

Corporate Governance Rating

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Sector: Real Estate Investment Trust (REIT)

Halk Gayrimenkul Yatırım Ortaklığı A.Ş.

Ratings

Overall Score	9.21	AAA(Trk)/aa (Stable)
Shareholders	9.12	AAA(Trk)/aa (Stable)
Public Disclosure & Transparency	9.46	AAA(Trk)/aa (Stable)
Stakeholders	9.44	AAA(Trk)/aa (Stable)
Board of Directors	9.00	AAA(Trk)/aa (Stable)

Company Profile

Trade Name	Halk Gayrimenkul Yatırım Ortaklığı A.Ş.
Address	Barbaros Mah. Begonya Sk. WBC İş Merkezi N:2H Ataşehir/İstanbul
Chairman	Mr. Ergin Kaya
General Manager	Mr. Erdal Bekin
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Company Overview

Halk Gayrimenkul Yatırım Ortaklığı A.Ş. (Halk GYO or the Company), (credit ratings by JCR Eurasia Rating on April 25, 2023: **"AA+ (tr)/Stable"** on the Long-Term National Scale and **"J1+ (tr) Stable"** on the Short-Term National Scale) was founded in 2010 as a subsidiary of Türkiye Halk Bankası A.Ş. (hereinafter referred to as Halkbank). Halk GYO's shares have been listed on the Borsa İstanbul (BIST) index with the ticker symbol of 'HLGYO' since February 2013 with a current free-float rate of 20.67% whilst Halkbank is the controlling shareholder with a rate of 79.33%.

The main operating field of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. is to manage a portfolio consisting of real estate, real estate projects, rights based on real estate, capital market instruments and other assets and rights to be determined by the Capital Market Board (CMB). The Company's operating principles with respect to portfolio investment policies and management restrictions are in compliance with the regulations of the CMB and relevant legislation. Investment property portfolio of the Company consists of lands, ongoing project and rental properties which are used as bank branches, bank headquarter, store and hotels. The Company's current registered capital ceiling is TRY 7.50bn and its paid-in capital is TRY 3.15bn.

There are two independent members in the six-member board of directors, the majority of which are non-executive members, and only the general manager has undertaken executive duties in addition to his board membership. Five functional committees have been established under the Board of Directors: Audit, Corporate Governance, Early Detection of Risk, Remuneration and Sustainability. The total number of employees across the Company's operations was 43 as of FY2023. BIST Indices that the Company is included can be listed as BIST Corporate Governance / BIST Stars / BIST All Shares-100 / BIST All Shares / BIST Real Est. Inv. Trusts / BIST Financials.

Strengths

- Delivering broad information to both domestic and foreign investors via an efficient website,
- Comprehensive annual report with high level of compliance with legislation and principles,
- Experienced investor relations department involved in the protection and exercise of shareholders' rights,
- Existence of two members fulfilling the independence criteria to serve on the board of directors,
- Well established committee structure with clearly defined responsibilities and independent status of committee chairs,
- Presence of a comprehensive and effective risk management, internal control system and internal audit activities structured in accordance with international practices, principles and organizational framework,
- Attaching importance to occupational safety and supporting employees with trainings for their professional and personal development.

Constraints

- The privilege on the A group shares to determine the majority of board members,
- Absence of internal procedures to extend the exercise of minority rights beyond the current legislation,
- Non-disclosure of remunerations provided to the top management per person,
- Non-existence of a female member in the Board and the lack of a policy in this regard,
- Directors and Officers Liability Insurance below 25% of the Company's capital,
- Absence of an incentive system based on performance evaluation for Board members.