

Global economic activity remained weak in the third quarter of 2019. In the meantime, tensions between the USA and China on trade subsided, taking a positive direction, while uncertainties around Brexit mainly receded in the last quarter of the year. While cuts on production, per the regulations introduced in the Eurozone industry sector, almost came to an end, global monetary policies pointed towards a supportive attitude on growth. These developments paved the way for a long-sought positive outlook in global economic activity. However, geopolitical tensions in the Middle East and North Africa escalated in January; social unrest tested some developing countries, mainly including India; and there was growing concern over drought in the southern hemisphere and the recent outbreak of a disease in China, which all constituted downward risks on global economic activity. As for the coming period, while growth is anticipated in developed economies, albeit to a moderate extent, country-specific vulnerabilities will probably remain a negative risk factor for growth expectations in developing countries.

Meanwhile, we worked hard to maximize our financial and operational performance in line with our 2019 budget and strategic objectives. Our Company's important operations and financial results in 2019 are presented below:

- In 2019, revenue of TRY 234.6 million was generated from housing and office sales in the Torun Center, 5. Levent, and other projects.
- In 2019, the Company invested TRY 339.6 million. Of this amount, TRY 226.5 million was spent for 5. Levent, and TRY 84.4 million for the second phase of Mall of İstanbul.
- In 2019, total sales revenue amounted to TRY 991 million, most of which was shopping mall and office rental income. In the same period, 62% of the sales revenue stood for rental income and 24% for residential sales. Rental income from shopping malls and offices increased by 17% yearover-year.
- Our total assets, which stood at TRY 12,274 million as of December 31, 2018, grew by 12%, reaching TRY 13,720 million as of December 31, 2019. 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, 93% is comprised of investment properties, investments valued by equity method and inventories, while 5% is comprised of cash and cash equivalents.
- Due to the sharp depreciation of the Turkish lira against foreign currencies, TRY 347 million was recorded as a non-operating expense (foreign exchange loss) from the Company's net cash position of TRY 2,027 million.
- EBITDA (earnings before interest, taxes, depreciation, and amortization), which is a key indicator of the Company's operational performance (including exchange differences), was TRY 645 million, and the EBITDA margin stood at 65.1%.
- An annual appreciation of TRY 954 million was attained from investment properties.

In conclusion, the Company closed 2019 with a profit of TRY 866 million. Barring the annual appreciation of investment properties, however, our annual profit and loss account concluded the year with a loss of TRY 88 million.

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

Kind regards,

**TORUNLAR REAL ESTATE INVESTMENT COMPANY**