investors by creating a wide portfolio diversity in the real estate sector and by choosing real estate properties that will generate regular rental income. The real estates in the Company's portfolio are insured against all kinds of damages.

19- Strategic Objectives of the Company

The Company's strategic goal is to develop its real estate portfolio with a focus on commercial properties that can generate high rental income and to offer high returns to its shareholders through an equity-weighted financing model.

The Board of Directors approves the annual budget, which sets targets and strategies, including its own changes and suggestions. Except for extraordinary circumstances, all strategic changes and deviations in forecasts resulting from the Company's performance evaluation and decisions taken during the year are made by the Board of Directors on a quarterly basis during the evaluation of the financial statements. Short and long term investment and funding plans are changed and repositioned in line with new developments when necessary.

20- Financial Rights

All kinds of rights, benefits and remuneration provided to the Company's Board of Directors and senior executives, as well as the criteria used in their determination and the principles of remuneration are set out in the Company's Remuneration Policy and the relevant policy is disclosed to the public on the corporate web site.

The remuneration to be paid to the members of the Board of Directors is determined by the General Assembly in line with the proposal of the Remuneration Committee. Apart from the remuneration determined by the General Assembly, the members of the Board of Directors are not entitled to any other financial benefits such as attendance fees, premiums or bonuses. In determining the remuneration levels of the independent members of the Board of Directors, care is taken to ensure that the remuneration is at a level that protects the independence of the member and within the framework of Corporate Governance Principles, stock options or payment plans based on the company's performance are not used.

Social benefits are provided to senior executives regularly and periodically within the scope of legal regulations, and no other compensation policy is applied other than the legal indemnities stipulated by laws and regulations. The remuneration of senior executives is determined by the Board of Directors upon the recommendation of the Remuneration Committee.

During the reporting period, the Company did not lend any funds or extend any credits to a member of the Board of Directors or senior executives, or grant any personal loans through a third party, or extend any guarantees such as sureties in their favor, and there was no conflict of interest arising from this matter.

Pursuant to Article 4.6.6 of the Corporate Governance Principles, remuneration and all other benefits provided to the members of the Board of Directors and senior executives are disclosed to the public through quarterly activity reports and financial reports. However, the disclosure is not made on individual basis. As of the reporting period, the total amount of financial benefits provided to the Company's Board of Directors and senior executives is TL 3,716,816.