The loss of momentum in global economic activity in Q2 2018 lingered, due to a simultaneous slowdown in the growth of developing and developed countries in Q3. Despite a positive growth performance observed in the US and UK, a downward trend in growth for the Eurozone, in particular, was evident. Rising protectionism added to the uncertainty around global economic policies, and this is anticipated to inhibit the outlook for global growth in the upcoming period. Prices for industrial metals continued to decline in Q4 as the US introduced international trade restrictions, which resulted in expectations for lower demand. In both developed and developing countries, the WPI inflation fell in Q4 - a direct implication of falling prices for crude oil.

The incremental monetary tightening adopted by the central banks in developed nations continued in the fourth quarter of 2018. In the same period, the downward trend in global growth aligned with mounting uncertainties around the global economy. Both paved the way for projections that the ongoing policy normalization in developed countries could lose pace, in turn triggering a regression in returns on bonds. In parallel with stronger anticipation of a slowdown in the normalization of the US Federal Reserve's (the Fed) monetary policy, some recovery has been observed in the flow of portfolios towards developing countries since September. The risk premiums of developing countries follow a fluctuating course due to - among other factors - geopolitical risks. However, these premiums have started to fall in parallel with rising global appetite since January.

Meanwhile, we worked hard to maximize our financial and operational performance in line with our 2018 budget and strategic goals.

Important operations and financial results of our Company are presented below:

The performance of the 5. Levent project, where sales started in April 2015, remains strong, in line with our expectations. Until December 2018, preliminary sales contracts were signed for 1,653 housing units out of a total of 2,061 units in the first and second phases, resulting in a preliminary sales revenue of TRY 1,510 million. In addition, 1,615 units in the 5. Levent project were delivered from the last quarter of 2017 to December 2018, generating sales revenue of TRY 1,456 million.

In January, our Company purchased 12,131 m2 of land adjacent to Mall of İstanbul for TRY 75 million + VAT. In March, the Company also purchased, for TRY 109,000, 100% of the shares of TRN Otel İşletmeciliği ve Yatırımları A.Ş. to run the hotels, the construction of which are ongoing and which will be included in our portfolio.

In 2018, our company spent TRY 510 million in investment. TRY 438 million of this amount was spent for 5. Levent and TRY 40 million for Mall of İstanbul's Second Phase.

In 2018, total sales revenue amounted to TRY 1,954 million, most of which was from rental income. In the same period, 67% of the sales revenue stood for residential units and 27% for rentals. Rental income from shopping malls and offices increased by 28% year-over-year.

Our total assets, which stood at TRY 11,336 million as of 31.12.2017 grew by 8%, reaching TRY 12,274 million as of 31.12.2018. The ratio of shareholders' equity to total assets is 62%, while the ratio of foreign funds to total assets is around 38%. Of the Company's total assets, 96% is comprised of investment properties, investments in associates and inventories, while 2% is comprised of cash and cash equivalents.

Due to the sharp depreciation of the Turkish lira, TRY 1,106 million was recorded as a non-operating expense (foreign exchange loss) from the Company's net cash position of TRY 3,501 million.

After the year-end re-utilization of investment properties, an appreciation of TRY 1,695 million was attained from the properties in our portfolio.

In conclusion, the Company closed 2018 with TRY 1,287 million profit.

Furthermore, EBITDA (earnings before interest, taxes, depreciation, and amortization), which is a key indicator of the Company's operational performance, was TRY 930 million, and the EBITDA margin stood at 47.6%.

We again express our profound gratitude to our shareholders, customers, suppliers, business partners, directors and employees.

Kind regards,

TORUNLAR REAL ESTATE INVESTMENT COMPANY