

Esteemed Stakeholders,

With the support of strong credit momentum, economic activity recorded a domestic demand driven significant recovery in the third quarter of 2020. While the recovery in the economy has largely spread across the sectors in general, the activity remained weak in the service groups that have been adversely affected by the pandemic. With the support of the strong credit momentum, the deferred demand took effect rapidly, and private consumption and investment expenditures increased significantly in the third quarter of the year. On the other hand, the contribution of net exports to growth also along with the weak progress in the tourism realized at the lowest level historically.

The data flow that followed the national income data indicated that the economic activity gained strength. The strong increase trend in industrial production, as well as trade and service turnovers continued in the period of October-November. Sales and order indicators significantly exceeded pre-pandemic levels and long-term trends. The orders of durable goods indicated that demand conditions progress buoyant with the cumulative effects of credit expansion. The increase in investment demand continued in the last quarter, and the investment tendency of manufacturing industry companies got strengthened. In the light of these data, the evaluations regarding the cyclical state of the economy are that the total demand conditions are at inflationary levels. The stronger progress of the economic activity in the second half of 2020 compared to the past forecasts caused a significant upward revision in the output gap forecasts.

Although the downwards effects of the pandemic related restrictions on the economy progress more limited compared to the second quarter of last year, the slowdown in services and related sectors and uncertainties regarding the short-term outlooks of these sectors remain. Since the restrictions are more limited compared to the first period of the pandemic, the change in consumption patterns limits the negative impact of restrictions on the activity and labour market. As a matter of fact, employment losses in sectors with high physical contact can be partially compensated by an increase in employment in the information-communication and transportation-storage sectors. Depending on the progress of the pandemic, uncertainties regarding the domestic and external demand, particularly in the services sector, continue (Source: CBRT).

In 2020, we continued our efforts to enable our financial and operational results to reach the budget we created despite the effects of the pandemic. The important operations and financial results of our company for year 2020 are presented below.

- In 2020, a total of 516 million TL of residential and office sales revenue was generated from 5. Levent and Torun Centre projects.
- Our company invested 163 million TL in year 2020. 140 million TL of this was spent for the Mall of İstanbul 2. Phase project.
- In year 2020, a sales revenue of 1,106 million TL was achieved as to be mostly from residential sales. 43% of the sales revenue in the mentioned period comprises of rental income and 47% of residential sales. Due to the Covid-19 pandemic, shopping malls had limited activities throughout the year. Therefore, there was a 23% decrease in the rental income of shopping malls and offices compared to the same period of the previous year.
- Our total assets, which was 13,720 million TL on 31.12.2019, remained almost the same as of 31.12.2020 and declined to 13,715 million TL. The ratio of equity to total assets is 64%, and the ratio of foreign funds to assets is approximately 36%. 97% of the assets of the company is formed of the investment properties, investments valued by equity method, inventories and tangible assets (hotel and dormitory investments), and 1% is comprised of cash and cash equivalents.

- The depreciation of TL against the foreign currencies caused the net balance sheet position corresponding to 1.598 million TL that we have carried to constitute 493 million TL non-operating expense (foreign exchange loss).
- With the effect of our net debt amounting to 4,454 million TL, a net interest expense of 495 million TL was incurred in year 2020.
- Our company's earnings before interests, taxes, depreciation and amortization (including foreign currency differences) (EBITDA), which reflects the operational performance of our company in this period, is 636 million TL, and the EBITDA margin stood at 58%.
- A revenue of 694 million TL was achieved as a result of the annual net value increase of investment properties.

As a result, our company completed the year 2020 with a profit of 293 million TL.

Once again, we would like to express our gratitude to all of our shareholders, customers, suppliers, business partners, managers and employees.

Kind regards,

TORUNLAR REAL ESTATE INVESTMENT COMPANY