Esteemed Shareholders,

Global economic activity remained weak during the second quarter of 2015, while developing countries continued to post negative growth. The ongoing economic crisis in China and its impact on the commodity market and global trade negatively affected growth in developing countries, since most of those countries are commodity importers and have strong trade relations with China. Therefore, growth projections for developing countries have been recently revised downward. Meanwhile, developed economies, particularly the USA and the Eurozone, maintained moderate growth during the second quarter of 2015. Low commodity prices had a negative impact on the economies of commodity-exporting, developed countries. In the coming period, China's growth performance will most likely put greater downward pressure on global economic activity. If China's economic slowdown continues with falling imports, it should be expected that commodity prices will continue to decline and global trade will slow further, causing global growth to remain weak.

The downward trend in commodity prices, and especially energy prices, continued during the third quarter. This sharp decline in prices was caused mainly by China's stagnant economy, and weak demand in developing countries. It is expected that these major factors will continue to put downward pressure on commodity prices in the coming period. Falling oil and commodity prices suppress inflation rates in developed countries. Meanwhile, the changes in the currencies of these nations have a similar impact on inflation rates. On the other hand, the sharp decline in commodity prices spurs capital flight from commodity-exporting, developing countries; it also causes exchange rates, and thus inflation rates, to rise. Based on the assumptions that China's economic slowdown would continue and, starting in December, that the Fed would raise interest rates gradually and slowly, interest rates in developed and developing countries have diverged, and this divergence is expected to continue during the coming period.

Due to the negative outlook of China's economy, weak economic growth in developing countries and the expectation that the Fed would raise interest rates, risk appetite remained very weak throughout the year while capital outflows continued unabated. Despite lowered growth projections, the central banks of developing countries have largely preferred to keep their policy interest rates stable, mainly because of weakening capital flows and uncertainties surrounding global monetary policies. Due to relatively weak data pertaining to economic activity and strong job growth in the USA, and the possible negative impacts of global economic slowdown on the US economy, the Fed raised interest rates once in 2015 by 25 basis points. Even though the Fed's decision to delay interest rate hikes may support capital flows to developing countries, weak economic growth in these countries remains the biggest risk affecting capital flows.

The volatility in global markets has also affected the Turkish economy, causing internal uncertainties and fluctuations in financial indicators. As in other developing countries, risk premium and long-term interest rates increased in Turkey as well, and the Turkish Lira depreciated during the third quarter.

As the political uncertainty ended in the fourth quarter, the prices of all financial assets traded in the domestic market began to improve.

Economic activity driven by domestic demand accelerated in the second quarter of 2015. While economic indicators signaled moderate progress in the third quarter, growth is expected to lean more towards net exports in the second half of the year. Meanwhile, growth indicators remained positive during the fourth quarter. Although internal and external uncertainties create a downward risk for the economy, increasing demand from EU countries have a positive impact on our country's exports. Accordingly, it is estimated that domestic demand will grow at a moderate pace in the coming period while foreign demand will show signs of recovery, and the Turkish economy will sustain balanced growth.

Gross domestic product (GDP) growth in the third quarter of 2015 shows that economic activity was much stronger than expected, while GDP increased by 4%. During the first half of 2015, domestic demand contributed more to economic growth when compared to foreign demand. Economic indicators for the third quarter signaled moderate progress in economic activity while hinting that the changes in the growth composition may lean more towards net exports in the second half of the year. Industrial production and domestic demand indicators, including sales, production and imports data, signal that final domestic demand will moderately contribute to growth.

Additionally, it is expected that the strong employment performance observed after the global financial crisis will support domestic demand through the income channel. The estimated decrease in the current account deficit alongside strong public financial management will create a space for economic policies to counterbalance potential shocks. Economic recovery in the Eurozone, a major trade partner of Turkey, is expected to support our country's exports; on the other hand, uncertainties surrounding exports to the Middle East, North Africa, Russia and Iraq create a downside risk. Additionally, the potential impacts on the global economy of the Fed's decisions on interest rates and China's economic slowdown constitute a downside risk to foreign demand, while it remains uncertain whether or not Europe's economic recovery will be lasting. In a nutshell, domestic demand is expected to grow at a moderate pace, foreign demand is anticipated to Show signs of recovery, and the Turkish economy is to forecast to sustain balanced growth in 2016. It is expected that with the positive contribution of moderate growth in domestic demand, deceleration in consumer lending and positive developments in foreign trade, the current account deficit will continue to decrease.

Meanwhile, we worked hard to maximize our financial and operational performance in line with our 2015 budget and strategic goals. We achieved peak sales performance in the 5.Levent project, which we launched in April 2015. Of the 2,111 residential units included in the first phase of the project, 1,142 were put up for sale. Of these, pre-sales contracts were signed for 945 units; and pre-sales revenue amounted to TRY 743.4 million.

Pursuant to an agreement signed between TEİAŞ (Turkish Electricity Transmission Company) and Torunlar REIC, we are currently in the process of burying highvoltage transmission lines that pass over the 5.Levent project area. While we bury large parts of the four high-voltage transmission lines of varying sizes, power transmission in some parts will be redirected; 55 thousand meters of specially manufactured cable will be used to transform the power transmission system, which extends a distance of seven kilometers. A total of TRY 80 million will be spent for this project, which is scheduled for completion in early 2016.

Torunlar REIC participated in Cityscape Global, the leading real estate trade show held in Dubai on September 8-10, 2015, and introduced our Torun Center and 5.Levent projects to investors from the Middle East and Gulf Region.

We will be able to rapidly realize our expansion plans and hotel investment by purchasing a 99.67% stake in Hastalya Motorlu Vasıtalar Ticaret A.Ş., which owns the land next to Deepo Outlet Center in Antalya, for USD 9.75 million.

In addition to developing the second phase of Mall of İstanbul, we are currently in the process of negotiating with international hotel chains for the branding of our hotel projects, which we are developing on the land next to Antalya Deepo.

In 2015, our Company's capital expenditure amounted to TRY 440 million. Of this total, TRY 244.5 million was invested in Torun Center, TRY 142.4 million in 5.Levent, and TRY 33.4 million in Mall of İstanbul hotel, convention center and office building projects.

In December, we began to deliver the tower offices and the flat offices completed within the Torun Center project to our customers. Of the TRY 237 million from units delivered by the end of the year, TRY 189 million was recorded as sales revenue, and TRY 48 million as other operating income, due to changes in exchange rates. Delivery of residence and office units will continue in 2016.

In 2015, total sales revenue amounted to TRY 628 million, most of which was from rental income. Rental income accounted for 49.4% and sales of residential and office units accounted for 39.7% of total sales revenue generated in 2015. With the positive impact of Mall of İstanbul and Torun Tower, rental income from shopping malls and offices increased 75% year-over-year.

In 2015, retail sales efficiency per square meter at the shopping malls in our portfolio went up 9.5% on a like-for-like basis. Extreme increases in currency rates are gradually reflected in rents denominated in a foreign currency.

As of December 31, 2015, our total assets rose to TRY 8,863 million, 54.8% of which is financed by shareholders. Meanwhile, 83% of our Company's total assets is comprised of investment properties, investments in associates, and inventories, while 10% is comprised of cash and cash equivalents.

Due to the sharp depreciation of the Turkish Lira in 2015, TRY 370 million was deducted as non-operating expense (foreign Exchange loss) from our Company's net cash position of TRY 2,585 million. On the other hand, due to the 75% increase in rental income and the contribution of Office units delivered within the Torun Center project to total sales revenue, and the increase in the value of investment properties, our net profit for the year 2015 reached TRY 954 million.

Meanwhile, EBITDA (earnings before interest, taxes, depreciation, and amortization), which is a key indicator of our Company's operational performance, stood at TRY 369 million.

I would like to take this opportunity to thank our shareholders, customers, suppliers, business partners, managers, and employees.

Best regards,

**Aziz TORUN**

**Torunlar REIC**

Chairman